



MANAGEMENT DISCUSSION AND ANALYSIS

BY THE GROUP CHIEF EXECUTIVE OFFICER



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Non-Independent Executive Director
& Group Chief Executive Officer

For FYE 2025, the Group recorded a **PATMI of RM501.11 million**, representing a **16.83% increase** from RM428.93 million in the previous financial year.





MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP CHIEF EXECUTIVE OFFICER (CONT'D)

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Amid an uncertain economic backdrop that dampened consumer sentiment and as businesses were grappling with higher tariffs proposed by US President Donald Trump, Leong Hup International Berhad ("the Group", "LHI", "the Company") delivered another resilient performance in financial year ended 31 December 2025 ("FYE 2025").

Sufficient global supply from major producers such as Brazil and Argentina, coupled with fluctuating demand from China, further suppressed soyabean meal prices in 2025. In contrast, corn prices rose in Q1'2025 due to lower production forecasts and reduced ending stock reported by the US Department of Agriculture in January 2025. Corn prices subsequently eased in Q2'2025 before strengthening again in Q4'2025. This relatively benign commodity price environment helped cushion some of the negative impacts of tariff disruptions and higher shipping costs resulting from heightened geopolitical tensions in the Middle East.

The Group remains committed to expanding its geographical footprints through volume growth and deeper integration along the poultry value chain, with a particular focus on downstream expansion to achieve its corporate objectives. We strongly believe that this "farm-to-plate" strategy as a pragmatic path towards margin stabilisation and serves as a core pillar of growth. To support this strategy, the Group will reinforce initiatives in:

1. Driving cost efficiency
2. Enhancing resource allocation
3. Strengthening financial excellence
4. Driving organic growth in all key markets
5. Growing downstream operations
6. Developing organisational capability

By focusing on these strategic drivers, the Group continues to make progress towards meeting its objective of delivering long-term sustainable value to both the shareholders and stakeholders.

FINANCIAL PERFORMANCE REVIEW

This year, the Group achieved another outstanding financial performance. For FYE 2025, the Group recorded a PATMI of RM501.1 million, representing a 16.83% increase from RM428.9 million in the previous financial year. This marked the fourth consecutive year of all-time high PATMI achieved by the Group, despite revenue of RM8.8 billion in FYE 2025 being slightly lower than RM9.3 billion in financial year ended 31 December 2024 ("FYE 2024"). The Group's remarkable performance was supported by strong contributions from Malaysia, Singapore, Vietnam, and the Philippines.

This sustained achievement once again demonstrated the Group's sound business model of expanding regionally to diversify business risks, while further strengthening its downstream segment to enable more seamless integration across operations and stabilise profit margins. This notable trajectory also earned the Group its second consecutive recognition from the Fortune magazine as one of the leading corporations shaping the region's economy, with LHI's inclusion in the 2025 Fortune Southeast Asia 500 list based on the Group's performance in FYE 2024.

LHI's livestock and poultry segment continued to demonstrate strong momentum, despite revenue easing marginally to RM5.4 billion this year, representing a slight decrease of 0.46% from RM5.4 billion recorded in FYE 2024. The decline was mainly attributable to the strengthening of Ringgit Malaysia against the currencies of our foreign subsidiaries. Excluding foreign currency translation effects, the livestock and poultry segment recorded revenue growth of 5.1% compared to the corresponding period last year, driven by higher sales volume of broiler in Indonesia and Malaysia, as well as higher sales volume of eggs in Malaysia. The higher average selling price and sales volume of broiler day-old-chick ("DOC") in Malaysia, supported by sustained demand, also contributed to the increase in livestock and poultry revenue. In addition, the favourable trend of lower poultry feed costs, primarily driven by declining global prices for corn and soybean meal, together with the resilient sales mentioned above, translated into a 12.3% rise in livestock and poultry segment EBITDA to RM667.0 million, compared to RM594.1 million recorded a year ago.



MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP CHIEF EXECUTIVE OFFICER (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

Revenue from the feedmill segment declined to RM3.4 billion in FYE 2025, representing a 11.7% decrease from RM3.9 billion from a year ago. The decline was primarily due to lower average selling price and reduced sales volume in Vietnam and Malaysia, as well as lower selling price in Indonesia. The decline in selling prices was consistent with the lower raw material costs mentioned earlier, as the feedmill business operates on a cost-plus model. The feedmill segment's EBITDA decreased by 8.2% to RM565.1 million compared to RM615.4 million in FYE 2024.

The Malaysia operations delivered an encouraging performance in FYE 2025. Despite subdued consumer sentiment - exacerbated by the expanded scope of the sales and service tax that came into effect on 1 July 2025 and escalating trade tensions arising from reciprocal tariffs imposed by US President Donald Trump, the livestock and poultry segment remained resilient, supported by sustained demand. The strong demand was underpinned by the government's fiscal policy, which provides financial assistance to eligible citizens to purchase essential goods, including eggs. These financial aids also increased consumers' disposable income, which helped elevate demand for chicken. Chicken and eggs remain affordable and essential sources of protein in Malaysia. Ringgit Malaysia remained broadly stable against the currencies of major trading partners, particularly the US Dollar, helping to mitigate imported cost inflation. In addition, the upward revision of minimum wage and civil servant salaries served as a stimulus, supporting the robustness of our Malaysia operations' revenue. As a result, EBITDA from the Malaysia operations in FYE 2025 rose by 12.4% to RM570.7 million, compared to RM507.9 million in the previous year.

With regard to the ongoing case against the Malaysia Competition Commission ("MyCC"), as a recap - 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 MyCC. 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").

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.

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. 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.

The hearing of LFM's Judicial Review on Stay at the High Court of Kuala Lumpur was concluded on 23 July 2025 and the Judge had on 2 October 2025, allowed LFM's Judicial Review on Stay, pending the full and final disposal of LFM's appeal to the CAT.

The hearing of LFM's appeal to the CAT was concluded on 18 April 2025. As announced on 11 February 2026, the CAT had unanimously dismissed the appeal by LFM ("**CAT's Decision**").



MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP CHIEF EXECUTIVE OFFICER (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

LFM then filed an application for leave to commence judicial review against the CAT's Decision ("**LFM's Judicial Review of CAT's Decision**") on 23 February 2026. In the LFM's Judicial Review of CAT's Decision, LFM applied for a stay of the CAT'S Decision and MyCC's Decision, pending the full and final disposal of LFM's Judicial Review of CAT's Decision. The High Court at Kuala Lumpur had on 5 March 2026 granted LFM leave to commence LFM's Judicial Review of CAT'S Decision and an ad interim stay order in relation to the CAT's Decision and MyCC's Decision, until the determination of LFM's Application for Interim Stay (as defined hereinafter). LFM's application for interim stay seeks to stay the CAT's Decision and MyCC's Decision, including all enforcement, execution, recovery or consequential proceedings arising from or pursuant to the said decisions, pending the full and final disposal of LFM's Judicial Review of CAT's Decision ("**LFM's Application for Interim Stay**").

During the case management on 9 April 2026, the High Court at Kuala Lumpur had fixed the hearing for LFM's Application for Interim Stay on 10 August 2026. The next case management for LFM's Judicial Review of CAT's Decision has been fixed on 18 June 2026.

Meanwhile, on the foreign front, Indonesia's economy growth in 2025 reached 5.1%, a moderate improvement over 5.0% in 2024. Despite higher Gross Domestic Product ("GDP") growth, the economy faced risks arising from weakening job creation and external shocks. Mounting global trade tensions also weighed on consumer spending sentiment. In addition, the 20% decline in the size of Indonesia's middle class over the past six years has weakened domestic demand. Between January and September 2025, a multinational fast-food restaurant closed 20 stores in Indonesia and laid off 1,041 workforces. Similarly, our SunnyChick fast food chain in Indonesia underwent consolidation in 2025, resulting in a net reduction of three (3) outlets, from twenty-five (25) to twenty-two (22) outlets as at 31 December 2025. We also commenced with SunnyChick food truck to penetrate additional market segments by offering our ready-to-eat products at different locations and times. We continue to innovate and develop new products as part of our strategy to differentiate ourselves from competitors and capture a larger share of the market. Despite softer consumer spending, our Indonesian broiler chicken sales volume increased by 20.6% in FYE 2025, albeit at a lower average selling price.

In the retail space, we have observed a clear shift with consumers increasingly combining traditional grocery shopping with online purchases, particularly for household staples. In response, we are strengthening our e-commerce presence in Indonesia to ensure consumers can access our products anytime and anywhere. In Indonesia, we partner with third party platforms such as Grab, Shopee, GoMart and Blibli to promote our SunnyGold products, which cater to modern lifestyles that demand convenient, affordable and protein-rich meal solutions. In 2025, our Indonesian operations further expanded exports of further processed food products to Oman and United Arab Emirates. The Indonesian operations were again recognised at the Fortune Indonesia 100 Awards 2025, ranking them among the country's 100 largest companies for their significant contributions to the national economy. However, the Indonesia Rupiah's depreciation of nearly 10% against the Ringgit Malaysia in 2025 dampened translated EBITDA, which declined to RM237.33 million from RM304.53 million in the corresponding FYE 2024.



MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP CHIEF EXECUTIVE OFFICER (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

Vietnam's economy remained resilient in 2025, recording GDP growth of 8.0% and an 18.2% increase in trade turnover. This performance was achieved despite external economic pressures, including the imposition of reciprocal tariffs by the Trump administration, which were initially set at 46% in April 2025 before being reduced to 20% in July 2025. During the year, Vietnam was also affected by severe natural disasters, including Typhoon Ragasa, Bualoi and Matmo between September 2025 and October 2025, which triggered catastrophic flooding across several provinces. The resulting torrential rainfall caused rivers to exceed historic levels, submerging communities and resulting in significant losses to livestock, animal husbandry and human lives. Vietnam also experienced a resurgence of African Swine Fever (ASF), with hundreds of outbreaks reported by mid-year, leading to large-scale pig culling. Amid these challenges, our feed, broiler and DOC sales volume declined in 2025. However, the impact was mitigated by higher average selling prices for broilers, broiler DOCs and eggs. In addition, lower feed costs also contributed to higher EBITDA of RM225.86 million compared to RM206.98 million in FYE 2024.

Singapore's economy grew by 5.0%, easing from 5.3% in 2024. Consumer spending remained resilient, while the labour market demonstrated notable stability despite the challenges of an ageing population. The continued expansion of the Progressive Wage Model uplifted lower-wage workers, contributing to a narrowing of the income gap. Real incomes rose, and the majority of employees retained permanent roles, even as overall labour force participation experienced a slight decline. Although job mobility moderated, most employees who transitioned roles enjoyed income growth, reflecting ongoing opportunities for career advancement. Our Singapore operations delivered steady growth, supported by sustained demand for high-quality and processed poultry products. Revenue had improved by 2.6% in functional currency of Singapore Dollar ("SGD"). However, translated revenue in Ringgit Malaysia declined by 1.9% to RM814.0 million compared to RM829.7 million in FYE 2024. EBITDA strengthened significantly to RM71.1 million in FYE 2025, higher by 17.7% compared to RM60.4 million in FYE 2024, underscoring the resilience and operational efficiency of our Singapore operations.

GDP growth in the Philippines moderated to 4.4% in 2025, 1.3 percentage points lower than 2024, with private consumption remained resilient, underpinned by a robust labour market and easing inflationary pressures. With a population of 116.4 million and per capita poultry meat consumption of only 10.3kg, the Philippines presents significant growth potential amid rising urbanisation and household income growth. In FYE 2025, while broiler external sales volume declined by 13.8% from FYE 2024, external dressed chicken sales volume increased by 16.0%, driven by higher average broiler and dressed chicken average selling prices.

The utilisation rate of our feedmill plant in the Philippines increased markedly to 86.9% in FYE 2025, up from 56.0% in FYE 2024, prompting plans for expansion of our feedmill operations in the country. The external feed sales volume improved by 43.2% in FYE 2025 compared to a year ago. The operations in the Philippines also commenced selling commercial eggs in Q2'2025, further broadening our revenue stream. As a result, revenue from our Philippines operations increased by 19.2% in functional currency in FYE 2025 compared to a year ago. However, revenue only increased by 11.1% in Ringgit Malaysia reflecting the effects of the stronger Ringgit Malaysia against Philippine Peso. EBITDA improved to RM126.9 million in FYE 2025 compared to RM124.0 million in FYE 2024, demonstrating the robust profitability of our Philippines segment and the long-term value of our strategic investments in the country.



MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP CHIEF EXECUTIVE OFFICER (CONT'D)

FINANCIAL PERFORMANCE REVIEW (CONT'D)

The Group's Total Equity stood at RM3.56 billion at the end of FYE 2025, after netting off RM132.6 million in treasury shares. Net Assets Attributable to Ordinary Equity Holders increased to RM0.76 per share, representing a 12.3% increase compared to a year ago. As of 31 December 2025, the Group held cash and bank balances of RM1.01 billion against total borrowings of RM1.88 billion, resulting in a Net Debt position of RM871.7 million. Despite an additional RM121.1 million in share buybacks in FYE 2025, Net Debt had further reduced by RM352.37 million in FYE 2025 compared to a year ago, with a lower Net Gearing ratio of 0.24 times compared to 0.37 times a year earlier. Consequently, total finance costs reduced by RM29.4 million to RM101.2 million in FYE 2025.

CAPITAL EXPENDITURE

We continue to leverage on the momentum we have built to expand production capacity across our operating countries and capture market share where opportunities arise. In FYE 2025, the Group invested RM466.3 million in capital expenditure ("Capex") to support the long-term growth in demand for protein as a staple food across Southeast Asia.

Our capex investments span the entire value chain, from upstream operations to downstream businesses, including our business-to-consumer channels and cold room infrastructure. Strengthening our downstream capabilities remains a strategic priority, as it provides a more resilient platform to enhance revenue growth while safeguarding margins. These investments are closely aligned with the Group's Farm-to-Plate strategy, through which we continue to deepen our vertically integrated operating model. By strengthening integration across the value chain, we are able to reinforce our competitive advantage, enhance operational resilience, and deliver long term sustainable value.

At the same time, we remain disciplined in capital allocation, ensuring that our investments and expansion initiatives are carefully calibrated to support long-term growth while maintaining the Group's financial strength.

DIVIDEND

The Group targets a payout ratio of 30.0% of PATMI each financial year on a consolidated basis, after carefully evaluating opportunities to invest in further business expansion, as well as the funds required for share buybacks from open market to support the Group's fundamental value and de-gearing strategy.

On 29 May 2025, the Board declared a first interim single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2025, which was paid to the shareholders on 1 July 2025. On 8 January 2026, the Board had declared a second interim single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2025 and paid to the shareholders on 30 January 2026.

The Board will continue to assess the Group's financial performance and remains committed to rewarding shareholders whenever it is deemed appropriate.



MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP CHIEF EXECUTIVE OFFICER (CONT'D)

RISKS AND MITIGATING MEASURES

Biosecurity and Disease Control

Outbreaks of livestock diseases at our poultry farms or facilities may significantly disrupt our operations. Avian Influenza, including strains such as H5N1 and H7N9, is highly contagious among birds and may cause illness or death in domesticated birds, including chickens, geese, ducks and turkeys. In the event such diseases affect our livestock, it may adversely impact productivity and increase mortality rates, which could in turn have an adverse effect on the Group's revenue and profitability. Recognising the significance of this risk, the Group has implemented various mitigation measures, including stringent biosecurity controls across our livestock farms. Our chicken farms primarily operate under closed-house farming systems, which help reduce the risk of disease transmission from external environment exposure. Additionally, the Group engages dedicated veterinarians to oversee the health and welfare of our livestock and to ensure that appropriate monitoring and preventive measures are consistently implemented.

Selling Price Volatility

Prices for our Livestock segment products, including broiler chicken and DOC, are subject to significant seasonal fluctuations driven by factors such as weather, festive periods, and school holidays.

Such variability may impact future selling prices and our quarterly financial results. We manage this risk through vigilant market monitoring, cost optimisation, and strategic investments in our business-to-consumer channels, such as The Baker's Cottage chain, which help stabilise profit margins.

Succession Planning

Our future success relies heavily on the continued service of our Executive Directors and key senior management team, who possess invaluable experience in the business we operate in.

We are committed to offering competitive employment terms, including an employee share option scheme, which is essential for attracting and retaining qualified personnel. Furthermore, the Group considers proactive succession planning a vital strategy for ensuring the long-term continuity of our business and operations. We will continue to recruit skilled professionals and retain them to meet the dedicated needs of our organisation.

OUTLOOK

We maintain a cautiously optimistic outlook for the poultry segment for the financial year ending 31 December 2026, supported by strong domestic fundamentals such as stable employment and resilient consumer demand.

Malaysia's poultry demand is expected to maintain its positive momentum into 2026, albeit at a slower pace. The International Monetary Fund projects Malaysia's real GDP growth at 4.3% for 2026, reflecting a slight moderation from the 5.2% in 2025. Nevertheless, we expect the poultry industry to benefit both directly and indirectly from the Federal Government's allocation of RM15 billion for Sumbangan Tunai Rahmah and Sumbangan Asas Rahmah ("SARA"), which supports the purchase of basic necessities, as eggs and chicken remain among the most affordable sources of protein. We also welcome the government's move in February 2026 to include frozen cold food items such as fresh chicken, flour-coated chicken, sausages, nuggets and meatballs as additional essential items under the SARA program, as this is expected to further stimulate demand for our products.



MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP CHIEF EXECUTIVE OFFICER (CONT'D)

OUTLOOK (CONT'D)

Indonesia poultry market is projected to remain on a positive trajectory in 2026. Its population of nearly 288 million will continue to generate strong demand for poultry products, underpinned by projected GDP growth of 5.1% in 2026. The Indonesian Government's free nutritious meals program is expected to be a key catalyst for further growth in consumption of poultry products.

In the Philippines, the Finance Minister has projected that the economy will rebound in 2026 with GDP growth of at least 5%, supported by sound fundamentals and solid performance in its key revenue sectors. Our Phase 2 feedmill plant in the Philippines, which is scheduled for completion in the third quarter of 2026, is expected to add an additional production capacity of 13,800 MT per month.

Vietnam's GDP growth could reach as high as 10% in 2026, supported by strong infrastructure spending, resilient exports and a modest recovery in domestic consumption. Against this backdrop of robust economic growth, we expect the demand for chicken and eggs, among the most affordable staple sources of protein – to continue expanding in Vietnam.

Looking ahead, despite macroeconomic uncertainties arising from the ongoing war between the US-Israel and Iran, the Group remains cautiously optimistic. Opportunities for growth in per capita chicken and egg consumption remain significant across the region in which we operate. The Group will continue to focus on prudent cost management and disciplined cash flow management in navigating external headwinds, while delivering long-term sustainable value to our shareholders.



SUSTAINABILITY STATEMENT

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

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SUSTAINABILITY STATEMENT (CONT'D)

1.0 ABOUT THIS REPORT

Leong Hup International Berhad (“LHI”, “the Group”, “the Company”) is pleased to present its Annual Sustainability Statement for the financial year ended 31 December (“FYE”) 2025. This report reaffirms our steadfast commitment to integrating sustainability and ethical business practices across our operations. Our focus extends beyond achieving business growth, by generating lasting economic and social value for the communities in which we operate in, while minimising our environmental footprint through responsible resource management, innovation, and continuous improvement.

2.0 BASIS OF PREPARATION

This Sustainability Statement (“Statement”) constitutes LHI’s climate-related disclosures that have been prepared in accordance with the IFRS Sustainability Disclosure Standards, issued by the International Sustainability Standards Board (“ISSB”), as adopted under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”). This Statement has been prepared to comply with the National Sustainability Reporting Framework (“NSRF”) requirements for listed issuers, including the application of International Financial Reporting Standards (“IFRS”) Sustainability Disclosure Standards; IFRS S2 Climate-related Disclosures (IFRS S2). It is intended to be disclosed with the Group’s Audited Financial Statements. This Statement is designed to enhance transparency, comparability and decision-usefulness of climate-related financial information for investors and other stakeholders. Where relevant, disclosures have been prepared taking into consideration applicable local regulatory requirements and governance frameworks under the Group. This Statement connects and complements the consolidated Audited Financial Statements of the Group by providing context to climate-related factors that may reasonably be expected to affect LHI’s financial position, financial performance and future cash flows.

The Prescribed Table and Statement of Assurance have also been prepared, aligning with the MMLR, guided by the NSRF as well as relevant guidance issued by the Securities Commission Malaysia. This Statement also incorporated references, where applicable, to the Sustainability Accounting Standards Board (SASB) Standards and the Greenhouse Gases (“GHG”) Protocol.

This Statement outlines the key sustainability performance and progress of the Group for the FYE 2025, which covered reporting period from 1 January 2025 to 31 December 2025. It highlights the Group’s most material sustainability risks and opportunities across our business operations in Southeast Asia, including Malaysia, Indonesia, Singapore, Vietnam, and the Philippines.

2.1 Overview of the Group and Value Chain

The Statement covers the Group’s core operational segments, namely Feedmill, Livestock (Breeder, Layer, and Broiler), Further Processed Poultry (“FPP”), and Quick-Service Restaurant (“QSR”) businesses.

A detailed overview of LHI’s operational footprint and corporate structure is set out in the Overview of Leong Hup International Berhad (page 4-5). In addition, an overview of the Group’s entire value chain, business model and value-creating drivers can be found on page 9-18 of this Annual Report.

2.2 Regulatory and Framework Alignment

LHI’s climate-related disclosures are developed in compliance with applicable regulatory requirements for listed issuers and to align with recognised sustainability reporting frameworks relevant to the Group’s operations.

2.3 National Sustainability Reporting Framework (NSRF)

The Statement supports LHI’s alignment with the NSRF, particularly in relation to climate-related disclosures. The structure and content are designed to provide clear visibility of how climate considerations are embedded across governance, strategy, risk management, metrics and targets, consistent with NSRF expectations.



SUSTAINABILITY STATEMENT (CONT'D)

2.0 BASIS OF PREPARATION (CONT'D)

2.3 National Sustainability Reporting Framework (NSRF) (Cont'd)

In preparing these climate-related disclosures, LHI has considered the applicability of relevant disclosure topics and metrics set out in the IFRS Sustainability Disclosure Standards for the poultry industry.

2.4 First-Time Adoption of IFRS Sustainability Standards and Transition Reliefs

FYE 2025 represents the first annual reporting period in which LHI applies the IFRS Sustainability Disclosure Standards ("SDS"), specifically IFRS S2. In preparing these disclosures, LHI has applied the additional transitional reliefs ("ATRs") as provided by the MMLR for issuers listed on the Main Market of Bursa Malaysia to support a phased and robust implementation.

LHI has applied the following transition reliefs and ATRs, where applicable:

1. Comparative information is not required to be disclosed for new metrics in the first reporting period commencing 1 January 2025.
2. Permitted to disclose information only on climate-related risks and opportunities (in accordance with IFRS S2 Climate-related Disclosures) and consequently apply the requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information only insofar as they relate to the disclosure of information on climate-related risks and opportunities for two (2) years, ie. FYE 2025 and FYE 2026.
3. The Group adopts the transition relief for Scope 3 emission but selected Scope 3 categories (Category 6-Business Travel and Category 7-Employees Commuting) are disclosed as data quality, availability and methodology robustness are assessed to be sufficiently mature to support quantitative reporting.

The use of transition reliefs does not affect LHI's commitment to transparency or the ongoing enhancement of climate-related disclosures. Where applicable, the proportionality mechanisms of the standards were also adopted, allowing companies to use reasonably available information without incurring undue cost or effort and to apply an approach compatible with their skills, capabilities and resources.

2.5 Relationship to Audited Financial Statements

This Statement should be read in conjunction with LHI's consolidated audited financial statements ("Financial Statements") for the FYE 2025 ("Financial Statements"), which are prepared in accordance with Malaysian Financial Reporting Standards (MFRS), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. All financial information and currency-denominated metrics included in this Statement are presented in Ringgit Malaysia (RM), consistent with the presentation currency used in the Financial Statements.

The Group defines time horizons based on when the sustainability-related risks and opportunities ("SROs") could reasonably be expected to occur. As of the end of the reporting period, the following time horizons were identified, which align with the timelines used for strategic decision-making:

- Short-term: less than 3 years
- Medium-term: 3 - 5 years
- Long-term: More than 5 years

The sustainability-related financial disclosures cover the same reporting entity as the related audited consolidated financial statements, as shown in the Group Corporate Structure on page 19 of this Annual Report.



3.0 REPORTING BOUNDARY

For this Statement, the reporting entity and the extent of sustainability-related information considered and included are summarised as follows:

Reporting Entity: The entities, assets and operations (referred to as the “reporting entity”) included in the Statement are the same as those included in the Group’s Financial Statements for FYE 2025.

LHI measures its greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol. The GHG protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) was applied to identify and define the relevant Scope 3 categories. LHI’s GHG emissions reporting boundary encompasses both its organisational and operational boundaries.

3.1 Organisational Boundary

LHI applies the operational control approach in accordance with the GHG Protocol to define its organisational boundary for the reporting of GHG emissions.

Please refer to Group Corporate Structure on page 19 of this Annual Report for the entities covered within the reporting entity’s boundaries.

3.2 Operational Boundary

The Group’s direct GHG emissions arise from sources owned or controlled by its businesses and operations, such as fuel consumption within its organisational boundaries, and are reported as Scope 1 GHG emissions. Scope 2 GHG emissions are from the generation of purchased electricity consumed by these businesses and operations. Scope 3 GHG emissions include indirect emissions linked to the Group, covering Business Travel (Category 6) and Employees Commuting (Category 7) only.

4.0 EXCLUSIONS AND LIMITATIONS

The Group acknowledges that certain limitations in data availability and consistency remain, particularly where reliance is placed on external inputs or non-standardised measurement approaches. The Group will continue to enhance our systems, data governance, data collections and processes progressively to achieve full alignment with the IFRS Sustainability Disclosure Standards to support more decision-useful disclosures over time.

As mentioned above, we have applied the transition relief of not disclosing comparative information, however, for metrics previously disclosed, the Statement has included up to two years of historical information, providing comparative insights into LHI’s progress and strategic approach to sustainability.

5.0 SIGNIFICANT JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

In preparing this Statement, the Group applied several significant judgements and estimation techniques that involve inherent uncertainty.

5.1 Judgement in Identifying Material Climate-Related Risks and Opportunities (“CROs”)

Management exercised significant judgement in determining which CROs may reasonably be expected to influence LHI’s business sustainability and financial performance. Judgement was also applied when considering which metrics included within the disclosure topics, were most material to our business sustainability.

The Group aligned all the risks and opportunities to short-, medium- and long-term time horizons (less than 3 years; 3–5 years; more than 5 years).



5.0 SIGNIFICANT JUDGEMENTS AND MEASUREMENT UNCERTAINTIES (CONT'D)

5.2 Judgement in Selecting Calculation Methods for GHG Emissions

Judgement is exercised in selecting appropriate GHG accounting methodologies, emission factors and data sources. This includes the use of estimates where direct measurement is not available. Methodologies are applied consistently and are aligned with DEFRA, in accordance with the Greenhouse Gas Protocol.

5.3 Measurement Uncertainty

The preparation of sustainability-related financial information inherently involves estimation.

Management relied on multiple assumptions embedded within the IPCC AR6 framework. Measurement uncertainty due to judgement on climate scenarios probability and severity, forecasts on carbon tax, renewable energy adoption costs, electricity tariff volatility, technology advancement and manual data submissions.

Management seeks to reduce uncertainty through the application of standardised methodologies, internal controls and ongoing data quality improvements.

6.0 FORWARD-LOOKING STATEMENT

Through this Statement, the Group seeks to demonstrate its continued commitment to transparency and accountability in managing sustainability impacts across its regional value chain. This Statement includes certain forward-looking statements, based on current conditions and reasonable assumptions at the time of reporting and are subject to inherent uncertainties. Accordingly, actual outcomes may differ due to changes in business conditions, regulatory developments, or other external factors beyond LHI's control.

FEEDBACK

We welcome and encourage our stakeholders to provide feedback pertaining to this Sustainability Statement and the issues covered to our Sustainability department at info@lhhb.com.

7.0 LHI'S SUSTAINABILITY FRAMEWORK

LHI's Sustainability Framework has been further enhanced to strengthen alignment with our overarching business strategy, while remaining guided by the Group's vision and mission. The Framework serves as a foundation for meeting stakeholder expectations, minimising environmental impact, and creating positive social and economic value within the communities in which we operate.

This framework reflects the Group's broader approach to managing sustainability impacts and guiding its sustainability strategy. It is presented to provide context on the Group's sustainability approach and does not form part of the IFRS SDS requirements. IFRS-aligned disclosures, including the identification of SROs are presented separately in Sections 8 and 9 of this Statement.

It is structured around four key priority pillars, Economic, Environmental, Social and Governance ("EESG"), each supported by clearly defined goals and focus areas. Through these priorities, the Group strives to advance long-term value creation, build resilience, and deliver measurable sustainability outcomes across our operations.



7.0 LHI'S SUSTAINABILITY FRAMEWORK (CONT'D)



8.0 MATERIALITY REVIEW

The Group applies a dual materiality approach in assessing sustainability matters, incorporating both impact materiality and financial materiality perspectives.

Impact materiality considers the significance of the Group's EESG impacts on stakeholders and the broader environment. This perspective supports the Group's sustainability strategy and disclosures relating to its wider responsibilities as a corporate citizen.

In parallel, the Group applies a financial materiality lens in accordance with the IFRS SDS issued by the ISSB. This focuses on identifying SROs that could reasonably be expected to affect the Group's financial position, financial performance and cash flows over the short, medium and long term.

Together, these two perspectives provide a comprehensive view of sustainability matters, supporting both stakeholder-informed decision-making and investor-focused disclosures.

8.1 Impact Materiality (Stakeholder-Oriented Assessment)

At Leong Hup International Berhad, we recognise that open communication, transparency, and accountability are fundamental to maintaining the trust and confidence of our stakeholders. We are committed to fostering meaningful dialogue with all stakeholder groups, ensuring that their perspectives, concerns, and expectations are actively considered in our decision-making processes.

Stakeholder engagement is a key input into the Group's impact materiality assessment, supporting the identification and prioritisation of sustainability topics that reflect the Group's EESG impacts. This enables us to strengthen relationships, anticipate emerging issues and identify opportunities for collaboration and shared value creation.



8.0 MATERIALITY REVIEW (CONT'D)

8.1 Impact Materiality (Stakeholder-Oriented Assessment) (Cont'd)

The following provides an overview of our stakeholder engagement initiatives and activities conducted throughout the FYE 2025:

Key Stakeholder	Engagement Focus and Objectives	Engagement Method	Frequency
Investors and Shareholders	<ul style="list-style-type: none"> Provide reliable, timely, and transparent disclosures on LHI's material information. Strengthen shareholder confidence and foster long-term relationships. 	<ul style="list-style-type: none"> Annual / Extraordinary General Meeting Annual Report 	Annually
		<ul style="list-style-type: none"> Investor presentations and meetings Corporate website update 	Ad-hoc
		<ul style="list-style-type: none"> Interim financial report and audited financial statements 	Quarterly & Yearly
Employees	<ul style="list-style-type: none"> Ensure a safe, healthy, and inclusive workplace with equitable employment opportunities. Attract, develop, reward, and retain talent. 	<ul style="list-style-type: none"> Team-building activities Performance appraisals and reviews Gala dinner 	Yearly & Ad-hoc
		<ul style="list-style-type: none"> Training sessions 	Regularly
Customers	<ul style="list-style-type: none"> Strengthen customer loyalty and build long-term, sustainable relationships. Ensure responsive service and customer satisfaction. 	<ul style="list-style-type: none"> Customer hotline Website 	Ad-hoc
		<ul style="list-style-type: none"> After-sales service 	Monthly
Vendors and Suppliers	<ul style="list-style-type: none"> Build transparent, ethical, and long-term partnerships. Ensure fairness in procurement and supplier engagement. 	<ul style="list-style-type: none"> Ethical practice Transparent procurement process 	Continuously
		<ul style="list-style-type: none"> Vendor audits Supplier performance reviews 	Yearly
Local Authorities and Regulators	<ul style="list-style-type: none"> Ensure full compliance with applicable laws, guidelines, and regulatory requirements. 	<ul style="list-style-type: none"> Regulatory submissions Compliance engagements Meetings and inspections 	Ad-hoc / as needed
Local Communities	<ul style="list-style-type: none"> Contribute positively as a responsible corporate citizen. Support community development and capacity-building initiatives. 	<ul style="list-style-type: none"> Corporate Social Responsibility ("CSR") programmes Public events 	Ad-hoc / as needed



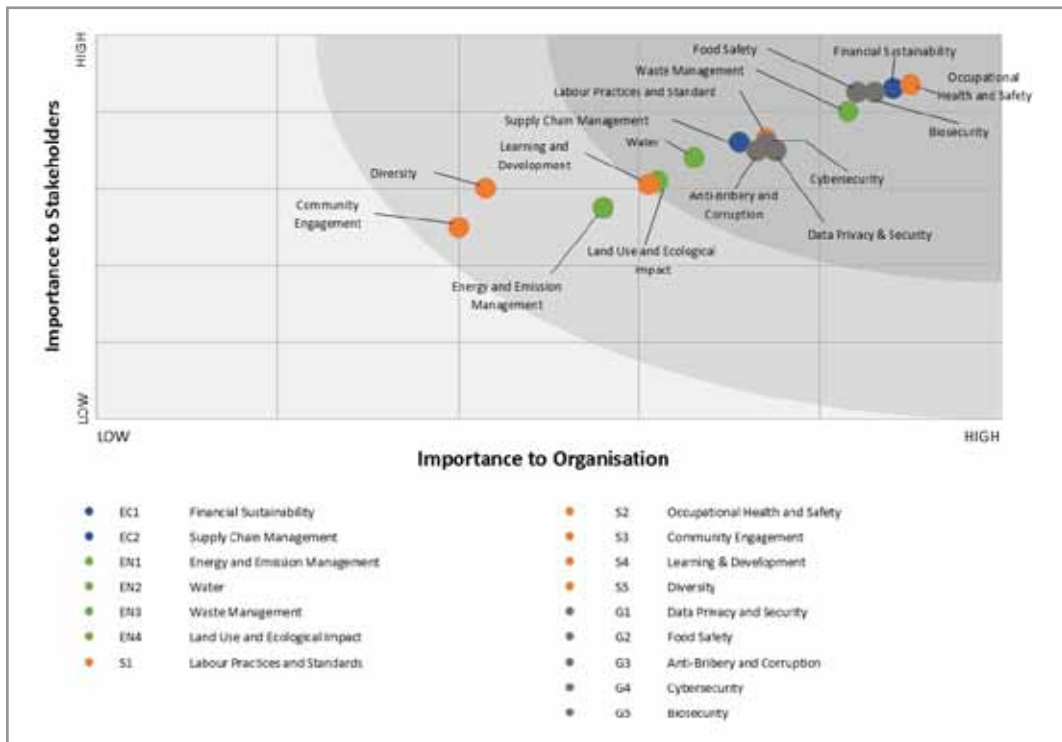
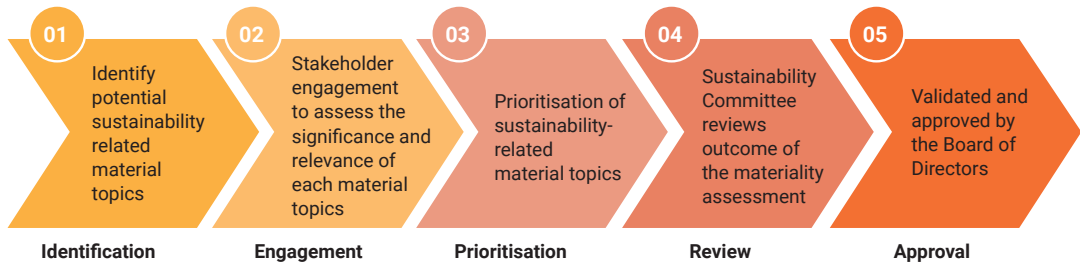
SUSTAINABILITY STATEMENT (CONT'D)

8.0 MATERIALITY REVIEW (CONT'D)

8.1 Impact Materiality (Stakeholder-Oriented Assessment) (Cont'd)

The Group's undertakes a structured process to identify and prioritise material sustainability topics from an impact perspective, as illustrated below:

Impact Materiality Assessment Process (EESG)





8.0 MATERIALITY REVIEW (CONT'D)

8.1 Impact Materiality (Stakeholder-Oriented Assessment) (Cont'd)

Though the materiality matrix above is not required under IFRS SDS requirements, it presents a clear view of the relative importance of sustainability matters by mapping them across two key dimensions: their significance to stakeholders and their impact on the organisation. All sixteen (16) material matters represent the sustainability-related topics that are most relevant to the Group. This analysis enables the organisation to better understand and prioritise the issues that are most relevant to the Group's long-term sustainability and value creation.

Following this review, 16 material matters were prioritised for reporting, reflecting those assessed to have the most direct relevance to the Group's long-term sustainability and stakeholder decision-making.

These material matters remain important to the stakeholders and exert influence on the organisation's business practices. Together, these insights support a balanced and informed outlook on the organisation's long-term sustainability strategies moving forward. These 16 material matters are reported under Section 12 "Other Sustainability-related Disclosures - LHI's Economic, Environmental, Social and Governance (EESG) Initiatives" of this report (page 83 to 106).

The materiality matrix presented above reflects the Group's assessment from an impact materiality perspective and does not represent the identification of financially material sustainability-related risks and opportunities under the IFRS Sustainability Disclosure Standards, which are determined separately and described in Section 8.2.

8.2 Financial Materiality (IFRS-Aligned SROs Assessment)

The Group applies a financial materiality approach in accordance with the IFRS Sustainability Disclosure Standards to identify sustainability-related risks and opportunities ("SROs") that could reasonably be expected to affect its financial position, financial performance and cash flows. This assessment is focused on providing decision-useful information to investors and other primary users of general-purpose financial reports.

As permitted under the transitional relief provisions, the Group's disclosures for the current reporting period focus on climate-related risks and opportunities ("CROs") in accordance with IFRS S2.

The identification of material SROs involves a structured assessment process, including:

- Identification of sustainability-related and climate-related risk and opportunity drivers across the Group's operations and value chain
- Assessment of potential financial effects, including impacts on revenue, costs, assets, liabilities and cash flows
- Evaluation of likelihood and magnitude of impacts across short-, medium- and long-term time horizons
- Prioritisation of SROs based on their potential to influence the decisions of investors

The identified SROs are assessed across the Group's integrated value chain, including upstream feed sourcing activities, midstream livestock farming operations (Breeder, Layer and Broiler) and downstream FPP and QSR businesses. This ensures that climate-related risks and opportunities are evaluated holistically across the Group's operations.

The identification of climate-related risks and opportunities ("CROs") is based on the Group's financial materiality assessment of SROs in accordance with IFRS Sustainability Disclosure Standards. Based on this assessment, the Group has identified key climate-related risks and opportunities that are considered financially material. These are disclosed in Section 9 (IFRS S2 – Climate-related Disclosures), including their potential financial impacts and associated response strategies.



SUSTAINABILITY STATEMENT
(CONT'D)

9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES

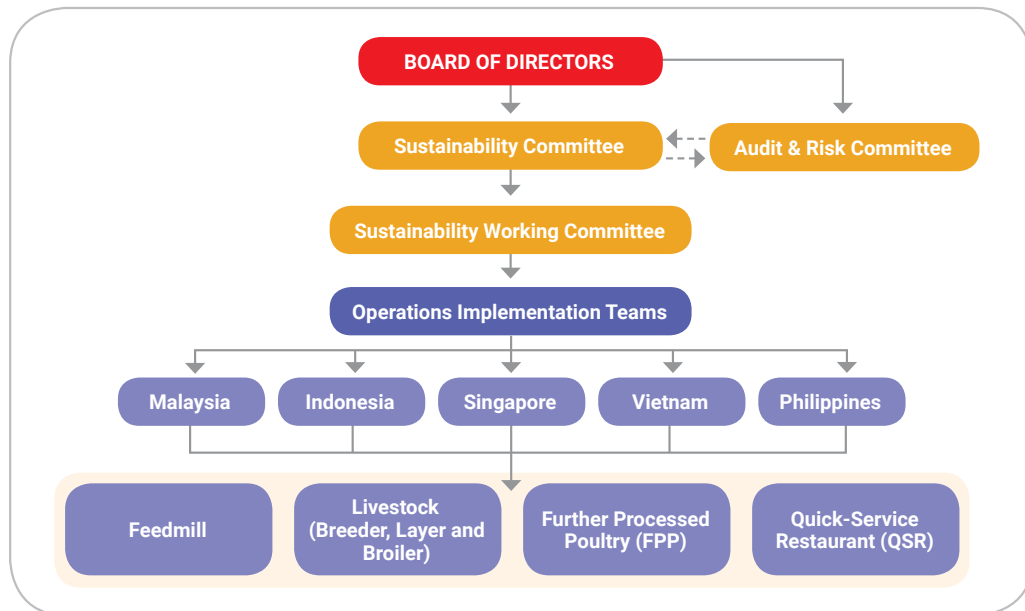
As permitted under the transitional relief provisions of the NSRF up to the financial year ending 31 December 2026, the Group has opted to apply the transitional relief of only disclosing information on climate-related risks and opportunities (“CROs”), in accordance with IFRS S2 Climate-related Disclosures and consequently apply the requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information only insofar as they relate to the disclosure of information on climate-related risks and opportunities for two (2) years – FYE 2025 and FYE 2026.

In accordance with IFRS S2, this Statement is organised around the four core pillars:

- Governance, for oversight, accountability and management structures
- Strategy, for climate-related risks and opportunities, and their financial implications
- Risk Management, for processes in identifying, assessing and managing risks
- Metrics and Targets, for performance indicators, emissions data and transition objectives

9.1 Overall Sustainability and Climate Governance

The Group recognises that sustainability is a shared responsibility that must be upheld by all responsible and ethical corporate citizens. In line with this commitment, we conduct our business with the highest standards of integrity, supported by strong governance structures, adherence to recognised industry best practices, and full compliance with all applicable laws and regulations. The Board of Directors holds ultimate accountability for steering the Group’s strategic direction to ensure long-term value creation. The Board also provides oversight and leadership in addressing sustainability and climate-related risks and opportunities, reinforcing our commitment to responsible and resilient business growth.



The diagram above illustrates LHI’s sustainability governance structure, which outlines the roles, responsibilities, and reporting relationships that support effective oversight and implementation of sustainability initiatives across the Group.

At the top of the structure, the Board of Directors holds ultimate accountability for the Group’s overall strategic direction, including its sustainability and climate-related initiatives.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.1 Overall Sustainability and Climate Governance (Cont'd)

Supporting the Board are two key committees that oversee the Sustainability Working Committee:

- Sustainability Committee provides strategic guidance on sustainability matters, oversees the development of sustainability policies, and reviews progress on key Economic, Environmental, Social and Governance (EESG) initiatives.
- Audit and Risk Committee, oversees sustainability-related risks, internal controls, compliance, and the integrity of sustainability disclosures. The two committees maintain a two-way reporting relationship to ensure alignment between sustainability priorities and risk management processes.

Sustainability Working Committee, led by the Group Chief Financial Officer, is responsible for operationalising the Board's sustainability directions by integrating sustainability principles into day-to-day decision-making, resource allocation, and business planning.

To support execution, Operations Implementation Teams coordinate the rollout of sustainability initiatives across the Group's regional footprint. These teams work closely with country operations in Malaysia, Indonesia, Singapore, Vietnam, and the Philippines, ensuring sustainability initiatives are consistently implemented and tailored to local operational needs.

At the operational level, the structure extends across the Group's main business segments: Feedmill, Livestock (Breeder, Layer, and Broiler), Further Processed Poultry (FPP) and Quick-Service Restaurant (QSR).

These business units are responsible for embedding sustainability practices within their respective value chains, driving measurable outcomes that support the Group's long-term sustainability objectives.

Collectively, this governance structure ensures a coordinated, accountable, and transparent approach to managing sustainability initiatives across all regions and operations within the Group.

Roles	Responsibilities
Board of Directors	<ul style="list-style-type: none"> • Provides strategic leadership for the Group's sustainability agenda, including the development and implementation of sustainability strategies, while fostering a strong culture of responsibility and sustainable practices across the organisation.
Sustainability Committee	<ul style="list-style-type: none"> • Develops and implements comprehensive sustainability strategies and policies that align with the organisation's vision, regulatory requirements, and recognised industry best practices. • Ensures the consistent execution of sustainability initiatives across all business segments and operational locations. • Identifies, assesses, and manages sustainability-related risks and opportunities across the Group. • Evaluates and enhances the materiality assessment process and outcomes to ensure relevance and accuracy. • Develops and recommends sustainability-linked performance metrics and evaluation mechanisms. • Oversees engagement with key internal and external stakeholders to ensure alignment with sustainability priorities. • Monitors the implementation and progress of sustainability policies, programmes, and initiatives.



SUSTAINABILITY STATEMENT (CONT'D)

9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.1 Overall Sustainability and Climate Governance (Cont'd)

Roles	Responsibilities
Audit and Risk Committee	<ul style="list-style-type: none"> Provides assurance on the accuracy, completeness, and integrity of the Group's sustainability reporting. Reviews sustainability-related risks within the Group's overall risk management framework to ensure appropriate mitigation measures are in place. Evaluates the adequacy of data governance and reporting systems supporting sustainability disclosures.
Sustainability Working Committee	<ul style="list-style-type: none"> Deploys key sustainability plans, including the Group's strategies, targets, and policies. Oversees the integration of sustainability and climate-related considerations within the Group's overall Risk Management Framework. Monitors and manages material sustainability matters to ensure effective oversight and timely action.
Operations Implementation Teams	<ul style="list-style-type: none"> Coordinates and supports divisional teams in managing material sustainability matters. Consolidates and reconciles sustainability data and reporting across the Group. Oversees the management and monitoring of material sustainability issues and the response mechanisms. Bridges the gap between strategy and execution by ensuring that local operational practices align with the Group's overall sustainability agenda and targets.

Skills and Expertise

The table below outlines the key roles within our governance structure and highlights the skills and experience present at each level. It demonstrates how responsibilities and competencies are distributed across the organisation to support effective oversight. This ensures that sustainability matters are managed consistently and aligned with the Group's strategic priorities.

Roles	Board of Directors	Key Senior Management	Sustainability Committee	Audit and Risk Committee	Operations Implementation Teams
Skills and Experience					
Pillars	Sustainability Matters				
E	Management, strategy and leadership	X	X	X	
	Audit and accounting	X	X	X	



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.1 Overall Sustainability and Climate Governance (Cont'd)

Skills and Expertise (Cont'd)

Roles		Board of Directors	Key Senior Management	Sustainability Committee	Audit and Risk Committee	Operations Implementation Teams
Skills and Experience						
Pillars	Sustainability Matters					
E	Carbon Accounting	x	x	x		x
	Climate change	x	x	x		x
	Environmental Reporting Frameworks		x	x	x	x
S	Human resource and workforce management		x			x
	Ethical labour and human rights	x	x			x
	Society and stakeholders engagement	x	x	x		x
	Health and Safety	x	x		x	x
G	Enterprise risk management	x	x		x	x
	Digital and information technology	x	x		x	x
	Data and reporting literacy		x	x	x	x

Engagement and Communication Mechanisms

Starting from FYE 2026, the Sustainability Committee will convene meeting on a quarterly basis, on top of the regular engagements with the Senior Management to ensure effective oversight and timely progress updates. Additionally, the Sustainability Committee has direct access to all Operational Implementation Teams, enabling it to obtain latest updates of strategic developments and key sustainability performance outcomes.

9.2 Climate-Related Risks and Opportunities ("CROs")

Based on the financial materiality assessment described in Section 8.2, the following climate-related risks and opportunities ("CROs") were determined to be material:

- (i) Mandatory Carbon Pricing
- (ii) Climate-related supply chain disruption
- (iii) Prolonged heat stress
- (iv) Energy cost optimisation under energy transition.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

9.2 (i) Climate-related transition risk: Mandatory Carbon Pricing

a. Description

Mandatory carbon pricing refers to the introduction or tightening of regulatory mechanisms such as carbon taxes or emissions trading schemes imposed by governments across the regions in which the Group operates. These mechanisms place a direct cost on greenhouse gas ("GHG") emissions, increasing the cost of operations for emissions-intensive activities.

As climate policies continue to evolve, jurisdictions may progressively increase carbon pricing levels or expand coverage, resulting in higher compliance costs and increased financial exposure for the Group. This risk is particularly relevant in markets where carbon pricing frameworks are already implemented or are expected to be introduced in the near to medium term.

b. Effects on business model and value chain

This risk directly affects the Group's integrated business model, particularly across energy-intensive operations such as feedmill production, livestock farming and further processed poultry operations.

Across the value chain:

- Upstream operations (feedmill): Increased energy and fuel costs arising from carbon pricing may raise feed production costs.
- Midstream (livestock farming): Higher electricity consumption for ventilation and cooling systems may result in increased operating costs under carbon pricing regimes.
- Downstream (processing and distribution): Energy-intensive processing activities and logistics operations may face cost pressures due to higher carbon-related expenses.

Overall, mandatory carbon pricing may increase the Group's cost base, affect margin stability, and require adjustments across procurement, production and distribution activities to maintain competitiveness.

c. Effects on strategy and decision making

In response to mandatory carbon pricing, the Group is increasingly integrating carbon cost considerations into its strategic planning, capital allocation and operational decision-making processes.

This includes:

- Prioritising investments in renewable energy solutions, such as solar panel installations, to reduce reliance on grid electricity and mitigate exposure to carbon pricing
- Enhancing energy efficiency initiatives across operations to lower overall emissions intensity



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

9.2 (i) Climate-related transition risk: Mandatory Carbon Pricing (Cont'd)

c. Effects on strategy and decision making (Cont'd)

These measures are aimed at managing regulatory compliance costs, improving cost efficiency, and strengthening the Group's resilience under a transitioning low-carbon economy.

d. Financial effects

Current financial effects

The Group has invested approximately RM5.8 million in solar panel installations during the current financial year, resulting in an increase in property, plant and equipment and corresponding borrowings.

The solar investments are fully financed through bank borrowings, giving rise to additional interest expense of approximately RM0.3 million during the year. In addition, the Group recognised carbon tax expenses in Singapore, resulting in a reduction in profit of approximately RM0.8 million. This carbon tax impact was passed on from the power producer through higher electricity charges to our businesses in Singapore. Depreciation expense of approximately RM0.5 million was also recognised in relation to the solar panel assets.

From a cash flow perspective, the Group incurred additional cash outflows of approximately RM6.1 million arising from cost of solar investments and interest payments on borrowings used to finance the solar investments.

Anticipated financial effects

Under increasing carbon pricing scenarios, the Group expects carbon tax liabilities to rise progressively from approximately RM6.0 million to RM9.5 million over the short to long term. To mitigate this exposure, the Group plans to invest up to RM15.0 million per annum in solar panel installations, resulting in a corresponding increase in property, plant and equipment and borrowings.

These developments are expected to increase interest expenses to approximately RM0.7 million annually, while higher carbon pricing may reduce profits by approximately RM6.0 million, RM7.7 million and RM9.5 million across the short, medium and long term respectively. Depreciation expenses are also expected to increase in line with the ongoing solar investments. From a cash flow perspective, the Group is expected to incur higher financing-related cash outflows due to increased interest payments, alongside continued capital expenditure on renewable energy investments.

9.2 (ii) Climate-related physical risk: Climate-related supply chain disruption

a. Description

Climate-related supply chain disruption refers to the potential impact of extreme weather events, such as droughts, floods, and prolonged rainfall, on the availability, quality, and pricing of key agricultural commodities, particularly corn and soybean meal used in animal feed production. As climate change intensifies the frequency and severity of such events, global and regional agricultural supply chains may experience increased volatility, leading to supply shortages, delayed deliveries, and price fluctuations in critical feed inputs.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

9.2 (ii) Climate-related physical risk: Climate-related supply chain disruption (Cont'd)

b. Effects on business model and value chain

This risk directly affects the Group's integrated "farm-to-plate" business model, where feed production forms a foundational component supporting midstream and downstream livestock and further processing poultry operations. Disruptions in the upstream supply of agricultural raw materials may lead to increased feed costs, reduced input availability and operational inefficiencies within feedmill operations.

Across the value chain, the impact is most pronounced at the upstream, where sourcing of raw materials and feed production are critical to maintaining stable livestock output. Any sustained disruption may cascade to the midstream and downstream, affecting poultry growth performance, production volumes and ultimately the Group's ability to meet customer demand. As a result, the Group's overall cost structure, margin stability, and supply reliability may be adversely affected.

c. Effects on strategy and decision-making

In response to increasing climate-related supply chain risks, the Group is strengthening its supply chain resilience by incorporating climate considerations into procurement, inventory management and operational planning decisions. The anticipated volatility in feed input availability and pricing has led the Group to adopt a more proactive inventory strategy, including increasing buffer stock levels and evaluating additional storage capacity to mitigate short-term supply disruptions when the needs arise.

In addition, management is enhancing supplier diversification strategies and monitoring global commodity market trends more closely to reduce over-reliance on specific sourcing regions. Climate-related risks are also increasingly considered in capital allocation decisions, particularly in relation to investments in storage infrastructure and supply chain flexibility. These measures aim to ensure continuity of operations and maintain cost stability under varying climate conditions.

d. Financial effects

Current financial effects

No material impact in 2025.

Anticipated financial effects

From the short term onwards, the Group has assessed a mitigation strategy focused on enhancing feed supply resilience through an additional 0.5 month in raw material inventory holding, calibrated based on annual feed throughput. This translates into an incremental storage requirement of approximately 210,000 square feet.

Based on historical experience and operational benchmarks, the estimated capital expenditure required to support this additional storage capacity is approximately RM 73.3 million. This capital investment reflects the scale of infrastructure required to support higher inventory buffers in response to climate-driven supply volatility.

The increase in inventories and storage-related capital expenditure is assumed to be fully funded through borrowings, giving rise to recurring interest and depreciation expenses over the medium to long term. These quantified impacts will be reflected across the statement of financial position, profit or loss, and cash flow statement.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

9.2 (iii) Climate-related physical risk: Prolonged heat stress

a. Description

In recent years, heat waves have become more frequent, intense, and prolonged, placing increasing strain on agricultural systems. What were once short periods of extreme heat are now evolving into extended episodes that disrupt crop growth, reduce yields, and stressed livestock. This trend underscores the urgent need for adaptive measures to safeguard farm productivity and resilience.

A practical and increasingly necessary response is the strategic investment in cooling and ventilation equipment for the Group's closed-house farm operations, which help mitigate heat stress and maintain stable production under changing climate conditions. These investments are expected to be implemented in the short term, particularly if prolonged heat waves occur, as such conditions can reduce livestock productivity.

b. Effects on business model and value chain

This risk directly affects the Group's integrated business model, particularly within its livestock operations, where maintaining controlled environmental conditions is essential for consistent production output. Increased reliance on cooling systems may elevate operating costs at the farm level, while insufficient temperature control may affect poultry performance and output stability.

Across the value chain, the impact is primarily concentrated in the midstream segment, where farming operations support downstream processing and distribution activities. Higher operating costs and potential fluctuations in production efficiency may, in turn, affect overall cost structure, margin stability, and the Group's ability to maintain consistent supply to downstream operations.

c. Effects on strategy and decision-making

In response to the increased cooling and ventilation requirements arising from prolonged heat stress, the Group is incorporating climate-related considerations into its capital allocation and operational planning decisions.

These considerations are also reflected in the Group's financing and cash flow planning, where capital expenditure is assumed to be funded through borrowings, resulting in higher financing costs over time. At the same time, the expected increase in electricity consumption is incorporated into operating cost projections and energy management strategies.

Overall, climate-related risks such as prolonged heat stress are increasingly integrated into the Group's decision-making processes, including farm infrastructure planning, energy usage optimisation and long-term cost management to support operational continuity under changing climate conditions.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

9.2 (iii) Climate-related physical risk: Prolonged heat stress (Cont'd)

d. Financial effects

Current financial effects

No material impact in 2025.

Anticipated financial effects

The Group is assumed to incur an increase of approximately RM 13.5 million in investment cost in each of the short, medium and long term-periods for cooling-related property, plant and equipment ("PPE"), reflecting investment in additional ventilation and cooling assets to manage prolonged heat stress at the farming facilities. This capital expenditure is assumed to be fully funded through bank borrowings, resulting in a corresponding increase in borrowings on the statement of financial position.

The Group is expected to incur higher energy costs of approximately RM 20.3 million per annum across the short, medium and long term as cooling systems operate for longer periods under higher temperatures.

From a cash flow perspective, the Group is expected to experience higher operating cash outflows due to increased electricity payments. Cash used in investing activities reflects the capital expenditure on cooling-related PPE, while cash used in financing activities includes higher interest payments arising from the additional borrowings. Depreciation remains a non-cash charge and does not affect cash flows directly.

9.2 (iv) Climate-related opportunity: Energy cost optimisation under energy transition

a. Description

Operational cost optimisation from energy transition refers to the opportunity for the Group to improve cost efficiency through a gradual shift towards lower-carbon and more energy-efficient solutions. As climate transition trends drive changes in energy markets, including rising electricity costs and potential carbon pricing mechanisms, the Group is presented with an opportunity to optimise its energy cost structure while reducing exposure to long-term energy price volatility.

b. Effects on business model and value chain

This opportunity supports the Group's integrated business model by enhancing cost efficiency across energy-intensive operations, particularly within feedmill, livestock farming and processing activities. As these segments rely heavily on electricity to support daily operations, improvements in energy cost efficiency contribute directly to overall margin stability and operational sustainability.

Across the value chain, the optimisation of energy costs strengthens the resilience of upstream, midstream and downstream operations by reducing reliance on conventional energy sources and mitigating exposure to electricity price fluctuations. This enables the Group to maintain a more stable cost base and support consistent production and supply across its integrated operations.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

9.2 (iv) Climate-related opportunity: Energy cost optimisation under energy transition (Cont'd)

c. Effects on strategy and decision-making

In response to this opportunity, the Group is prioritising solar energy investments as part of its capital allocation strategy, with planned expenditure of up to RM15.0 million per annum to progressively expand solar capacity across selected facilities. These investments are evaluated by balancing higher upfront capital and financing costs against expected reductions in electricity expenses and improvements in operating cash flows. Apart from addressing this Climate-related Opportunity (9.2 (iv)), these investments in solar energy also address the other Climate-related Transition Risk (9.2 (i)) as explained above.

The pace of solar deployment is managed to ensure financial sustainability, while supporting long-term cost optimisation and reducing exposure to energy price volatility and potential future carbon-related regulations.

d. Financial effects

Current financial effects

The financial position reflects investment in solar panels of RM5.8 million in the current year. These investments are fully funded by bank borrowings, resulting in a corresponding increase in borrowings alongside the growth in PPE.

Anticipated financial effects

An additional allocation of capital expenditure of up to RM15.0 million per annum in renewable energy investment for each period (short, medium and long term) as the solar energy project rollout continues. These investments are assumed to be fully funded by bank borrowings, resulting in an increase in borrowings alongside the increase in value of PPE.

As a result of the increased borrowings, the Group incurs additional interest expense, amounting to RM0.3 million in the current year and an increase of RM0.7 million yearly in subsequent periods. At the same time, electricity costs are expected to reduce by RM1.1 million in the current year, followed by RM2.7 million per year over the short, medium and long term as solar capacity expands. The capitalisation of solar assets also results in higher depreciation expense of RM0.5 million in the current year and RM1.3 million annually thereafter. Overall, while financing and depreciation costs increase in the near term, these are partially offset by recurring reductions in electricity expenses.

From a cash flow perspective, operating cash flows improve due to lower cash paid for electricity, reflecting the electricity cost savings generated by solar adoption. Cash used in investing activities increases as a result of capital expenditure on solar panel installations. Cash used in financing activities increases due to higher interest payments arising from the additional borrowings used to fund the solar investments. Depreciation remains a non-cash charge and does not directly affect cash flows.



SUSTAINABILITY STATEMENT (CONT'D)

9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

Climate Resilience

Climate Scenario Analysis

The organisation conducted a climate-related scenario analysis during the current reporting period (FYE 2025), based on information, assumptions and methodologies available at the reporting date. The analysis drew on IPCC AR6 Shared Socio-economic Pathways (SSPs) alongside Representative Concentration Pathways (RCPs) and their corresponding global temperature projections, and considered short-term (up to 3 years), medium-term (3 to 5 years), and long-term (more than 5 years) time horizons.

Three climate-related scenarios were applied, selected to reflect the organisation's business and regional context and to align with the latest international political and economic developments.

Scenario	Low Emissions Scenario	Intermediate High Emissions Scenario	Very High Emissions Scenario
Shared Socio-economic Pathways	SSP1 - 2.6 (*) Sustainability	SSP3 - 7.0 (*) Regional Rivalry	SSP5 - 8.5 (*) Fossil Fuel Development
Temperature Trajectories	Stays below 2.0°C warming relative to 1850–1900 (median) with implied net zero CO2 emissions in the second half of the century.	An intermediate-to-high reference scenario resulting from no additional climate policy under the SSP3 socio-economic development narrative. CO2 emissions roughly double from current levels by 2100.	A high-reference scenario with no additional climate policy. CO2 emissions roughly double from current levels by 2050.
Assumptions	<ul style="list-style-type: none"> Governments across the organisation's operating regions implement more stringent climate policies, including higher carbon taxes, leading to an expected increase in carbon prices over the next 1 to 10 years. The availability and adoption of renewable energy sources increase significantly. 	<ul style="list-style-type: none"> Governments prioritise economic growth over climate action, allowing continued expansion of fossil fuels despite existing emissions regulations. Carbon taxes and emissions trading schemes are applied inconsistently, with a primary emphasis on national revenue generation. Growth in renewable energy supply remains limited due to constraints in battery capacity and high technology costs. Ongoing policy uncertainty and sustained reliance on fossil fuels persist as governments seek to maintain competitive advantage. 	<ul style="list-style-type: none"> Governments prioritise economic growth over climate action. Limited supply of renewable energy: Policy uncertainty, constrained investment, and continued reliance on fossil fuels hinder progress in renewable energy development.



SUSTAINABILITY STATEMENT (CONT'D)

9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

Climate Resilience (Cont'd)

Climate Scenario Analysis (Cont'd)

Scenario	Low Emissions Scenario	Intermediate High Emissions Scenario	Very High Emissions Scenario
Assumptions (Cont'd)	<ul style="list-style-type: none"> Consumer behaviour shifts toward a stronger preference for environmentally friendly and renewable products. 	<ul style="list-style-type: none"> There is a significant escalation in extreme weather events, particularly droughts, floods, and storms with a pronounced and compounding increase in both their frequency and intensity. 	<ul style="list-style-type: none"> Significant increase in extreme weather events: There is a severe and compounding rise in both the frequency and intensity of extreme weather events.
Implications for the Group	Limited impact on operations. Lower physical risk exposure, with moderate transition pressure from stricter policies. Energy transition initiatives may provide cost optimisation opportunities.	Moderate impact from increasing climate variability, including supply chain disruptions and temperature-related operational inefficiencies. Transition risks remain manageable but uncertain due to inconsistent policy implementation.	Significant impact from intensified physical risks such as prolonged heat stress and extreme weather events, leading to higher operating costs and capital expenditure requirements. Lower immediate transition pressure, but potential for abrupt policy changes in the long term.

Note (*): SSPs (Shared Socioeconomic Pathways) describe different future global development pathways, while RCPs (Representative Concentration Pathways) represent greenhouse gas concentration levels and associated warming outcomes. The combined SSP-RCP scenarios (e.g., SSP1-2.6, SSP3-7.0, SSP5-8.5) represent a range of climate futures, from low emission pathways with lower warming (SSP1-2.6) to high emission pathways with more severe warming (SSP5-8.5), with intermediate conditions in between. These scenarios are used to assess climate-related risks and opportunities.

Climate Risk Exposure

The diagram below provides an overview of the organisation's business operations across regions, as well as its exposure to physical risks based on the locations of its facilities and its integrated supply chain. Over the short, medium, long term with selected climate scenarios, likelihood and magnitude of identified risk events in a singular figure assessment.

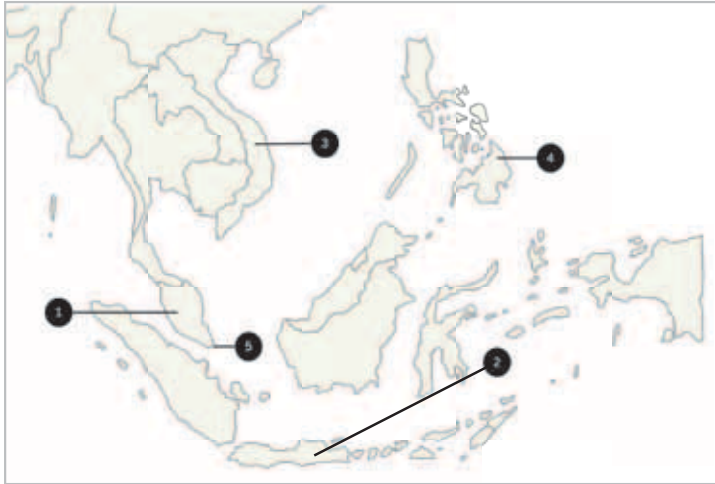


9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities (“CROs”) (Cont’d)

Climate Resilience (Cont’d)

Climate Risk Exposure (Cont’d)



Region	Climate-related Physical Risks					Risk Indicator
	Rising sea levels and storm surge	Water scarcity	Bushfire	Extreme temperature	Flooding	
1. Malaysia	●	●	●	●	●	● LOW
2. Indonesia	●	●	●	●	●	● MODERATE
3. Vietnam	●	●	●	●	●	● HIGH
4. Philippines	●	●	●	●	●	● MODERATE
5. Singapore	●	●	●	●	●	● LOW

Organisation’s Resilience

There remains considerable uncertainty regarding how climate change will materialise at the regional level under different climate-related scenarios, particularly in relation to temperature shifts, the frequency and severity of extreme weather events, and the resulting impacts of carbon policies implemented by governments. These uncertainties make it challenging to forecast the precise implications for assets and operations, especially where local infrastructure, supply chains, or environmental conditions may be affected. Consequently, there is inherent uncertainty in assessing the timing, magnitude, and nature of climate-related risks across the regions in which the organisation operates.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

Climate Resilience (Cont'd)

Organisation's Resilience (Cont'd)

Despite these uncertainties, LHI expects its strategy and business model will remain adaptable to climate-related changes and developments, informed by the outcomes of the climate-related scenario analysis.

LHI is also actively exploring financial solutions and potential investments dedicated to sustainability-focused initiatives, which will help strengthen its overall resilience across a range of future scenarios.

The table below presents the selected scenarios and their associated physical and transition risks across the short, medium, and long term, together with the corresponding impact levels to the organisation's adaptation and resilience strategies.

Scenario	Low Emissions Scenario	Intermediate High Emissions Scenario	Very High Emissions Scenario
Physical Risk	Low across all time horizons, reflecting the nature of the organisation's operations and business model, as well as the geographical locations and complexity of its activities.	Low across all time horizons, reflecting the nature of the organisation's operations and business model, as well as the geographical locations and complexity of its activities.	Low in the short term, increasing to moderate in the medium and long term, as the acceleration and compounding effects of extreme weather patterns may disrupt components of the organisation's integrated supply chain.
Transition Risk	Low in the short term, rising to moderate to high in the medium and long term, driven by shifts in carbon emissions policies within the regions where the organisation operates and evolving customer preferences that demand higher sustainability standards.	Low across all time horizons, given the nature of the organisation's operations and business model; however, some volatility may arise due to cross-border supply chain policies and trade tariffs.	Low in the short term due to continued reliance on fossil fuels and deregulated emissions policies; however, it is expected to be high in the medium to long term if abrupt policy shifts are required to address worsening climate-related impacts.
Adaptation & Resilience Strategy	Based on the three projections outlined above, LHI has implemented a comprehensive resilience strategy that prioritises long-term emissions reduction. This includes investments in renewable energy such as solar installations at selected facilities across its operations, ongoing energy efficiency assessments, and enhanced carbon accounting practices.		
	LHI is also allocating resources and evaluating potential investments aimed at mitigating the impacts of carbon tax policies across the regions in which it operates over the medium and long term.		



SUSTAINABILITY STATEMENT (CONT'D)

9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

Climate Resilience (Cont'd)

Climate Transition Plan

The Group is actively implementing strategies to support a low-carbon economy in alignment with the net-zero 2050 ambition. This includes enhancing operational efficiencies through more accurate quantification of Scope 1 and Scope 2 greenhouse gas ("GHG") emissions and the integration of Scope 3 value chain emissions into overall reduction strategies over the medium and long term.

Resources are also being allocated to capitalise on climate-related opportunities, including the expansion of renewable energy and the deployment of energy-efficient technologies, to strengthen long-term business resilience.

The transition plan includes key strategic targets, such as reducing GHG intensity by 10% by 2035, compared to the base year 2024. With the inclusion of Scope 3 emissions in overall policies, the organisation also aims to achieve a minimum 5% reduction in value chain emissions (Scope 3) intensity in the years leading up to 2035, compared to base year 2025, and the Group does not currently rely on the use of carbon credits to achieve these targets.

An overview of the transition plan is presented in the table below.

Focus Area	Assumptions	Dependencies	Resourcing	Key Actions	Target	Timeframe
Emissions Measurement & Management	The global net-zero 2050 target will continue to be upheld.	Current revenue and operating costs are assumed to remain within a 20% variance.	Allocated capital expenditure and employee capacity building.	Enhance accuracy of Scope 1 and 2 GHG quantification	Robust emissions baseline and improved data quality	Ongoing
Scope 3 Integration	Existing regional sustainability initiatives will remain in place across the regions in which the organisation operates.			Incorporate value chain emissions into overall reduction strategy	Systematic identification and management of Scope 3 emissions	Medium to long term
Emissions Reduction Scope 1 & 2	The cost of deploying solar technologies is expected to continue declining.			Operational efficiency improvements, technology upgrades, energy management programs	Reduction in Scope 1 and 2 emissions intensity	Long term



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.2 Climate-Related Risks and Opportunities ("CROs") (Cont'd)

Climate Resilience (Cont'd)

Climate Transition Plan (Cont'd)

An overview of the transition plan is presented in the table below. (Cont'd)

Focus Area	Assumptions	Dependencies	Resourcing	Key Actions	Target	Timeframe
Emissions Reduction Scope 3	Policies and regulations relating to carbon offsets will persist without significant modifications. The implementation of carbon tax policies across the region will be strengthened.			Supplier engagement, logistics optimisation, product lifecycle initiatives	Reduction in value chain (Scope 3) emissions intensity	Long term
Renewable Energy Deployment				Solar panel installations and other renewable energy investments at selected facilities	Increased share of renewable energy in total energy mix	Medium to long term
Energy Efficiency				Implementation of energy-efficient equipment and process optimisation	Reduced energy consumption and emissions intensity	Ongoing
Net-Zero Alignment				Progressive decarbonisation and resilience initiatives	Alignment with net-zero 2050 ambition	Long term

9.3 Risk Management

As of 2025, the organisation is in the process of integrating sustainability-related risks into its overall ERM framework, supported by enhanced governance arrangements, including the Sustainability Committee's Terms of Reference, which define key roles, responsibilities, and oversight mechanisms for managing sustainability-related risks across the business.

Potential sustainability and climate-related risks are identified and assessed in line with the Group's guiding principles and are prioritised in accordance with the overall enterprise risk profile. The same process is also applied by the Sustainability Committee to identify potential opportunities.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.3 Risk Management (Cont'd)

Relevant risks and opportunities are subsequently integrated into the LHI's sustainability strategy, which includes six key steps, as follows:



Phase	Description
1. Identify	The organisation undertakes a comprehensive process to identify impacts and dependencies across the value chain and determine which factors give rise to potential material sustainability and climate-related risks and opportunities.
2. Analyse	Relevant risks and opportunities are evaluated using a structured framework, supported by internal controls aligned with the organisation's strategic objectives.
3. Prioritise	Building on the preceding steps, the organisation prioritises identified risks and opportunities based on assessments of likelihood, magnitude, and applicable time horizons.
4. Manage	Risks and opportunities are addressed through defined treatment plans developed by cross-functional committees and implemented across the organisation's operations.
5. Monitor	The organisation continuously monitors the effectiveness of controls through risk-based internal audits and control testing, with regular reporting to the Audit and Risk Committee and the Sustainability Committee.
6. Reporting	Findings and outcomes are reported to relevant committees and management to support informed decision-making and ongoing improvement.

9.4 Metrics and Targets

This section presents climate-related metrics to provide stakeholders with a clear view of LHI's emissions profile and its performance in managing climate-related risks and opportunities. The metrics have been prepared in accordance with IFRS S2 and internationally recognised methodologies, including the Greenhouse Gas Protocol.



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.4 Metrics and Targets (Cont'd)

The table below summarises the Group's absolute gross greenhouse gas emissions for the reporting year, including emissions from entities and operations within the Group's reporting boundary according to operational control consolidation approach. The information presented provides transparency on the Group's emission profile over the reporting period and supports the assessment of climate-related risks, opportunities and performance against targets (GHG intensity reduction of 10% by 2035 compared to base year 2024). The Group's climate-related targets and the methodologies used to establish them are internally developed and have not been validated by an independent third party. The Group reviews its climate-related targets on a periodic basis to ensure their continued relevance and alignment with strategic priorities and evolving external developments.

GHG Emission Metrics

	2024	2025
Metric tonnes of CO ₂ equivalent (tCO ₂ e)		
Scope 1 GHG emissions		
The consolidated accounting group	47,945	42,652
Other investees within the organisational boundary	Nil	Nil
Total Scope 1 GHG emissions	47,945	42,652
Scope 2 (Location based) GHG emissions		
The consolidated accounting group	316,523	326,051
Other investees within the organisational boundary	Nil	Nil
Total Scope 2 GHG emissions	316,523	326,051
Scope 3 GHG emissions		
Category 6: Business Travel	Nil	1,702
Category 7: Employee Commuting	Nil	1
Total Scope 3 GHG emissions	Nil	1,703
Total Scope 1, Scope 2 and Scope 3 GHG emissions	364,468	370,405
GHG Intensity (Scope 1 and 2 only)	39.2	41.8*

Notes:

- GHG emissions are calculated in accordance with the Greenhouse Gas Protocol using UK DEFRA emission factors, electricity grid emission factors published by the Malaysia Energy Commission and other relevant publicly available sources, where applicable. GHG emissions and related targets are expressed in carbon dioxide equivalent (tCO₂e), which includes carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), based on the emission factors applied.
- Scope 1 refers to direct emissions from sources owned or controlled by the Group, including mobile combustion (e.g., company-owned and operated vehicles) and stationary combustion sources such as; boilers and heaters.
- Carbon emission for Scope 1 in FYE 2024 have been restated to exclude manure management emissions due to current data and methodological limitations. Inclusion will be reassessed in future reporting periods.
- Scope 2 refers to indirect emissions associated with purchased electricity presented on a location-based basis.
- Carbon emission for Scope 2 in FYE 2024 has been restated to align with the emission factor methodology applied in FYE 2025, ensuring consistency and comparability across reporting periods.
- Scope 2 emissions are calculated using a location-based approach. In the absence of consistent and reliable country-specific grid emission factors across all operating locations, the Malaysia Energy Commission grid emission factor (0.774 tCO₂/MWh; 2022 publication based on 2020 grid data) has been applied consistently across FYE 2024 and FYE 2025 to ensure methodological consistency. This approach will be progressively refined as more localised emission factors become available. While the Group has entered into power purchase agreements (PPAs) for certain renewable energy arrangements, these contractual instruments are not currently incorporated into the Scope 2 emissions calculation.



SUSTAINABILITY STATEMENT (CONT'D)

9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.4 Metrics and Targets (Cont'd)

GHG Emission Metrics (Cont'd)

Notes: (Cont'd)

- (g) Scope 3 emissions currently include Category 6 (Business Travel) and Category 7 (Employee Commuting), based on data availability and assessment of materiality. Emission factors are aligned with UK DEFRA and applied consistently across the reporting boundary. Category 6 emissions are based on internally available and reviewed activity data from selected operations and therefore do not cover the entire Group. Category 7 emissions are estimated from employee survey responses for headquarters-level staff and are not independently verified. Accordingly, Scope 3 emissions are measured using a combination of primary activity data and secondary emission factors.
- (h) Disclosures are prepared using a consolidated operational control approach, consistent with the boundary applied in the Group's audited financial statements.
- (i) GHG intensity calculated as Scope 1 and Scope 2 emissions divided by Group revenue (tCO₂e/RM million)
- * *Adjusted for the foreign exchange translation effects in the reported Revenue, GHG intensity in FYE 2025 was 39.0, only marginally lower than 39.2 reported in FYE 2024.*

Industry-Based and Cross-industry Metrics

This section outlines selected cross-industry and industry-specific metrics that support an understanding of LHI's climate-related risks and opportunities, and provide context for the GHG emissions and targets disclosed elsewhere in this Statement. These metrics are presented consistently across reporting periods, where available, and are intended to be decision-useful, comparable, and aligned with IFRS S2 requirements.

Energy (FB-MP-130a.1)

LHI monitors energy consumption and energy mix as key drivers of operational emissions and exposure to climate-related transition risks. The energy metrics presented summarise total energy consumption, energy consumption by source and type, grid electricity consumption and renewable electricity consumption by category for the reporting period.

These metrics support assessment of LHI's progress in improving energy efficiency, reducing emissions intensity and strengthening readiness for the transition to lower-carbon energy systems.

Energy Metrics (GJ)	2024	2025
Total energy consumption by source/type (GJ)	2,827,062	3,187,482
Non-Renewable energy		
Fuel	546,445	630,022
Electricity	1,472,202	1,516,515
Renewable energy		
Rice husk	52,139	4,600
Palm kernel	301,620	412,796
Wood chips	397,946	541,148
Solar energy	56,710	82,401



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.4 Metrics and Targets (Cont'd)

Energy (FB-MP-130a.1) (Cont'd)

Notes:

- (a) Fuel consumption includes energy used for mobile (e.g., diesel, petrol) and stationary sources (e.g., boilers, generators).
- (b) Purchased electricity refers to electricity consumed across the Group's operations.
- (c) Electricity consumed measured in kilowatt hours (kWh) is converted to gigajoules (GJ) using a conversion factor of 0.0036 GJ/kWh.
- (d) FYE 2024 comparative has been restated to reflect a refinement in the classification of rice husk consumption, now limited to stationary combustion (boiler use).

Water Management (FM-MP-140a.2)

The Group operates primarily in regions where water scarcity risk is currently assessed to be relatively limited. However, climate change may increase the likelihood of future water stress, particularly through prolonged drought conditions, rising water costs, and the imposition of regulatory limits on water withdrawal. These factors may affect the availability and cost of water required for the Group's production processes over the long term.

Water is a critical input across the Group's operations, particularly within livestock farming and processing activities. As such, any disruption to water availability may impact operational efficiency, production continuity, and cost management.

In response, the Group is progressively enhancing its water management practices by improving water use efficiency, strengthening monitoring mechanisms, and assessing potential risks associated with water availability across its operating locations. Efforts include ongoing monitoring of water consumption levels, optimisation of operational processes to reduce water usage, and evaluation of future mitigation measures where necessary.

The Group continues to track its water consumption and intensity metrics, as presented under the EESG initiatives on page 87-89 (as produced below), to support ongoing performance monitoring and inform future water management strategies.

Metrics	2024	2025
Total volume of water used (Megalitres)	4,135	4,667
Water consumption intensity (m ³ /MYR million revenue)	444	529

Land Use & Ecological Impacts (FB-MP-160a.1 & FB-MP-160a.3)

During FYE 2025, the Group generated approximately 665,502 metric tons of animal litter and manure, alongside 68,131 metric tons of animal protein production from its confined animal feeding operations. These metrics provide an indication of the scale of the Group's livestock operations and the associated waste streams, which are key considerations in environmental management and resource efficiency.

The management of animal waste and optimisation of resource utilisation remain important areas of focus for the Group. Further details on the Group's initiatives in managing animal litter and manure, including sustainability-related practices and improvements, are discussed under the EESG Initiatives section on page 91 to 92.

Metrics	2025
Amount of animal litter and manure generated (Metric tons)	665,502
Animal protein production from confined animal feeding operations (Metric tons)	68,131



9.0 IFRS S2 - CLIMATE-RELATED DISCLOSURES (CONT'D)

9.4 Metrics and Targets (Cont'd)

Linking Remuneration to Sustainability Performance

At present, the remuneration of the Board of Directors and Key Senior Management is not directly linked to sustainability performance. The Group will endeavour to undertake a detailed review to develop a phased integration strategy over the next three years, which will progressively extend sustainability-linked performance indicators to the Board of Directors and Key Senior Management and subsequently to middle management.

Internal Carbon Prices

LHI is currently in the process of identifying and quantifying an organisation-specific internal carbon price to support more informed strategic decision-making. This internal pricing mechanism will serve as a key tool in evaluating green investments, assessing the financial implications of various climate scenarios, and guiding other critical climate-related decisions across the business. By establishing a carbon price tailored to its operating context, LHI aims to better integrate climate considerations into capital allocation, risk management, and long-term planning processes.

Climate-related Transition, Physical Risks and Opportunities

The following information relates to the climate-related metrics:

- The Group's business activities that were exposed to climate-related transition risks in FYE 2025 generated RM814.0 million in revenue (Singapore operations), representing 9.2% of the Group's total revenue. This exposure arose as the power producer impacted by carbon tax passed on the impact through higher electricity charges to our businesses in Singapore;
- None of the Group's business activities were assessed to be exposed to climate-related physical risks in FYE 2025; and
- The Group invested RM5.8 million in solar energy projects as part of its efforts in addressing the climate-related opportunities in FYE 2025. Total net book value of all solar energy assets amounted to RM28.1 million, representing 1.0% of the Group's total net book value of all Property, Plant and Machinery as at 31 December 2025.

Capital Deployment

Through the climate scenario analyses outlined above, LHI has identified priority areas of climate-related risks and opportunities across its operations. This assessment has enabled the organisation to better understand potential financial exposures arising from both transition and physical impacts across different time horizons.

LHI has not yet fully allocated the financial resources required to implement its climate transition plan and associated mitigation strategies for the current reporting period. However, the organisation has initiated the process of allocating investments towards emissions reduction initiatives, energy efficiency enhancements, renewable energy deployment, and measures to strengthen overall organisational resilience to climate-related risks over the short to medium term (up to 5 years). As mentioned above, the Group had invested RM5.8 million in solar energy projects in FYE 2025, as part of its strategy to move towards renewable energy and ultimately reducing GHG emissions.

10. STATEMENT OF ASSURANCE

The Group has not engaged external or internal assurance for this Statement. The information disclosed was derived from internal data and verification mechanisms. Looking ahead, the Group remains committed to strengthening credibility and plans to obtain reasonable external assurance for Scope 1 and Scope 2 emissions for FYE 2027 and aligns with global best practices.



11.0 BURSA MALAYSIA'S CSI PRESCRIBED TABLE

Leong Hup International Berhad IFRS S2		Date & Time: 2026-04-22T11:30:30 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
GHG emissions	S2.2.9.a.i.1 Scope 1	tCO2e	42,652	-	No assurance
GHG emissions	S2.2.9.a.i.2 Scope 2	tCO2e	325,051	-	No assurance
GHG emissions	S2.2.9.a.i.3 Scope 3	tCO2e	1,703	-	No assurance
Land Use and Ecological Impact	FB-MP-160a.1 Amount of animal litter and manure generated	Metric tonnes (t)	665,502	-	No assurance
Land Use and Ecological Impact	FB-MP-160a.3 Animal protein production from confined animal feeding operations	Metric tonnes (t)	68131	-	No assurance
Water	FB-MP-140a.2 Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion	Currently, the Group operates in regions where water scarcity risk is relatively limited. However, we recognise that potential future water shortage may impact our production sites over the long term, particularly in relation to the cost of water withdrawal and the imposition of local regulatory limits on water extraction. Further details are provided in the Water section under EESG Initiatives.	-	No assurance
Energy and Emissions Management	FB-MP-130a.1(1) Total energy consumed	Gigajoules (GJ)	3,187,482	-	No assurance
Energy and Emissions Management	FB-MP-130a.1(2) Percentage grid electricity	Percentage (%)	48	-	No assurance
Energy and Emissions Management	FB-MP-130a.1(3) Percentage renewable	Percentage (%)	33	-	No assurance
Cross Industry Metric	Amount and percentage of operations susceptible to climate transition risks	Amount (RM'000) and percentage (%)	813,962 (9.2%)	-	No assurance
Cross Industry Metric	Amount and percentage of assets or business activities susceptible to climate physical risks	Amount (RM'000) and percentage (%)	N/A (0.0%)	-	No assurance



11.0 BURSA MALAYSIA'S CSI PRESCRIBED TABLE (CONT'D)

Leong Hup International Berhad IFRS S2		Date & Time: 2026-04-2ZT11:30:30 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Cross Industry Metric	Amount and percentage of assets aligned with climate transition opportunities	Amount (RM'000) and percentage (%)	28135 (1.0%)	-	No assurance
Cross Industry Metric	Capital deployment - the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	RM'000	5,827	-	No assurance
Cross Industry Metric	Internal carbon prices - the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions	RM/CO2e	Nil	-	No assurance
Cross Industry Metric	Remuneration - the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.	Percentage (%)	Nil	-	No assurance



OTHER SUSTAINABILITY-RELATED DISCLOSURES

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES

This section (page 83 to 106) offers a comprehensive overview of the Group's approach to managing the identified material sustainability matters in alignment with our enhanced Sustainability Framework, which encompasses four key priority areas: EESG. Through this framework, we aim to integrate sustainability into every aspect of our business strategy and operations, ensuring that our practices not only support long-term value creation but also contribute positively to our stakeholders and the broader community.

Financial Sustainability

Why does it matter?

LHI believes that strong financial performance is integral to long-term value creation and the achievement of our sustainability goals. We are committed to generating meaningful employment opportunities and contributing to the economic development of the communities we serve. By managing our assets responsibly and sharing the value we create with our stakeholders and local communities, we aim to build enduring resilience and support sustainable growth for the future.

Our Approach

The organisation focuses on the strategic execution of its business plan and the continuous monitoring of market trends, while maintaining a robust financial position through the mitigation of operational and strategic risks and pursuing market expansion through targeted diversification initiatives. Collectively, these efforts strengthen long-term sustainability and support the organisation's overarching strategic objectives across all operating regions.

Our Performance

i. Regional revenue as a % of total revenue and Optimal Resource Allocation

Year	FYE 2024	FYE 2025	Change
Revenue (MYR '000)	9,309,452	8,829,182	-5.2%
Regional revenue as a % of total revenue	75.2%	73.3%	-1.9%
CAPEX (MYR '000)	336,484	466,266	+38.6%
OCF (MYR '000)	1,126,686	1,087,293	-3.5%
CAPEX % of OCF	29.9%	42.9%	+13.0%

Notes:

- OCF refers to Net Cash Flow from Operating Activities

ii. Productivity Improvement

Year	FYE 2024	FYE 2025
Revenue per employee (per MYR '000)	712	651

In FYE 2025, the Group recorded mixed revenue performance across its key markets, resulting in an overall decline of 5.2%, largely due to foreign currency translation effects. Excluding the foreign currency translation effects, the Group's revenue was higher by 1.6% in FYE 2025 compared to FYE 2024. The lower-than-expected growth in revenue (excluding foreign currency translation effects) reflects challenging market conditions across the region and highlights the importance of strengthening market strategies to support more a balanced regional growth in the coming years.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Financial Sustainability (Cont'd)

Our Performance (Cont'd)

ii. Productivity Improvement (Cont'd)

Regional revenue (excluding Malaysia) has remained relatively stable, at 75.1% of total Group revenue (excluding foreign currency exchange effects) in FYE 2025 compared to 75.2% in FYE 2024. Meanwhile, Productivity declined slightly in FYE 2025 (RM697,000 per employee, excluding foreign currency exchange effects) compared to FYE 2024 (RM712,000 per employee), largely due to timing of recruitments.

In terms of cash flow utilisation, the Group has allocated a higher ratio for capital expenditure in FYE 2025 compared to FYE 2024, mainly for capacity expansion to drive organic growth as well as upgrading of farm operations to drive better operational efficiency.

Supply Chain Management

Why does it matter?

LHI recognises that a well-managed supply chain is essential for minimising waste, reducing emissions, and promoting responsible sourcing practices that help protect ecosystems. A strong and sustainable supply chain also strengthens economic development in the communities where we operate.

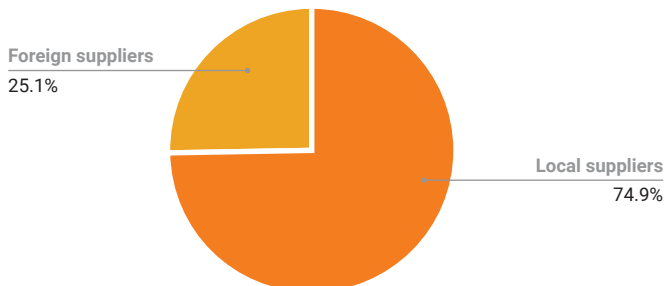
Collaborating with local businesses not only supports economic growth but also helps create job opportunities within our surrounding communities. Working with local suppliers offers additional advantages, including shorter lead times, clearer communication, and greater supply chain flexibility. Through these efforts, we strive to build resilient, mutually beneficial partnerships that contribute to shared long-term success.

Our Approach

To ensure a fair and transparent procurement process, suppliers are given the opportunity to participate through an open bidding system. Contracts are awarded based on the best overall value proposition, taking into account cost, quality, locality, and other relevant criteria.

Our Performance

Proportion of Spending on Supply Chain
FYE 2025





OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Supply Chain Management (Cont'd)

Our Performance (Cont'd)

Year	FYE 2024	FYE 2025
Proportion of spending on local suppliers	74.8%	74.9%

As of FY2025, the Group's supplier-related expenditures continued to demonstrate a strong commitment to supporting local vendors, with 74.9% of sourcing derived from the domestic supply chain. The Group remains dedicated to prioritising partnerships with local suppliers, thereby contributing to the strengthening and resilience of the local ecosystem in its operating regions.

Energy and Emissions Management

Why does it matter?

By optimising our resource use and improving operational efficiency, LHI aims to reduce greenhouse gas ("GHG") emissions, conserve natural resources, and lessen our overall impact on climate change. These efforts not only support our environmental goals but also contribute to long-term cost savings. Through strategic investments in renewable energy and emissions-efficient technologies, we continue to strengthen our resilience in the face of rising energy costs and evolving sustainability expectations.

Our Approach

The Group has introduced various initiatives to reduce electricity consumption from non-renewable sources and to accelerate our transition towards renewable energy solutions, reflecting our commitment to energy efficiency and responsible resource use. In addition, we continuously monitor our facilities for emissions and energy performance, ensuring that high-resource use assets are upgraded, replaced, or retrofitted to improve efficiency and minimise environmental impact.

Metrics

Electricity Usage	FYE 2024	FYE 2025
Total purchased electricity (MWh)	408,944.9	421,254.3
Total solar electricity (MWh)	15,753.8	22,889.1

Energy Consumed	FYE 2024	FYE 2025
Total energy consumption (GJ)	2,827,062.4	3,187,482.3
Percentage of energy consumed that was supplied from grid electricity (GJ)	52.1%	47.6%
Percentage of energy consumed that was supplied from renewable energy (GJ)	28.6%	32.7%

Notes:

- (i) renewable energy consists of biomass and solar.
- (ii) Total energy consumption includes other fuels such as; diesel, natural gas, coal and fuel consumption from transportation activities.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Energy and Emissions Management (Cont'd)

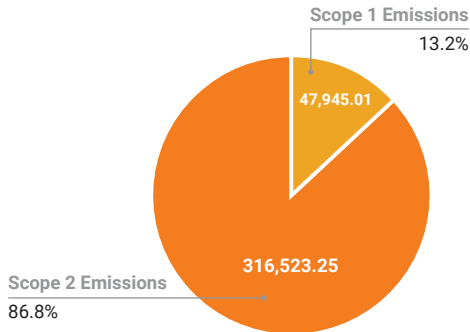
Metrics (Cont'd)

For FYE 2025, the Group reassessed its Scope 1 GHG emissions boundary and excluded emissions from manure management to better align with the latest methodology and available datasets. Accordingly, the FYE 2024 comparative figures have been restated for consistency. The Group aims to incorporate manure management emissions in FYE 2026, subject to data availability. Based on this updated approach, the Scope 1 emissions reported above include emissions from both mobile and stationary combustion sources arising from facilities that are operated and controlled by the Group.

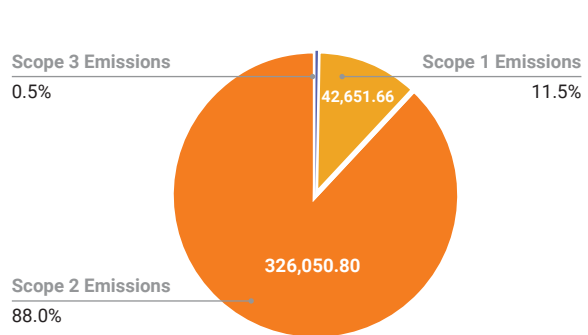
Scope 2 emissions represent indirect emissions associated with purchased electricity consumed across all operational facilities under the Group's control.

For Scope 3 emissions, the Group has currently identified and reported emissions under Category 6 (employee commuting) and Category 7 (business travel) for administrative staff. Scope 3 emissions reporting will be progressively expanded in the next reporting cycle to include additional relevant categories.

GHG Emissions FYE 2024 by Scope



GHG Emissions FYE 2025 by Scope



Emissions Management (tCO2e)	FYE 2024	FYE 2025
Scope 1 Emissions	47,945.01	42,651.66
Scope 2 Emissions	316,523.25	326,050.80
Scope 3 Emissions (Category 6 and Category 7)	NA	1,702.89
GHG Intensity Reduction (tCO2e / MYR Mil Revenue)	39.2	41.8 (*)

Notes:

- Scope 1 and 2 emission factors are aligned with UK DEFRA, localised grid emissions data where available or the highest average was taken into account. Disclosures are prepared using a consolidated financial approach.
- Scope 3 emission factors are aligned with UK DEFRA.
- * Adjusted for the foreign exchange translation effects in the reported Revenue, GHG intensity in FYE 2025 was 39.0, only marginally lower than 39.2 reported in FYE 2024.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Energy and Emissions Management (Cont'd)

➤ Metrics (Cont'd)

In FYE 2025, the Group recorded a total energy consumption of 3,187,482.3GJ across its operations. The majority of the energy consumed was sourced from grid electricity, accounting for 47.6% of the total energy usage, reflecting the Group's reliance on conventional power supply to support operational activities. Meanwhile, 32.7% of the total energy consumption was derived from renewable energy sources, representing an increase from 28.6% in FYE 2024, and demonstrating the Group's ongoing efforts to incorporate cleaner energy alternatives into its energy mix.

In FYE 2025, the Group recorded a total of 370,405.35 tCO₂e in greenhouse gas emissions across its operations. Scope 1 emissions, which represent direct emissions from sources owned or controlled by the Group, amounted to 42,651.66 tCO₂e, representing a decrease of approximately 11.0% year-on-year from FYE 2024.

Meanwhile, Scope 2 emissions, arising from the consumption of purchased electricity, constituted the largest share at 326,050.80 tCO₂e, increasing by approximately 3.0% year-on-year, primarily driven by higher electricity consumption in Indonesia, Singapore and Malaysia. Going forward, the Group aims to mitigate Scope 2 emissions through initiatives such as improving energy efficiency and increasing the adoption of renewable energy across its operations. Scope 3 emissions, currently covering Category 6 (employee commuting) and Category 7 (business travel), totalled 1,702.89 tCO₂e. The Group continues to enhance its emissions management approach and aims to progressively expand the coverage of Scope 3 emissions in future reporting cycles.

Water

➤ Why does it matter?

Responsible water use is essential for protecting ecosystems and preserving biodiversity. As a Group, we recognise that our operations may require higher water consumption compared to other sectors. Even so, our commitment to conserving this vital resource allows us to meaningfully contribute to the region's broader efforts to address water scarcity. Guided by this responsibility, we prioritise continuous monitoring of water availability and implement effective water management strategies across all our facilities.

➤ Our Approach

Our water resource management strategies are guided by two key principles: improving water use efficiency across all our facilities and safeguarding water quality to ensure our operations do not adversely impact surrounding water bodies.

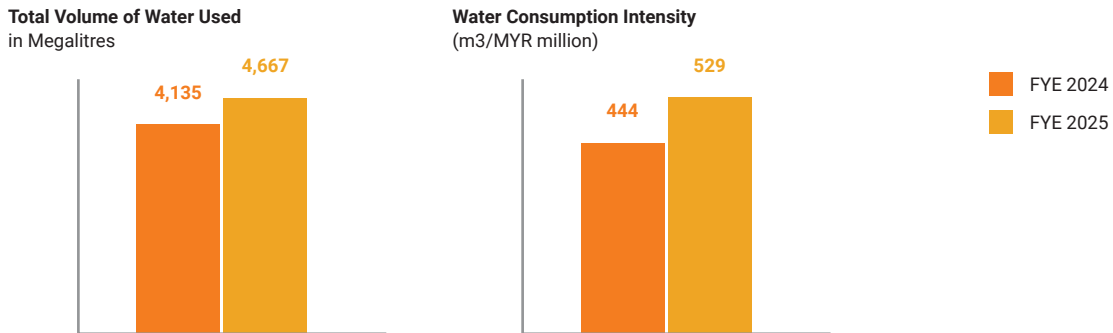


OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

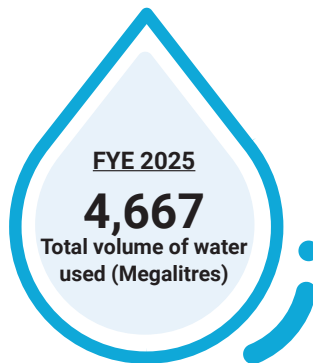
Water (Cont'd)

Our Performance



Year	FYE 2024	FYE 2025
Total volume of water used (Megalitres)	4,135	4,667
Water consumption intensity (m3/MYR million revenue)	444	529

The Group's total water consumption increased from 4,135 megalitres in FYE 2024 to 4,667 megalitres in FYE 2025, reflecting higher operational activity across its facilities during the financial year. Water consumption intensity rose from 444 m³ per MYR million revenue in FYE 2024 to 529 m³ per MYR million revenue in FYE 2025 due to increased activity and revenue adjustments. Water consumption intensity was at 493 m³ per MYR million revenue in FYE 2025, adjusted for foreign currency translation effects in reported revenue. The Group continues to monitor its water usage closely and is committed to improving water management practices by enhancing operational efficiency, strengthening monitoring mechanisms, and identifying opportunities to optimise water use across its operations.





OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Water (Cont'd)

Our Performance (Cont'd)

Water Management Risks and Strategies

Currently, the Group operates in regions where water scarcity risk is relatively limited. However, we recognise that potential future water shortage may impact our production sites over the long term, particularly in relation to the cost of water withdrawal and the imposition of local regulatory limits on water extraction.

- | | | |
|---|---|--|
| <p>i</p>  | <p>ii</p>  | <p>iii</p>  |
| <p>Facility types and their respective operational water requirements which include feedmills, restaurants, slaughterhouses and farms</p> | <p>Water sources and applicable local regulations governing municipal, underground, ground, deepwell and recycled water</p> | <p>The management and discharge of treated wastewater from operations</p> |

In response, the Group is currently developing a comprehensive water management plan that considers three key perspectives: (i) Facility types and their respective operational water requirements which include feedmills, restaurants, slaughterhouses and farms. (ii) Water sources and applicable local regulations governing municipal, underground, ground, deepwell and recycled water. (iii) The management and discharge of treated wastewater from operations.

With regard to water discharge, the Group strictly adheres to all applicable local regulatory requirements across the regions in which it operates, ensuring that treated wastewater is managed and released in accordance with established environmental standards.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Waste Management

Why does it matter?

We prioritise reducing the environmental impact of our operations and conserving resources to support efficient and responsible use. To achieve this, we have implemented comprehensive strategies to ensure proper waste management across all our facilities, in full alignment with local regulations and guidelines.

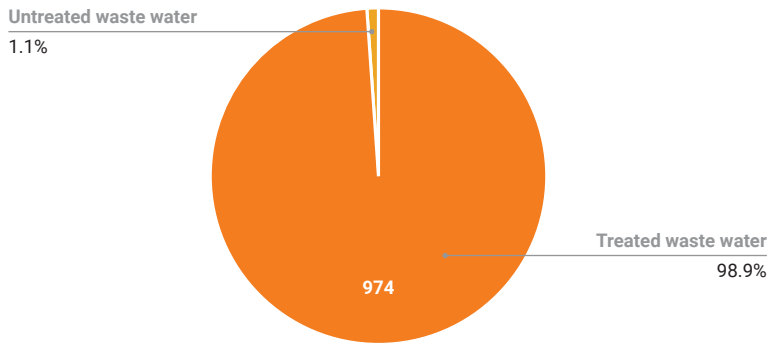
Our Approach

We have established strategies and policies aligned with local regulations for the handling and disposal of both hazardous and non-hazardous waste generated from our facilities including waste related to air, water, and land ensuring the protection of our employees and the environment. In addition, we have implemented organic transformation programmes that apply circularity principles to our non-hazardous by-products, supporting more sustainable and efficient use of resources.

Our Performance

i. Waste water treatment

The Amount of Waste Water FYE 2025
in Megalitres



Year	FYE 2024	FYE 2025
The amount of treated waste water (Megalitres)	796	974
The amount of untreated waste water (Megalitres)	36	11



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Waste Management (Cont'd)

Our Performance (Cont'd)

ii. Amount of manure converted into fertiliser

Year	FYE 2024	FYE 2025
Manure converted into fertiliser (MT)	238,619	239,349
Total Manure (MT)	628,854	665,502
Percentage of Manure reduced to landfills	37.9%	36.0%

In FYE 2025, the Group treated a total of 974 megalitres of wastewater through its wastewater management systems, while only 11 megalitres remained untreated. This demonstrates the Group's strong commitment to responsible water management and environmental stewardship by ensuring that the vast majority of wastewater generated from operations undergoes appropriate treatment prior to discharge.

Our operations generated a total of 665,502 metric tonnes (MT) of manure, of which 239,349 MT was successfully converted into fertiliser. This represents 36.0% of the total manure being diverted from landfills through resource recovery practices. The Group continues to promote circular waste management practices, and support more sustainable agricultural and environmental outcomes.

Land Use and Ecological Impact

Why does it matter?

As a fully integrated poultry operator with feedmill and livestock operations across the region, LHI places strong emphasis on sustainable land use and the reduction of ecological impacts associated with our business activities. Our production processes inherently generate emissions and waste, making it essential for us to adopt responsible practices that minimise environmental harm while supporting long-term operational resilience.

Our Approach

To address these challenges, we continuously evaluate and improve our land management practices, resource utilisation, and environmental safeguards. This includes optimising facility layouts, enhancing waste treatment systems, reducing emissions at key operational points, and adopting technologies that support more efficient and environmentally responsible production.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

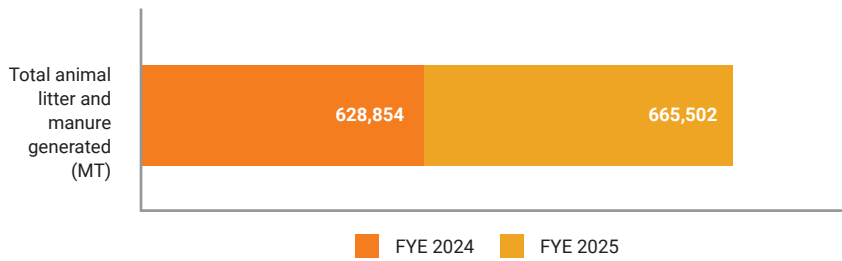
12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Land Use and Ecological Impact (Cont'd)

Our Performance

i. Amount of animal litter and manure generated

Total Animal Litter and Manure Generated (MT)
by Year



Year	FYE 2024	FYE 2025
Total animal litter and manure generated (MT)	628,854	665,502

ii. Animal protein production from confined animal feeding operations

Year	FYE 2024	FYE 2025
Total protein produced (MT)	-	68,131

In FYE 2025, animal protein production from the Group's operations reached 68,131 metric tonnes (MT), calculated based on the carcass, or dressed, weight of the animal protein produced. During the same period, a total of 665,502 MT of animal litter and manure were generated from these operations. The Group remains committed to maintaining efficient and responsible livestock production practices while ensuring that operational by-products are managed in a controlled and sustainable manner.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Labour Practices & Standards

➤ Why does it matter?

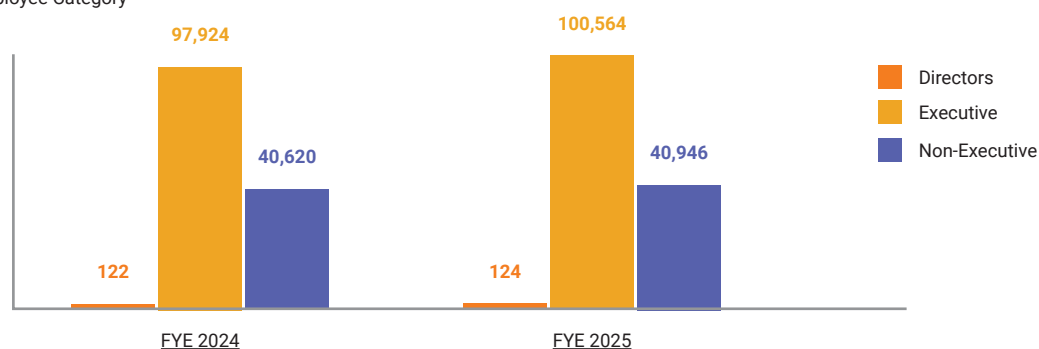
LHI is committed to attracting, developing, and retaining top talent while cultivating a supportive and empowering work environment. We believe that strong labour rights practices, coupled with fair and ethical treatment at all levels of the organisation, not only enhance productivity but also strengthen our connection with the communities we serve. Together, these principles help us build a sustainable and people-centred workplace culture.

➤ Our Approach

We comply with all applicable labour and employment laws in every region where we operate, ensuring that the management of our workforce meets the highest standards of responsibility and care. At LHI, we are committed to fostering a workplace where every individual feels respected, welcomed, and empowered regardless of gender, age, ethnicity, or background. Through these commitments, we reinforce our dedication to a safe, equitable, and dignified working environment for all.

➤ Our Performance

Total Hours of Training
by Employee Category



Year	FYE 2024	FYE 2025
Total hours of training (by employee category)		
• Directors	122	124
• Executive	97,924	100,564
• Non-Executive	40,620	40,946
Percentage of Employees that are contractors or temporary staff	4.27%	2.76%



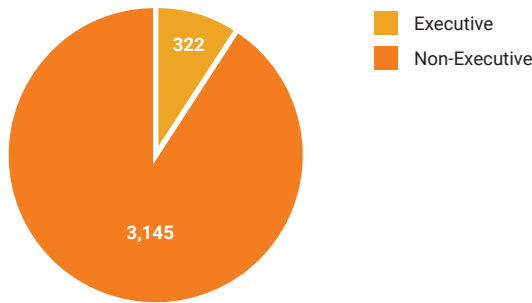
OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Labour Practices & Standards (Cont'd)

Our Performance (Cont'd)

Total Number of Employee Turnover FYE 2025
by Employee Category



Year	FYE 2024	FYE 2025
Total number of employee turnover (by employee category)		
• Directors	0	0
• Executive	234	322
• Non-Executive	3,033	3,145
Number of substantiated complaints concerning human rights violations	0	0

In FYE 2025, the Group continued to invest in employee development while maintaining responsible workforce management practices. A total of 100,564 training hours were recorded for executives and 40,946 hours for non-executive employees.



Contractors and temporary staff accounted for 2.76% of the total workforce, reflecting the Group's predominantly permanent employee base. During the same period, employee turnover comprised 322 executives and 3,145 non-executive employees, with no turnover reported among Directors. Importantly, the Group recorded zero substantiated complaints concerning human rights violations, demonstrating its commitment to upholding fair labour practices and maintaining a respectful and ethical working environment across its operations.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Occupational Health and Safety

Why does it matter?

By ensuring safe and healthy working conditions, we reduce the risk of accidents, injuries, and occupational illnesses, protecting employee well-being while simultaneously supporting higher productivity and operational efficiency. This commitment also aligns with the expectations of our stakeholders, from regulatory authorities to the communities we serve.

Our Approach

Across our operations, we have established comprehensive Standard Operating Procedures (SOPs) to effectively manage workplace health and safety risks. These procedures guide our employees and workers in adopting safe work practices, helping to minimise exposure to physical, chemical, and biological hazards.

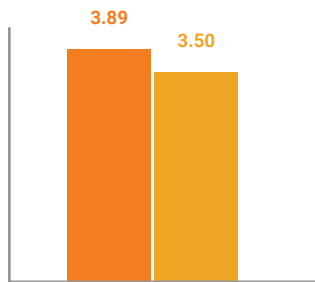
To ensure a safe working environment, we conduct regular inspections and scheduled maintenance of equipment and machinery. For higher-risk assets, such as boilers in our Feedmill operations, structured maintenance programmes are in place to keep equipment in optimal condition. We also implement safeguards and control measures to reduce direct human contact with moving machinery parts, thereby lowering associated safety risks. For tasks involving chemical handling, strict adherence to the Group's SOPs is required, and only trained and qualified personnel are authorised to manage these materials.

At our Closed House System (CHS) chicken farms, proper ventilation systems are installed, and air quality is routinely monitored to ensure safe concentration levels. Employees and workers performing high-risk tasks are also provided with suitable personal protective equipment (PPE), adding an important layer of protection.

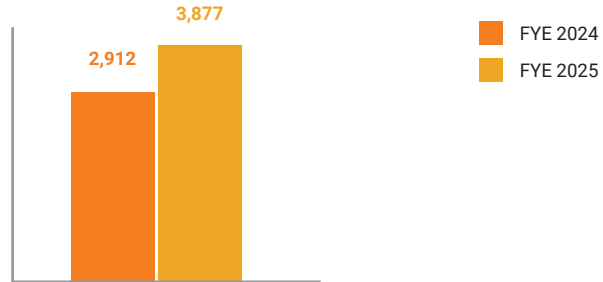
Beyond systems and equipment, we place strong emphasis on continuous safety education and training. By equipping our people with the knowledge and skills to recognise hazards and manage risks effectively, we nurture a proactive safety culture that protects our workforce and supports the long-term sustainability of our operations.

Our Performance

Lost Time Incident Rate by Year



Number of Employees Trained on Health and Safety Standards by Year





OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Occupational Health and Safety (Cont'd)

Our Performance (Cont'd)

Year	FYE 2024	FYE 2025
Number of work-related fatalities	0	0
Lost time incident rate	3.89	3.50
Number of employees trained on health and safety standards	2,912	3,877



The Group remains committed to maintaining a safe and healthy working environment across its operations. In FYE 2025, there were no work-related fatalities reported, reflecting the Group's strong emphasis on workplace safety and risk management practices. The lost time incident rate improved from 3.89 in FYE 2024 to 3.50 in FYE 2025, indicating continued efforts to reduce workplace incidents and enhance safety performance. In addition, the Group conducted health and safety training for 3,877 employees in FYE 2025 to strengthen awareness and compliance with safety standards, as part of its ongoing initiatives to promote a culture of safety across the organisation.

Managing Employee's Respiratory Health

The Group actively monitors potential chronic respiratory health conditions associated with occupational exposure, including exposure to feed and raw material dust as well as ammonia, while ensuring full compliance with applicable regulatory requirements.

To maintain acceptable operational and regulatory limits, air quality monitoring is conducted annually, and environmental monitoring is carried out semi-annually at the Group's livestock and feedmill facilities. In addition, the Group conducts annual health screenings for employees to support the early detection and management of potential work-related health risks.

Complementing these efforts, several mitigation measures have been implemented to minimise occupational health risks and strengthen workplace safety. These measures include providing adequate ventilation, installing dust collection systems, increasing employee awareness of potential hazards, conducting regular housekeeping and cleanup activities, installing occupational safety and health signage, and requiring the use of appropriate personal protective equipment (PPE), such as protective masks.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") INITIATIVES (CONT'D)

Community Engagement

Why does it matter?

Strong community engagement strengthens LHI's social licence to operate and supports our strategy to build long-term sustainability. By aligning our business practices and outreach initiatives with the needs of society, we create meaningful shared value with our stakeholders, enabling both LHI and the communities we serve to grow and thrive together. This commitment not only promotes inclusivity and social progress, it also reinforces business continuity, builds investor confidence, and contributes to sustainable long-term success.

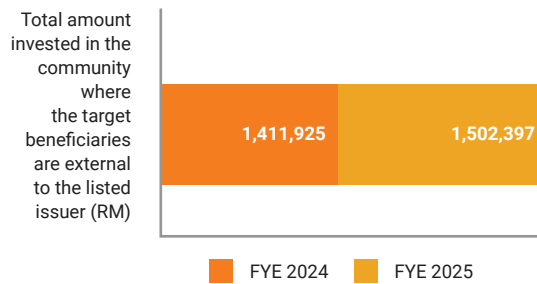
We remain dedicated to giving back to the communities around us by supporting initiatives that enhance the well-being of underprivileged groups. Through targeted financial assistance and social efforts, we aim to make a positive and lasting difference in the places where we live and operate.

Our Approach

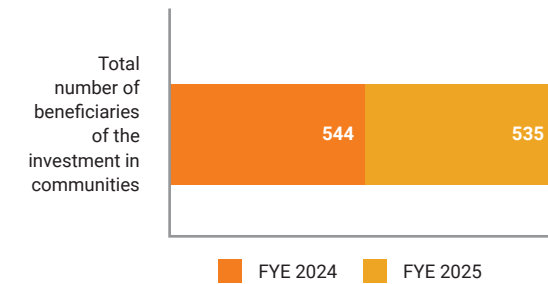
Throughout the financial year, we actively support local welfare initiatives as part of our ongoing commitment to the communities in which we operate. These efforts encompass programmes that enhance education, health, and overall social well-being, as well as targeted assistance to vulnerable groups. Our active engagement reflects our belief that strong, thriving communities form the foundation for long-term, shared success.

Our Performance

Total amount invested in the Community (RM) by Year



Total Number of Beneficiaries of the Investment in Communities by Year



Year	FYE 2024	FYE 2025
Total amount invested in the community where the target beneficiaries are external to the listed issuer (RM)	1,411,925	1,502,397
Total number of beneficiaries of the investment in communities	544	535

During the year, the Group invested RM1.502 million in community initiatives, benefiting a total of 535 individuals. This represents an increase of RM90,427 compared to the previous year, reflecting the Group's continued commitment and efforts to support and uplift the communities in which it operates.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Learning and Development

Why does it matter?

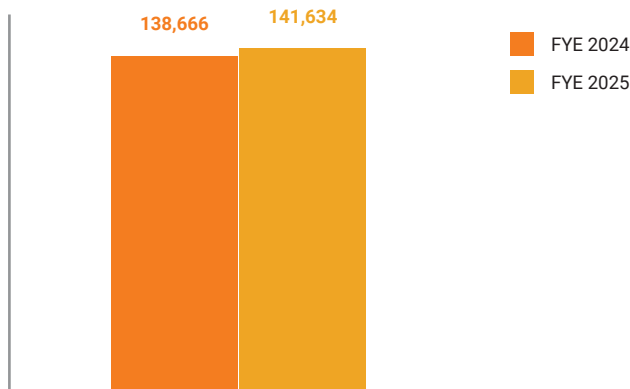
LHI prioritises attracting, developing, and retaining top talent as a key driver of our long-term growth and organisational resilience. We recognise that our people are central to our success, and we are committed to providing meaningful career opportunities, continuous learning, and clear pathways for advancement. By investing in skill development and leadership capabilities, we empower our employees to excel in their roles and contribute confidently to the Group's evolving needs.

Our Approach

To support this commitment, the Group delivers training programmes tailored to the needs of our employees, identified through training needs analyses and performance appraisals. These programmes cover a broad range of areas, such as compliance, best practices, international standards, safety and health, environmental management, leadership development and more.

Our Performance

Number of Training Hours by Year



Year	FYE 2024	FYE 2025
Number of training hours	138,666	141,634
Number of internal promotions	-	393

In 2025, the Group invested a total of 141,634 training hours to strengthen employees' knowledge, capabilities, and professional development. Complementing this effort, 393 employees were promoted internally during the year, reflecting the Group's commitment to recognising talent and nurturing career progression. Together, these initiatives help foster a culture of continuous learning and support the development of a growth mindset across the organisation.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Diversity

➤ Why does it matter?

Focusing on diversity is essential for LHI to cultivate a stronger, more innovative, and resilient organisation. A diverse workforce enriches our thinking by bringing together a wide range of perspectives, experiences, and skills, fostering creativity and enabling more informed decision-making. Prioritising equity ensures that all employees have fair access to opportunities, while an inclusive culture enables individuals to feel valued, respected, and able to contribute to their fullest potential.

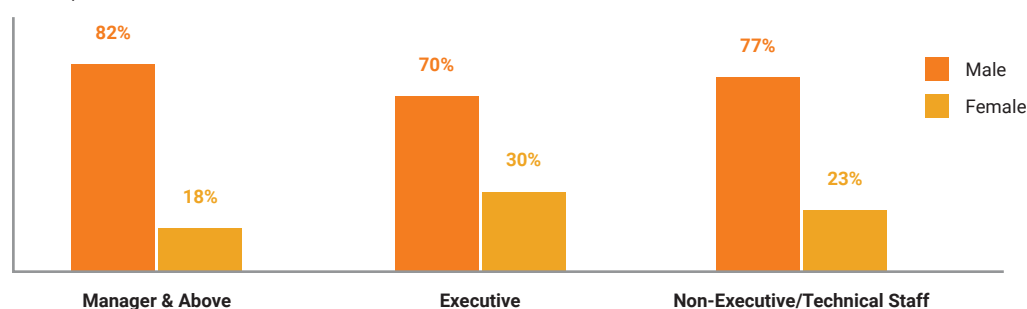
This commitment reflects not only our core principles of fairness and equality, but also the expectations of our stakeholders, investors, and the communities we serve.

➤ Our Approach

We uphold equity through policies and practices grounded in fairness, inclusiveness, and merit, supported consistently from senior management to operational teams. As part of this commitment, we prioritise the assessment and development of our workforce by monitoring key aspects such as employee representation by gender, age group and nationality across all categories, as well as the composition of our Board of Directors. This approach enables us to foster a balanced, diverse, and forward-looking organisation.

➤ Our Performance

Percentage of Employees for Each Employee Category
by Gender Group



Percentage of Employees for Each Employee Category (by Gender Group)						
Country	Malaysia	Indonesia	Vietnam	Singapore	Philippines	Total
• Manager & Above - Male	78%	86%	79%	76%	96%	82%
• Manager & Above - Female	22%	14%	21%	24%	4%	18%
• Executive - Male	59%	87%	69%	46%	76%	70%
• Executive - Female	41%	13%	31%	54%	24%	30%
• Non-Executive/Technical Staff - Male	76%	82%	65%	78%	88%	77%
• Non-Executive/Technical Staff - Female	24%	18%	35%	22%	12%	23%



SUSTAINABILITY STATEMENT (CONT'D)

OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Diversity (Cont'd)

Our Performance (Cont'd)

Percentage of Employees for Each Employee Category (by Age Group)						
Country	Malaysia	Indonesia	Vietnam	Singapore	Philippines	Total
• Manager & Above Under 30	4%	4%	5%	0%	7%	4%
• Manager & Above Between 30 - 50	57%	68%	83%	48%	78%	65%
• Manager & Above 50	39%	28%	12%	52%	15%	31%
• Executive Under 30	29%	36%	6%	8%	38%	29%
• Executive Between 30 - 50	61%	59%	91%	70%	54%	62%
• Executive Above 50	10%	5%	3%	22%	8%	9%
• Non-Executive/Technical Staff Under 30	47%	33%	30%	15%	56%	40%
• Non-Executive/Technical Staff Between 30 - 50	49%	61%	63%	54%	41%	54%
• Non-Executive/Technical Staff Above 50	4%	6%	7%	31%	3%	6%

Percentage of Directors	
By Gender	Total
Male	73%
Female	27%
By Nationality	Total
Local	100%
Foreign	0%
By Age Group	Total
40 - 49 years	18%
50 - 59 years	27%
60 years and above	55%
Director Category	Total
Non-Independent Executive Director	55%
Independent Non-Executive Director	45%

The tables above present the overall composition of the Group's management and workforce, disaggregated by gender, age, and nationality, providing a comprehensive overview of the organisation's current workforce profile.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Data Privacy & Security

Why does it matter?

Safeguarding customer data privacy is a top priority for LHI. We take the protection of our clients' and suppliers' information seriously, ensuring it is not misused or accessed by unauthorised parties. Accordingly, we remain committed to upholding strict legal and ethical standards in managing and protecting customer data, in full compliance with all relevant laws and regulations.

Our Approach

We adhere to Malaysia's Personal Data Protection Act 2010 (PDPA) and all corresponding data protection legislation across the regions in which we operate, ensuring that all collected data is managed with utmost care and used solely for its intended and legally authorised purposes.

The organisation promotes transparency and awareness by making the Group's Personal Data Protection policies and practices readily accessible. These policies are published on the Group's website and are also available in hard copy at the headquarters for reference.

Our Performance

Year	FYE 2024	FYE 2025
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0



There were no reported data breaches throughout 2025. Moving forward, we plan to enhance and update our security practices to further strengthen our digital resilience and safeguard stakeholder information.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Food Safety

Why does it matter?

Protecting consumers from foodborne illnesses caused by bacterial, viral, or chemical contaminants remains a core priority. Ensuring food safety delivers measurable benefits, including improved public health outcomes, reduced healthcare expenditure, and sustained workforce productivity. In addition, strong food safety controls help safeguard economic interests by preserving market access, preventing trade rejections, and maintaining confidence in the integrity of the food supply chain.

Our Approach

To support our objectives, we have implemented rigorous management practices and standards across our operations. These measures are aligned with local regulatory requirements, international standards, industry certifications, market expectations, and recognised best practices to ensure the safety and quality of our products.

Our approach includes comprehensive food safety controls such as risk assessments, hazard analyses, traceability procedures, and strict hygiene measures. Together, these elements strengthen the integrity of our processes and help ensure consistent, reliable outcomes throughout the supply chain.

Our Performance

Number of recalls and markets that restrict Group's products

Year	FYE 2025
Number of recalls issued	0
Total weight of products recalled	0



In FYE 2025, the Group recorded no product recalls across its operating regions. Additionally, there were no regulatory market restrictions related to food, animal, or plant safety and health standards. The Group remains in full compliance with applicable regulatory requirements, including those aligned with the World Trade Organisations (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures, demonstrating its commitment to maintaining high standards of product safety, quality, and regulatory adherence across its operations.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Anti Bribery and Corruption

Why does it matter?

Anti-corruption is a fundamental basis of strong governance and a clear demonstration of LHI's commitment to responsible and sustainable business practices. By upholding the highest standards of integrity, we reinforce stakeholder trust, strengthen our market reputation, and attract investors who prioritise accountability and long-term value. Embedding robust anti-corruption measures across our policies, training programmes, and supply chain operations not only mitigates operational and compliance risks, but also positions LHI as an industry leader dedicated to delivering long-term sustainable value.

Our Approach

Guided by our Code of Ethics ("COE"), which outlines the core principles and behavioural expectations for all employees and Directors, offering clear guidance for managing ethical considerations and meeting professional responsibilities. Our stance on corruption is reinforced through our Anti-Bribery and Corruption ("ABC") Policy, which is reviewed regularly to ensure ongoing alignment with the Malaysian Anti-Corruption Commission (MACC) Act 2009.

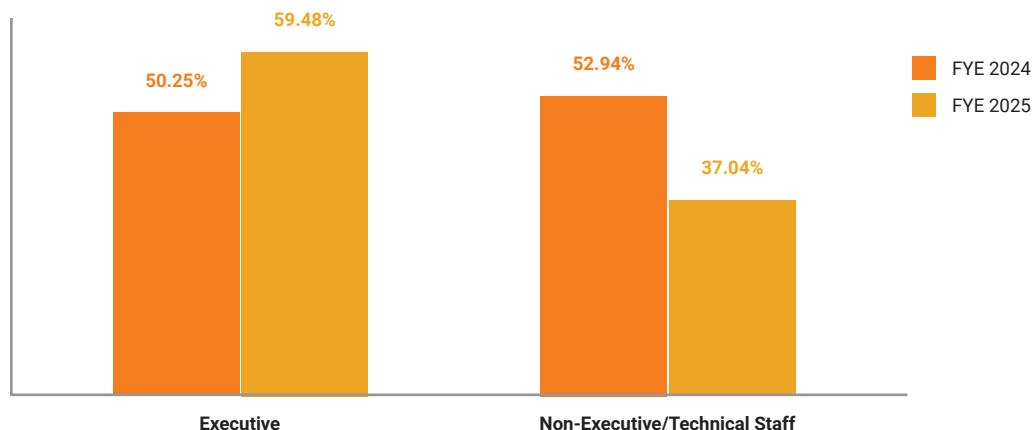
We extend these expectations across our value chain. All suppliers are required to comply with the ethical conduct standards and anti-bribery principles outlined in the COE for Third Parties and the ABC Policy. Each supplier shall formally declare their commitment to these requirements as a condition of doing business with LHI, reinforcing a shared responsibility for transparency and integrity.

To uphold accountability, we have established a dedicated whistleblowing channel under our Whistleblowing Policy, enabling employees and external stakeholders to report concerns or potential misconduct confidentially via email, telephone, or mail.

In support of transparency and accessibility, the Group has made the COE, ABC Policy, and Whistleblowing Policy publicly available on our corporate website, ensuring that all stakeholders can easily access and understand our governance expectations.

Our Performance

Percentage of Employee who have Received Training on ABC
by Year





OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES
(CONT'D)

Anti Bribery and Corruption (Cont'd)

Our Performance (Cont'd)

Year	FYE 2024	FYE 2025
Percentage of employees who have received training on ABC		
• Directors	0.00%	0.00% (*)
• Executive	50.25%	59.48%
• Non-executive/Technical Staff	52.94%	37.04%
Confirmed incidents of corruptions and action taken	0	0

Training and awareness remain a key component of the Group's ABC programme. In FYE 2025, 59.48% of executives received ABC-related training, an improvement from 50.25% in FY2024, indicating strengthened efforts to enhance awareness among management personnel. Among non-executive and technical staff, 37.04% received training in FYE 2025 compared with 52.94% in the previous year.

There were no confirmed incidents of corruption reported in either FYE 2024 or FYE 2025, demonstrating the effectiveness of the Group's governance practices and commitment to maintaining a transparent and accountable business environment.

* Post FYE 2025, all twelve (12) directors (including one (1) alternate director) of LHI or 100% of directors had attended the Group's ABC-related training. All directors attended the training programme and passed the required assessments during the month of April 2026.



OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Cybersecurity

➤ Why does it matter?

Digital infrastructure and communication have become essential to our daily operations and business interactions. Accordingly, LHI places a strong emphasis on cybersecurity to safeguard its information systems, protect against cyber threats and unauthorised access, and support the resilience and continuity of operations across all regions in which it operates.

➤ Our Approach

LHI is currently adopting practices aligned with the Cyber Security Act 2024 Malaysia across all operating regions. These efforts strengthen our security posture by ensuring compliance with the relevant codes of practice, investing in cybersecurity talent, enhancing threat detection capabilities, and upholding robust data protection and privacy.

To ensure secure data management, the Group employs a comprehensive range of IT-based security controls, including firewalls and other protective measures, to safeguard data storage and information systems against unauthorised access and cyber threats. In addition, the Group conducts cybersecurity awareness and training programmes for employees to enhance understanding of cyber risks and promote responsible use of information systems.

➤ Our Performance

Year	FYE 2024	FYE 2025
Percentage of employees attended cybersecurity training	–	4%
Number of breach cases reported	0	0

As noted above, the Group places strong emphasis on cybersecurity, with 4% of its total workforce in FYE 2025 having completed cybersecurity training. Participants were selected based on their security roles and operational requirements and underwent multi-level, cross-disciplinary training tailored to their respective technical responsibilities.

Furthermore, the Group reported zero data breach incidents in FYE 2025, demonstrating the effectiveness of its cybersecurity controls and monitoring frameworks.





SUSTAINABILITY STATEMENT (CONT'D)

OTHER SUSTAINABILITY-RELATED DISCLOSURES (CONT'D)

12.0 LHI'S ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("EESG") INITIATIVES (CONT'D)

Biosecurity

Why does it matter?

LHI considers biosecurity a critical priority within our agriculture operations, as reducing disease transmission, safeguarding animal health, ensuring food quality directly contribute to improved livestock productivity and overall profitability. A robust biosecurity plan is essential for effectively managing risks and preventing the introduction and spread of infectious diseases.

Strengthening our biosecurity measures not only protects animal welfare but also minimises operational disruptions and financial losses.

Our Approach

Through continuous improvement and strict adherence to biosecurity protocols, we aim to maintain a resilient and sustainable agricultural value chain in our livestock and feedmill operations.

Our Performance

Year	FYE 2024	FYE 2025
Reported cases related to disease control	0	0
Percentage of closed-house system ("CHS")	99.31%	99.33%



In FYE 2025, the Group reported zero cases related to disease control, reflecting the effectiveness of its biosecurity measures, monitoring systems, and animal health management practices across its operations. The Group has 99.33% Closed-House System (CHS) across its farms, which plays a critical role in maintaining controlled environmental conditions, reducing exposure to external pathogens, and improving overall livestock health and productivity. This high level of CHS implementation demonstrates the Group's continued commitment to strengthening disease prevention measures and ensuring sustainable and responsible farm management.



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 2025.

The detailed application for each best practice as set out in the MCCG during the FYE 2025 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 (CONT'D)

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

1. BOARD RESPONSIBILITIES (CONT'D)

1.1 Roles and Responsibilities of the Board (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 conferences and training programmes to keep themselves abreast of evolving regulatory changes and corporate governance developments.

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.



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

1. BOARD RESPONSIBILITIES (CONT'D)

1.4 Access to Information and Advice (Cont'd)

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 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 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 has 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.

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/>.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

1. BOARD RESPONSIBILITIES (CONT'D)

1.8 Whistleblowing Policy (Cont'd)

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 22 to 33 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 seventh 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.

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. BOARD COMPOSITION (CONT'D)

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:

- a. 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 consideration of the environment in which the Group operates and the requirement of all stakeholders;
- b. 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;
- c. 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.
- d. 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;
- e. 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; and
- f. 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 is available on the Company's website at <https://www.leonghupinternational.com>

During the financial year, the Board adopted a Sustainability Framework and Strategic Scorecard with the aim of integrating ESG commitments into its day-to-day operations, to ensure long-term value creation and competitive advantage.



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	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:

- a. skills, knowledge, expertise, experience, integrity, character, reputation and competence;
- b. commitment (including time commitment) to effectively discharge his/her role as a Director;
- c. professionalism;
- d. objective criteria with due consideration given to boardroom diversity including gender, age and ethnicity, experience, cultural background, skill, character, integrity and competence;
- e. 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
- f. 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 2025:

- a. Reviewed the required mix of skills, experience, core competencies and other qualities of the Board and KSM;
- b. Assessed the independence of the Independent Directors based on the criteria set out in the Listing Requirements;
- c. Reviewed and evaluated the effectiveness of the Board, the Board Committees and contribution of each individual Director including KSM;
- d. Reviewed the effectiveness of the Directors' fit and proper, integrity, contribution, performance calibre and personality of each Director and KSM;



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. BOARD COMPOSITION (CONT'D)

2.5 Selection and Assessment of Directors (Cont'd)

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 2025: (Cont'd)

- e. Reviewed the effectiveness of the performance of ARC and its members;
- f. Reviewed and recommended to the Board the re-election Directors;
- 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 2024 Annual Report; and
- i. Reviewed and revised the existing board evaluation forms, Directors'/Key Officers' Evaluation Form, Directors'/Key Officers' Fit and Proper Self-Declaration Form and ARC Members' Self-Evaluation Form.

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 has 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 Datuk Lau Joo Hong, Lau Joo Keat, Chu Nyet Kim and Goh Wen Ling. The retiring Directors have notified their intention to seek for re-election at the forthcoming AGM.



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

2. BOARD COMPOSITION (CONT'D)

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.

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 Terms of Reference of the RC and Remuneration Policy are available on the Company's website at <https://www.leonghupinternational.com/>. The Remuneration Policy was last reviewed and updated on 21 April 2026.

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

	Position
Goh Wen Ling	Chairperson
Low Han Kee	Member
Chan Eoi Leng	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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3. REMUNERATION (CONT'D)

3.1 Remuneration Committee (Cont'd)

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 details of the Directors' remuneration comprising amount received or receivable from the Company and subsidiaries respectively in FYE 2025 can be found in our Corporate Governance Report 2025 which can be accessed via <https://www.leonghupinternational.com/>.

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.

The Board and Board Committees' meeting attendances for the FYE 2025 are as follows:-

Directors	Board Meeting	ARC Meeting	NC Meeting	RC Meeting	SC Meeting
Lau Chia Nguang	5/5	-	-	-	-
Tan Sri Dato' Lau Eng Guang	5/5	-	-	-	1/1
Tan Sri Lau Tuang Nguang	4/5	-	-	-	-
Datuk Lau Joo Hong	5/5	-	-	-	1/1
Lau Joo Han	5/5	-	-	-	-
Lau Joo Keat	4/5	-	-	-	-
Low Han Kee	5/5	5/5	-	2/2	-
Chu Nyet Kim	5/5	5/5	3/3	-	-
Goh Wen Ling	5/5	5/5	-	2/2	-
Tay Tong Poh	5/5	-	3/3	-	1/1
Chan Eoi Leng	5/5	-	3/3	2/2	-



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

3. REMUNERATION (CONT'D)

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:

Directors	Training programmed/seminars attended/participated	Date
Lau Chia Nguang	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	22 – 23 January, 2025
	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
Tan Sri Dato' Lau Eng Guang	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
	Financial Literacy and Fraud Prevention: Strengthening Internal Controls and Digital Compliance	16 May, 2025
	Strategic Management for Directors: Driving Growth, Governance, and Sustainability	16 May, 2025
Tan Sri Lau Tuang Nguang	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	22 – 23 January, 2025
	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
Datuk Lau Joo Hong	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	22 – 23 January, 2025
	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
Lau Joo Han	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	15 - 16 January, 2025
	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
Lau Joo Keat	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	22 – 23 January, 2025
	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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
Chu Nyet Kim	Global Minimum Tax Webinar	22 January, 2025
	2025 Budget Seminar	17 February, 2025
	Case study based MFRS Webinar: Know the difference between IAS1 and the new IFRS/MFRS18 Presentation and Disclosure in Financial Statements	26 February, 2025
	Money Security : How PIDM protects you	17 April, 2025
	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
	Amaran Scam	29 April, 2025
	Financial Literacy and Fraud Prevention: Strengthening Internal Controls and Digital Compliance	16 May, 2025
	Strategic Management for Directors: Driving Growth, Governance, and Sustainability	16 May, 2025
	Capital Market Conference 2025	26 June, 2025
	Board Simulation - Balancing Risks & Opportunity in ESG Leadership	9 September, 2025
	Sustainability and Climate Change Disclosure Requirements	17 December, 2025
Goh Wen Ling	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
	Master Class™ Productive Team Building	20 – 21 June, 2025
Low Han Kee	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
	Capital Market Conference 2025	26 June, 2025
	2025 Anti Bribery and Corruption eLearning	17 October, 2025
Tay Tong Poh	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025

**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
Chan Eoi Leng	Mandatory Accreditation Programme (MAP 1)	26 – 27 February, 2025
	MIA Webinar Series: Sustainability – Related Risks and Opportunities	7 March, 2025
	Risk-Based Thinking (RBT) and Climate Change Actions (ISO 9001:2015)	10 March, 2025
	Sustainability & EESG Agenda: Impact on the Group's business, including managing sustainability risks	21 March, 2025
	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	11 – 12 June, 2025
	A new approach to evaluating and developing your Board	19 August, 2025
	Boardroom Blindspots: How Our Perceptions of Risk Influence our Boardroom Effectiveness	3 September, 2025
	Board Stimulation - Balancing Risks & Opportunity in Sustainability Leadership	9 September, 2025
	Common Pitfalls in Transactions & RPT Rules	6 November, 2025
Lau Joo Yong (Alternate Director to Tan Sri Dato' Lau Eng Guang)	Recent Amendments To The Listing Requirements: Enhanced Conflict Of Interest Framework	18 April, 2025
	Financial Literacy and Fraud Prevention: Strengthening Internal Controls and Digital Compliance	16 May, 2025
	Strategic Management for Directors: Driving Growth, Governance, and Sustainability	16 May, 2025



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	Chairman
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. The Terms of Reference was last reviewed on 25 November 2025 and is available on the Company's website at <https://www.leonghupinternational.com/>.

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 2025.

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.



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

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

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 126 to 131 of this Annual Report.

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 11th AGM was held on 30 May 2025 and was conducted physically at Parkroyal A'Famosa Melaka Resort, Alor Gajah, Melaka. The Company notified the shareholders on the conduct of the 11th AGM via the announcement to Bursa Securities and the Company's corporate website. The minutes of the 11th AGM were published on the Company's corporate website within 30 business days after the 11th AGM.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. CONDUCT OF GENERAL MEETINGS (CONT'D)

The Company will conduct its 12th AGM at A'Famosa Resort, Alor Gajah, Melaka, on 12 June 2026.

The notice 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 after 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.

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 Corporate Governance Overview Statement was approved by the Board on 21 April 2026.



ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no corporate proposals to raise funds during the FYE 2025.

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 2025 (RM'000)	Company 2025 (RM'000)
Statutory audit fees paid/payable to:-		
- PricewaterhouseCoopers PLT	1,803	104
- Member firms of PricewaterhouseCoopers International Limited	1,965	-
Non-audit fees paid/payable to:-		
- PricewaterhouseCoopers PLT	75	10
- Member firms of PricewaterhouseCoopers International Limited	598	-

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The shareholders had on 31 May 2024 given their approval for the Company to establish an ESOS and grant ESOS options to the eligible Executive Directors and employees of the Group, subject to the By-Laws governing the ESOS. The Company had granted ESOS options under this scheme to eligible Executive Directors and employees. The 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:

	Number of Participants	FYE 2025	Since commencement of ESOS
Total number of options at beginning of the year	1,074	42,386,400	44,268,000
Total number of options granted	-	-	-
Total number of options exercised	211	(3,484,700)	(5,186,500)
Total number of options forfeited/lapsed	69	(1,577,500)	(1,757,300)
Total number of options outstanding	1,005	37,324,200	37,324,200

Options Granted to Executive Directors	Number of Participants	Percentage granted	FYE 2025
Total number of options at beginning of the year	6	19.18%	8,490,000
Total number of options granted	-	-	-
Total number of options exercised	-	-	-
Total number of options forfeited/lapsed	-	-	-
Total number of options outstanding	6	19.18%	8,490,000



ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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

Options Granted to Key Senior Managements	Number of Participants	Percentage granted	FYE 2025
Total number of options at beginning of the year	4	10.76%	4,763,000
Total number of options granted	–	–	–
Total number of options exercised	1	1.06%	(469,000)
Total number of options forfeited/lapsed	1	1.06%	(469,000)
Total number of options outstanding	3	8.64%	3,825,000

Options Granted to Executive Employees	Number of Participants	Percentage granted	FYE 2025
Total number of options at beginning of the year	1,064	65.81%	29,133,400
Total number of options granted	–	–	–
Total number of options exercised	210	6.81%	(3,015,700)
Total number of options forfeited/lapsed	68	2.50%	(1,108,500)
Total number of options outstanding	996	56.49%	25,009,200

Options Granted to Directors and Key Senior Management	FYE 2025	Since commencement of ESOS
Aggregate maximum allocation in percentage	50.00%	50.00%
Actual percentage granted	29.94%	29.94%

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 2025 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.

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.



ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

STATUS OF COMPLIANCE OF CERTAIN OWNED AND TENANTED OUTLETS INVOLVING THE CERTIFICATE OF FITNESS FOR OCCUPATION/CERTIFICATE OF COMPLETION AND COMPLIANCE (CONT'D)

Status of Compliance as at 31 March 2026

(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	66
KMT applications approved and currently in the process of obtaining the TBP	9
Pre-consultation of KM submitted or KM applications submitted but pending decision of local councils	27
KMT applications submitted or to be submitted and subsequently to obtain the TBP	1
TBP obtained	6
Sub-total	109
(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	7
Pre-consultation of KM submitted or KM applications submitted but pending decision of local councils	9
KMT applications submitted or to be submitted and subsequently to obtain the TBP	1
TBP obtained	-
Sub-total	17
Total	137

The status of the SLF application for the affected buildings in Indonesia as at 31 March 2026 are as follows:

Of the SLF applications for 70 material properties submitted to relevant authorities in Indonesia, 28 SLF applications cannot be processed by the relevant regional governments due to the following reasons:

- a. the relevant regional governments have not enacted the Building Regional Regulation in its regency;
- b. the relevant regional governments have not formed the team of building experts to conduct technical review on buildings within the regency; or
- c. 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 (SORMIC) - Guidelines for Directors of Listed Companies, issued by the SORMIC Task Force established by the Institute of Internal Auditors Malaysia 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 2025, which sets out the obligations of the Board and Management with respect to risk management and internal control and describes the processes that are considered in reviewing its effectiveness.

BOARD’S RESPONSIBILITIES

The Board affirms its overall 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.

MANAGEMENT’S RESPONSIBILITIES

The Management is responsible for the day-to-day management of the Group’s activities and implementation of the Group’s policies and procedures approved by the Board in relation to risk and internal controls. This is done by identifying, evaluating, controlling, monitoring and reporting on the risks and internal control as well as taking appropriate and timely remedial actions as and when required. Its key responsibilities to risk management are as follows:-

- i. Identify and evaluate the risks affecting the Group in carrying out its business objectives and strategies;
- ii. Formulate relevant policies and procedures to manage the risks in accordance with the Group’s strategic vision and overall risk appetite;
- iii. Design, implement and monitor the effective implementation of the risk management and internal control system;
- iv. Implement the policies that are approved by the Board;
- v. Implement remedial actions to address the compliance shortcoming as directed by the Board; and
- vi. Report in a timely manner to the Board on any changes to the risks and corrective actions to be taken. The Management is also accountable to provide reasonable assurance to the Board that the risk management practice and internal control system are implemented and monitored.

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 from management, internal audit and external audit 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;



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

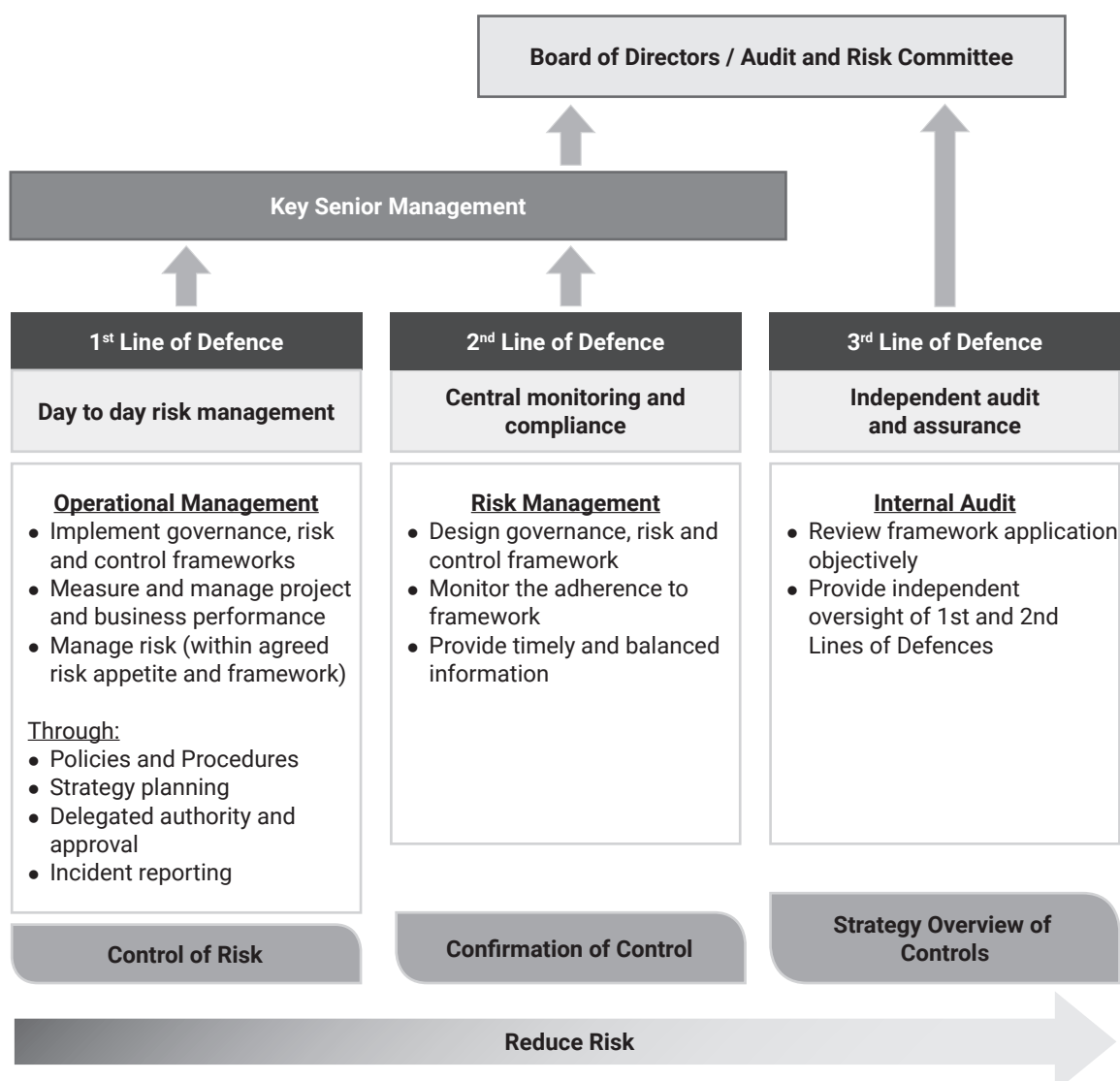
All members of the ARC, comprising exclusively of Independent Non-Executive Directors, are tasked with the following responsibilities: (Cont'd)

- 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. Engage with internal and external assurance providers to 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.

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.



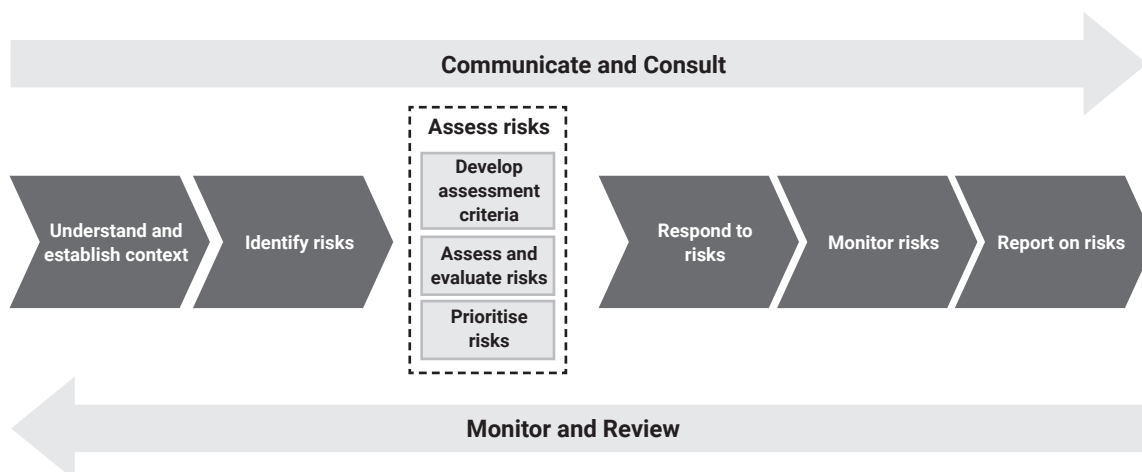


STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

a) Risk Management (Cont'd)

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



- 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.

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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

a) Risk Management (Cont'd)

- *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.

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 Global Internal Audit Standards ("GIAS") in carrying out IA assignments for the Group. The attributes and performance standards for IA promulgated by the Institute of Internal Auditors, as outlined in the GIAS.

The Group's internal audit services for FYE 2025 were outsourced to an independent external party, KPMG Management & Risk Consulting Sdn. Bhd. ("Internal Auditors").



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

b) Internal Control (Cont'd)

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

The Internal Auditors report directly to the ARC, and 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.

The Internal Auditors assessed the Group's internal control systems and reported its observations, management responses and action plans thereof directly to the ARC. Follow-up validations on audit findings were also performed.

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:

Scope	Details
Vitamin and Electrolytes Production	The review covered internal controls over production activities, including governance, production processes, safety, equipment maintenance, and staff training.
Store Operations	The review covered internal controls over store operations, including inventory and sales management, cash handling, safety and food regulatory compliance, equipment maintenance, and staff training.
Frozen Food Production and Sales Management	The review covered internal controls over frozen food production and sales activities, including supplier management, processing and quality controls, safety and security, sales planning and execution, monitoring of sales performance, and customer complaint management.
Feedmill Production	The review covered controls over feedmill production activities, including governance, production orders and work processes, machinery maintenance, and physical security and fire safety.
Implementation of e Invoicing	The review covered controls over the implementation of e Invoicing, including governance and policies, system controls, data completeness and accuracy, vendor management, and access controls.

The total cost incurred for the IA function in respect of the FYE 2025 amounted to RM293,000.

c) Sustainability

Sustainability is crucial for our business resilience as it is the ability to survive presently without sacrificing future resources. We integrate sustainability into our business practices in charting out our long-term business strategies particularly on material sustainability matters such as food safety, biosecurity, waste management, etc. This ensures material sustainability matters are managed effectively within the context of our value creation activities. Our Sustainability Statement has been prepared in compliance with Listing Requirements of Bursa Securities and the National Sustainability Reporting Framework ("NSRF") requirements for listed issuers, including the application of International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards; IFRS S2 Climate-related Disclosures (IFRS S2). Further details can be found on page 51 to 106 of this annual report.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 21 April 2026.



AUDIT AND RISK COMMITTEE'S REPORT

The Board of Leong Hup International Berhad is pleased to present the Audit and Risk Committee ("ARC") Report for the financial year ended ("FYE") 31 December 2025 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

THE AUDIT COMMITTEE 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 the Malaysian Institute of Accountants ("MIA").
- Mr. Low Han Kee qualified as a Certified Public Accountant in 1984 with more than 36 years of financial expertise in senior finance positions in companies listed on Bursa Securities.
- The composition of ARC is in compliance with Paragraph 15.09 of the Listing Requirements and 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 November 2025.



AUDIT AND RISK COMMITTEE'S REPORT (CONT'D)

SUMMARY OF WORKS OF THE ARC

The ARC carried out the following activities for the FYE 31 December 2025 in discharging their duties and responsibilities as below:

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
27 May 2025	Unaudited first quarter results for the period ended 31 March 2025
26 August 2025	Unaudited second quarter results for the period ended 30 June 2025
25 November 2025	Unaudited third quarter results for the period ended 30 September 2025
24 February 2026	Unaudited fourth quarter results for the period ended 31 December 2025
21 April 2026	Draft audited financial statements for the financial year ended 31 December 2025

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 31 December 2025 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 first and second interim dividend of 2.0 sen for each ordinary share for the FYE 31 December 2025 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 24 February 2026 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 31 December 2025.

The ARC had a private session with the Internal Auditors on 24 February 2026 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 31 December 2025.



AUDIT AND RISK COMMITTEE'S REPORT (CONT'D)

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 24 February 2026 reviewed and assessed the independence and effectiveness of the External Auditors of the Company for the FYE 31 December 2025 and was satisfied with their performance. On 21 April 2026, the ARC recommended to the Board on the re-appointment of the External Auditors for the FYE 31 December 2026 and subsequently to the shareholders for approval at the forthcoming 12th Annual General Meeting.

At the ARC meeting held on 26 August 2025, the ARC reviewed, discussed and approved the audit plan of the Group for the FYE 31 December 2025 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 24 February 2026 to discuss key issues within their responsibilities and to ensure there were no restrictions on their scope of audit for the FYE 31 December 2025.

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, 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 2025.
- 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 Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of the Group and recommended 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 during the financial year under review.
- e) The ARC had also reviewed the revised External Auditors' assessment policy and revised terms of reference of the ARC before recommending them to the Board for adoption.
- f) The ARC had reviewed and recommended the adoption of a Non-Assurance Concurrence Policy outlining the procedures in relation to the engagement of the External Auditor for non-assurance services.
- g) The ARC had also reviewed and verified the compliance of the allocation of share options during the FYE 31 December 2025 pursuant to the employees' share option scheme.



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 2025, 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, and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

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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 2025.

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
 Low Han Kee
 Chu Nyet Kim
 Goh Wen Ling
 Tay Tong Poh
 Chan Eoi Leng
 Lau Joo Yong (Alternate Director to Tan Sri Dato' Lau Eng Guang)

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.

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	661,926	161,187
Profit attributable to:		
Owners of the Company	501,112	161,187
Non-controlling interests	160,814	-
	661,926	161,187

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 3,651,701,800 to 3,654,971,100 by way of an issuance of 3,269,300 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 RM1,977,927 (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 2025, the Company held as treasury shares a total of 207,522,000 ordinary shares, repurchased from the open market for RM132,607,000 at an average price of RM0.64 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 29 May 2025, the Directors have approved a single-tier interim dividend of 1.00 sen per ordinary share, amounting to RM35,988,926 in respect of the financial year ended 31 December 2025 and the dividend was paid to the shareholders on 1 July 2025.

On 8 January 2026, the Directors have approved a single-tier second interim dividend of 1.00 sen per ordinary share amounting to RM34,366,446 in respect of the financial year ended 31 December 2025 and the dividend was paid to the shareholders on 30 January 2026.

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	2,254	780
Salaries, bonuses and other benefits	56,013	435
Defined contribution benefits	6,476	59
ESOS expense ⁽ⁱ⁾	522	522
	65,265	1,796

- (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.



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 1.1.2025	Number of options over ordinary shares ('000)			As at 31.12.2025
			Granted and accepted	(Exercised)	(Expired)/ (Lapsed)	
19 July 2024	RM0.605	42,386	–	(3,485)	(1,577)	37,324

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.

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' REPORT (CONT'D)

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 31.12.2025
	At 1.1.2025	Acquired	(Disposed)	
The Company				
Direct interests:				
Tan Sri Dato' Lau Eng Guang	76,747	–	–	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	1,000	–	–	1,000
Goh Wen Ling	1,000	–	–	1,000
Tay Tong Poh	500	–	–	500
Indirect interests ^(a) :				
Lau Chia Nguang ^{(a)(1)}	58,935	–	–	58,935
Tan Sri Dato' Lau Eng Guang ^(b)	26,961	–	–	26,961
Tan Sri Lau Tuang Nguang ^{(a)(2)(b)}	63,852	–	–	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; and 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.

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

	Number of ordinary shares ('000)			At 31.12.2025
	At 1.1.2025	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.

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.

	Number of options over ordinary shares ('000)				At 31.12.2025
	At 1.1.2025	Granted and accepted	(Exercised)	(Lapsed)	
The Company					
Direct interests:					
Lau Chia Nguang	1,530	–	–	–	1,530
Tan Sri Dato' Lau Eng Guang	1,530	–	–	–	1,530
Tan Sri Lau Tuang Nguang	1,530	–	–	–	1,530
Datuk Lau Joo Hong	1,350	–	–	–	1,350
Lau Joo Han	1,275	–	–	–	1,275
Lau Joo Keat	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.
- (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	Lim Hock Mow
Tan Sri Dato' Lau Eng Guang	Lim Huey Hean
Tan Sri Lau Tuang Nguang	Lim Meng Bin (Resigned on 22 April 2025)
Datuk Lau Joo Hong	Lim Ying Khoo
Lau Jui Peng	Loh Wee Ching
Lau Joo Heng	Loi Jin Choo
Lau Joo Han	Low Chiew Boey
Lau Joo Hwa	Low Choon Seng
Lau Joo Kiang	Low Eng Guan
Lau Joo Keat	Low Kim Seng
Lau Joo Yong	Ma Chin Chiew
Lau Joo Ping	Na Eluen
Adrian Ferdinand Oroh	Na Yok Chee
Brian M. O. Connor	Nam Hiok Joo
Carlos Cabanes Royo	Nam Hiok Yong
Cai Bo Wen	Nam Ya Jun
Chen Zhen	Na Yi Chan
Choo Joo Thong	Ng Eng Leng
Chua Teck Choh	Ng Wei Quan (Resigned on 2 September 2025)
Chua Teck Lee	Ong Gee Tiong
Dato' Haji Mustaffa Kamal Bin Dato' Haji	Ong Pang Teck
Shamsudin (Resigned on 1 October 2024)	Quek Cheaw Kwang
Dato' Haji Ashari Bin Haji Kasnan	Quek Min Sin
(Appointed on 22 May 2025)	(Appointed on 20 November 2025)
Dato' Dr. Ma'amor Bin Osman	Rewin Hanrahan Lie
Dato' Seri Abdul Azim Bin Mohamad Zabidi	Rudy Hartono Husin
David Morella Jorba	Sespriansyah
David Siow Ak Heong	Sim Kim Hwa
Dr. Aidawani Binti Abd Latif	Tan Joo Hock
Dr. Masri Bin Sehap	Tan Lai Kai
Dr. Norwati Akma Binti Abd Samad	Tan Shiah Siah
Faye Ong	Tay Kong Howe
Fleur Marie B. Africano	Tuan Haji Jamaludin Bin A Hamid
Goh Kar Meng	(Appointed on 22 May 2025)
Goh Sze Ling	Wang Tiam Soo
Goh Wen Ling	Wong Chee Seng
Koh Bock Swi	Wong Hwa Yao
Koh Kim Chui	Wong Sui Teck
Law Kim Kow	Wong Wai Meng
Lee Chai Soon	Yongkie Handaya
Lee Choon Seng	Yip Ah Chean
Lee Lai Hock	Yeoh Jia Xing
Lee Zhiwei	Yaw Hoo Chow (Appointed on 29 January 2026)
Leek Tien Hee	



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 RM104,000 respectively.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company for the financial year ended 31 December 2025 were as follows:

	Group RM'000	Company RM'000
Statutory audit fees:		
PricewaterhouseCoopers PLT	1,803	104
Member firms of PricewaterhouseCoopers International Limited	1,965	-
	3,768	104

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 21 April 2026.

Signed on behalf of the Board of Directors:

LAU CHIA NGUANG
DIRECTOR

TAN SRI LAU TUANG NGUANG
DIRECTOR

Kuala Lumpur



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 150 to 257 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 2025 and financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2025 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 21 April 2026.

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 150 to 257 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: 21 April 2026

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 2025, 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 2025 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 150 to 257.

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”), as applicable to audits of financial statements of public interest entities 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 matter	How our audit addressed the key audit matter
<p>Valuation of biological assets</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 2025, the Group has biological assets balance of RM624,307,000.</p> <p>Biological assets of the Group comprise mainly breeders, commercial layers, broilers and hatching eggs. In determining the fair value of the biological assets, the Group uses a 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, expected number of table eggs produced as well as feed costs used in determining fair value less costs to sell, using discounted cash flow model.</p>	<p>We obtained the biological assets' valuation prepared by management. The valuation was based on fair value less costs to sell, using 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, used by Directors and management in the valuation of the biological assets.</p> <p>We corroborated the expected production of day-old-chick, table eggs and feed consumption rate to the 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 the adjustments made for abnormal market movements.</p> <p>We assessed the appropriateness of the range used to test the sensitivity analysis performed by management.</p> <p>We reviewed the adequacy of the disclosures in the financial statements.</p> <p>Based on the above procedures performed, we did not identify any material exceptions to Directors and management's assessment on the valuation of biological assets as at 31 December 2025.</p>

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 2025 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.

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.



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (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.

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

WILLIAM MAH JIN CHIEK
03085/07/2027 J
Chartered Accountant

Kuala Lumpur
21 April 2026



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	4	8,829,182	9,309,452	174,573	118,859
Other income		140,793	139,860	628	819
Changes in fair value of biological assets		79,392	71,264	-	-
Changes in closing inventories		(110,646)	(2,468)	-	-
Purchases of inventories and livestock		(5,804,830)	(6,345,298)	-	-
Employee benefit costs including Directors' remuneration	5	(853,380)	(866,018)	(2,571)	(1,852)
Depreciation of:					
Property, plant and equipment	10	(262,008)	(269,131)	(3)	(1)
Investment properties	11	(216)	(217)	-	-
Right-of-use assets	12	(45,782)	(43,610)	-	-
Utilities costs		(222,407)	(245,500)	-	-
Repair and maintenance		(122,960)	(108,632)	-	-
Transportation expenses		(209,859)	(199,590)	(1)	(3)
Writeback of impairment / (Impairment losses) of:					
Property, plant and equipment	10	9,138	(18,900)	-	-
Right-of-use assets	12	(994)	(99)	-	-
Goodwill	13	-	(8,404)	-	-
Farmers' incentive		(105,239)	(113,985)	-	-
Other expenses		(396,267)	(407,945)	(4,822)	(5,343)
Profit from operations	6	923,917	890,779	167,804	112,479
Finance costs	7	(101,193)	(130,617)	(2,295)	(523)
Share of profit of associates	15	685	356	-	-
Profit before tax		823,409	760,518	165,509	111,956
Tax expense	8	(161,483)	(129,708)	(4,322)	(4,177)
Net profit for the financial year		661,926	630,810	161,187	107,779



STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other comprehensive loss:					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		(220,866)	(112,613)	-	-
		(220,866)	(112,613)	-	-
Items that will not be subsequently reclassified to profit or loss:					
Remeasurement of post-employment benefit obligation	33	484	672	-	-
Income tax relating to remeasurement of post-employment benefit obligation	8	(98)	(134)	-	-
		386	538	-	-
Other comprehensive loss for the financial year		(220,480)	(112,075)	-	-
Total comprehensive income for the financial year		441,446	518,735	161,187	107,779
Profit for the financial year attributable to:					
Owners of the Company		501,112	428,930	161,187	107,779
Non-controlling interests		160,814	201,880	-	-
		661,926	630,810	161,187	107,779
Total comprehensive income attributable to:					
Owners of the Company		313,384	322,282	161,187	107,779
Non-controlling interests		128,062	196,453	-	-
		441,446	518,735	161,187	107,779
Earnings per share attributable to the owners of the Company (sen):					
- basic and diluted	9	14.04	11.75		

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



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	10	2,752,245	2,683,265	9	1
Investment properties	11	36,620	31,148	–	–
Right-of-use assets	12	362,903	392,466	–	–
Intangible assets	13	89,387	91,235	–	–
Investment in subsidiaries	14	–	–	1,601,916	1,559,775
Investment in associates	15	2,646	1,810	–	–
Financial assets at fair value through other comprehensive income	7	–	4,446	–	–
Financial assets at fair value through profit or loss		6,520	–	–	–
Other receivables, deposits and prepaid expenses	20	18,095	13,003	–	–
Amount due from an associate	22	25,734	27,925	–	–
Deferred tax assets	16	53,249	63,597	–	–
Total non-current assets		3,347,406	3,308,895	1,601,925	1,559,776
CURRENT ASSETS					
Biological assets	17	624,307	571,763	–	–
Inventories	18	735,983	968,600	–	–
Trade receivables	19	591,321	623,171	–	–
Other receivables, deposits and prepaid expenses	20	219,305	165,085	16,793	10,852
Amounts due from subsidiaries	21	–	–	1,358	1,296
Non-current assets held for sale	23	–	–	–	–
Derivative financial assets	24	–	789	–	–
Dividend receivable		–	–	26,909	–
Tax recoverable		9,135	35,322	46	103
Cash and bank balances	25	1,011,623	770,670	1,596	1,086
Total current assets		3,191,674	3,135,400	46,702	13,337
TOTAL ASSETS		6,539,080	6,444,295	1,648,627	1,573,113
EQUITY AND LIABILITIES					
EQUITY					
Share capital	26	1,502,692	1,500,714	1,502,692	1,500,714
Treasury share	27	(132,607)	(11,547)	(132,607)	(11,547)
Merger reserve	28	(662,966)	(662,966)	–	–
Reserves	29	1,902,649	1,622,415	188,138	60,137
Equity attributable to owners of the Company		2,609,768	2,448,616	1,558,223	1,549,304
Non-controlling interests		955,074	878,820	–	–
Total equity		3,564,842	3,327,436	1,558,223	1,549,304



STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities	16	160,116	150,582	-	-
Lease liabilities	31	133,830	145,394	-	-
Bank borrowings	32	655,499	575,947	-	-
Post-employment benefits obligation	33	39,351	39,908	-	-
Deferred income - government grants	34	330	687	-	-
Provision for asset retirement obligation	35	5,322	4,918	-	-
Total non-current liabilities		994,448	917,436	-	-
CURRENT LIABILITIES					
Trade payables	36	305,002	311,641	-	-
Other payables and accrued expenses	37	373,201	406,871	2,514	2,521
Amounts due to subsidiaries	38	-	-	87,890	21,288
Lease liabilities	31	31,262	30,708	-	-
Bank borrowings	32	1,227,790	1,418,758	-	-
Derivative financial liabilities	24	833	-	-	-
Deferred income - government grants	34	330	344	-	-
Tax payable		41,372	31,101	-	-
Total current liabilities		1,979,790	2,199,423	90,404	23,809
TOTAL LIABILITIES		2,974,238	3,116,859	90,404	23,809
TOTAL EQUITY AND LIABILITIES		6,539,080	6,444,295	1,648,627	1,573,113

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



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Group	Note	Share capital RM'000	Treasury share RM'000	Merger reserve RM'000	Share application money 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
At 1 January 2025		1,500,714	(11,547)	(662,966)	-	(79,464)	3,277	1,698,602	2,448,616	878,820	3,327,436
Comprehensive income:											
- Net profit for the financial year		-	-	-	-	-	-	501,112	501,112	160,814	661,926
Other comprehensive income:											
- Remeasurement of post-employment benefit obligation		-	-	-	-	-	-	224	224	162	386
- Exchange translation differences		-	-	-	-	(187,969)	17	-	(187,952)	(32,914)	(220,866)
Total other comprehensive income		-	-	-	-	(187,969)	17	224	(187,728)	(32,752)	(220,480)
Total comprehensive income		-	-	-	-	(187,969)	17	501,336	313,384	128,062	441,446
Transactions with owners:											
- Issuance of shares pursuant to ESOS	27	1,978	-	-	130	-	-	-	2,108	-	2,108
- Purchase of treasury shares		-	(121,060)	-	-	-	-	-	(121,060)	-	(121,060)
- Dividends paid	39	-	-	-	-	-	-	(35,989)	(35,989)	(41,709)	(77,698)
- Changes in equity interest in subsidiaries		-	-	-	-	-	-	53	53	(10,099)	(10,046)
- ESOS expenses	5	-	-	-	-	-	2,656	-	2,656	-	2,656
- ESOS exercised and lapsed		-	-	-	-	-	(930)	930	-	-	-
		1,978	(121,060)	-	130	-	1,726	(35,006)	(152,232)	(51,808)	(204,040)
At 31 December 2025		1,502,692	(132,607)	(662,966)	130	(267,433)	5,020	2,164,932	2,609,768	955,074	3,564,842



STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Group	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
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	27	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	39	-	-	-	-	-	-	-	400	400
- Dividends paid in subsidiaries		-	-	-	-	(100,385)	(100,385)	(100,385)	(33,821)	(134,206)
- Changes in equity interest in subsidiaries		-	-	-	-	(3,052)	(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	-	-	-
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
(CONT'D)**

	Note	Share capital RM'000	Treasury share RM'000	Share Application money RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company							
At 1 January 2025		1,500,714	(11,547)	–	3,277	56,860	1,549,304
Total comprehensive income:							
Net profit for the financial year		–	–	–	–	161,187	161,187
Transactions with owners:							
Issuance of shares pursuant to ESOS		1,978	–	130	–	–	2,108
Purchase of treasury shares	27	–	(121,060)	–	–	–	(121,060)
Dividends paid	39	–	–	–	–	(35,989)	(35,989)
ESOS expense	5	–	–	–	531	–	531
Capital contribution to subsidiaries		–	–	–	2,142	–	2,142
ESOS exercised and lapsed		–	–	–	(930)	930	–
At 31 December 2025		1,502,692	(132,607)	130	5,020	182,988	1,558,223

	Note	Share capital RM'000	Treasury share RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total equity RM'000
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	27	–	(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

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



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		823,409	760,518	165,509	111,956
Adjustments for:					
Expense recognised in respect of defined benefit plan	33	7,961	5,929	-	-
Depreciation of:					
- property, plant and equipment	10	262,008	269,131	3	1
- investment properties	11	216	217	-	-
- right-of-use assets	12	45,782	43,610	-	-
Amortisation of deferred income	34	(342)	(356)	-	-
Write-off of:					
- property, plant and equipment	10	6,577	6,589	-	-
- inventories	6	182	-	-	-
Gain on termination of leases	6	(50)	(1,747)	-	-
Gain on disposal of property, plant and equipment	6	(2,070)	(7,354)	-	-
Unrealised loss on foreign exchange	6	4,140	867	25	76
Fair value loss/(gain) on:					
- derivative financial instruments	6	1,107	(1,908)	-	-
- FVTPL		(20)	-	-	-
Share of profit of associates	15	(685)	(356)	-	-
Bad debts written off	6	165	367	-	-
Provision for/(reversal of) impairment loss on:					
- property, plant and equipment	10	(9,138)	18,900	-	-
- right-of-use assets	12	994	99	-	-
- goodwill	13	-	8,404	-	-
- trade receivables	19	(2,224)	9,180	-	-
- other receivables	20	403	154	-	-
Reversal of inventories written down		(568)	-	-	-
ESOS expenses	5	2,656	3,582	531	694
Dividend income	4	-	-	(174,573)	(118,859)
Interest income from associate	6	(1,727)	(1,727)	-	-
Interest income	6	(22,437)	(14,807)	(648)	(894)
Finance costs	7	101,193	130,617	2,295	523
		1,217,532	1,229,909	(6,858)	(6,503)
Changes in working capital:					
Biological assets		(79,392)	(71,264)	-	-
Inventories		110,646	2,468	-	-
Receivables		(92,748)	38,678	(8,238)	(10,597)
Payables		49,383	13,595	9	(3,360)
Cash generated from operations		1,205,421	1,213,386	(15,087)	(20,460)
Tax paid		(136,425)	(103,181)	(190)	(22)
Tax refunded		21,194	18,073	99	-
Post-employment benefit paid		(2,897)	(1,592)	-	-
Net cash flow from operating activities		1,087,293	1,126,686	(15,178)	(20,482)


**STATEMENTS OF CASH FLOWS
(CONT'D)**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to an associate	40	(915)	(9,394)	-	-
Proceeds from disposal of property, plant and equipment		5,317	31,905	-	-
Proceeds from partial disposal of a subsidiary		-	1,916	-	-
Dividend income received from:					
- an associate	15	-	204	-	-
- subsidiaries		-	-	145,723	118,859
Interest income received from associate		1,468	1,917	-	-
Interest income received		22,437	14,807	648	894
Additions of:					
- property, plant and equipment	10	(450,013)	(332,635)	(11)	-
- investment properties	11	(5,688)	(1,483)	-	-
- right-of-use assets	12	(12,766)	(13,567)	-	-
Acquisition of additional shares in a subsidiary		(10,046)	(7,602)	(40,000)	-
Acquisition of additional shares in an associate	15	(182)	-	-	-
Purchase of financial assets through profit or loss		(6,500)	-	-	-
(Increase)/Decrease in fixed deposits pledged		(21,112)	7,827	-	-
Placement of fixed deposits with more than three months maturity		(230,348)	(84,475)	-	-
Withdrawal of fixed deposits with more than three months maturity		142,390	58,814	-	-
Net cash flow from investing activities		(565,958)	(331,766)	106,360	119,753



STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs paid		(98,445)	(131,093)	(1,570)	(46)
Dividends paid to:					
- shareholders	39	(35,989)	(144,185)	(35,989)	(144,185)
- non-controlling interests		(41,709)	(33,821)	-	-
Repayment of hire purchase liabilities		(7,086)	(12,720)	-	-
Payments for the principal portion of lease liabilities		(36,045)	(27,412)	-	-
Drawdown of term loans		61,646	73,818	-	-
Repayment of term loans		(158,505)	(237,945)	-	-
Drawdown of Sukuk Mudharabah		250,000	-	-	-
Repayment of Sukuk Mudharabah		(163,000)	(34,000)	-	-
Payment of Sukuk Mudharabah's transaction costs		(344)	-	-	-
Drawdown of bankers' acceptances		646,590	931,914	-	-
Repayment of bankers' acceptances		(698,401)	(966,329)	-	-
Drawdown of revolving credits		946,191	849,544	-	-
Repayment of revolving credits		(848,669)	(978,329)	-	-
Drawdown of trust receipts		945,532	1,362,969	-	-
Repayment of trust receipts		(1,035,845)	(1,361,899)	-	-
Drawdown of trade financing		269,387	-	-	-
Repayment of trade financing		(202,451)	-	-	-
Issuance of ordinary shares pursuant to ESOS		1,978	1,030	1,978	1,030
Issuance of shares in subsidiary to non-controlling interest		-	400	-	-
Purchase of treasury shares		(121,060)	(11,547)	(121,060)	(11,547)
Share application money received		130	-	130	-
Advance from a subsidiary	40	-	-	97,000	21,000
Repayment to a subsidiary	40	-	-	(31,136)	(17,694)
Net cash flow from financing activities		(326,095)	(719,605)	(90,647)	(151,442)
Net changes in cash and cash equivalents		195,240	75,315	535	(52,171)
Effect of exchange translation differences		(46,904)	(23,901)	(25)	(76)
Cash and cash equivalents at beginning of the financial year		678,684	627,270	1,086	53,333
Cash and cash equivalents at end of the financial year	25	827,020	678,684	1,596	1,086


**STATEMENTS OF CASH FLOWS
(CONT'D)**
CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Term loans and Sukuk Mudharabah RM'000	Short term borrowings* RM'000	Lease liabilities RM'000	Hire purchase liabilities RM'000	Total RM'000
At 1 January 2025	879,556	1,100,101	176,102	6,427	2,162,186
Drawdown	311,646	2,807,700	-	-	3,119,346
Repayment	(321,505)	(2,785,366)	(36,045)	(7,086)	(3,150,002)
Payment of Sukuk Mudharabah's transaction costs	(344)	-	-	-	(344)
Finance costs paid	(39,725)	(50,178)	(7,684)	(858)	(98,445)
	(49,928)	(27,844)	(43,729)	(7,944)	(129,445)
Non-cash transaction:					
Finance costs	41,506	50,178	7,695	858	100,237
Interest accretion	(383)	-	-	-	(383)
Addition	-	-	35,068	16,256	51,324
Lease modification	-	-	1,989	-	1,989
Remeasurement	-	-	112	-	112
Termination	-	-	(339)	-	(339)
Foreign exchange translation	(39,597)	(90,932)	(11,806)	(247)	(142,582)
At 31 December 2025	831,154	1,031,503	165,092	15,350	2,043,099
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

* Short-term borrowings exclude bank overdrafts.

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

	Amounts due to subsidiaries	
	2025 RM'000	2024 RM'000
Company		
At 1 January	21,035	17,252
Net cash flow	64,294	3,260
Non-cash transaction:		
Finance costs	2,295	523
At 31 December	87,624	21,035

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



NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2025

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.



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 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

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 2025. 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 2026:

- i Annual Improvements to MFRS Accounting Standards for enhanced consistency
- ii Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'
 - Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:
 - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).
- iii Amendments to MFRS 9 and MFRS 7 'Contracts Referencing Nature-dependent Electricity'



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 Standards and amendments that have been issued but not yet effective (cont'd)

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

- i. Amendments to MFRS 18 'Presentation and Disclosure in Financial Statements'
 - MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.
 - The new MFRS introduces a new structure of profit or loss statement.
 - (a) Income and expenses are classified into 3 new main categories:
 - i. Operating category which typically includes results from the main business activities;
 - ii. Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - iii. Financing category that presents income and expenses from financing liabilities.
 - (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
 - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
 - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.
- ii. 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

(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.

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.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (Cont'd)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

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').

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 instruments when and only when its business model for managing those assets changes.



2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(c) Measurement (Cont'd)

Debt instruments (Cont'd)

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 instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments 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 (CONT'D)

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 reorganisation
- 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

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

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.10 Leases (Cont'd)

Accounting by lessee (Cont'd)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.10 Leases (Cont'd)

Accounting by lessee (Cont'd)

Lease liabilities (Cont'd)

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.

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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

(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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.17 Current and deferred income tax (Cont'd)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.20 Provisions (Cont'd)

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.

2.21 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 (CONT'D)

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 (CONT'D)

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(i) Biological assets (Cont'd)

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.

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 RM624,307,000 as at 31 December 2025 (2024: RM571,763,000). 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 (CONT'D)

4 REVENUE

The Group derives the following types of revenue:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Revenue from contracts with customers recognised at a point in time:</u>				
- Sales of goods	8,815,787	9,297,996	-	-
<u>Revenue from other sources:</u>				
- Lease income	13,289	11,344	-	-
- Dividend income from subsidiaries	-	-	174,573	118,859
- Others	106	112	-	-
Total revenue	8,829,182	9,309,452	174,573	118,859

Disaggregation of revenue from contracts with customers by product segments:

	Group	
	2025 RM'000	2024 RM'000
Livestock and other poultry related products	5,373,986	5,398,950
Feedmill	3,441,801	3,899,046
	8,815,787	9,297,996

Included in the revenue from livestock and other poultry related products is revenue from sales of table eggs of RM790,123,000 (2024: RM806,565,000).

5 EMPLOYEE BENEFIT COSTS INCLUDING DIRECTORS' REMUNERATION

(a) Employee benefit costs including Directors' remuneration

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salaries, wages, bonuses and other benefits	799,341	814,056	1,904	1,138
Defined contribution plans	43,422	42,451	136	20
Defined benefit plans (Note 33)	7,961	5,929	-	-
ESOS expenses	2,656	3,582	531	694
	853,380	866,018	2,571	1,852

(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 (CONT'D)

6 PROFIT FROM OPERATIONS

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration:				
Statutory audit				
- PricewaterhouseCoopers PLT	1,803	1,705	104	109
- Member firms of PricewaterhouseCoopers International Limited	1,965	2,216	-	-
- Others	261	162	-	-
Other services				
- PricewaterhouseCoopers PLT	75	7	10	-
- Member firms of PricewaterhouseCoopers International Limited	598	49	-	-
Foreign exchange (gains)/losses:				
- realised	(2,953)	552	-	-
- unrealised	4,140	867	25	76
Fair value loss/(gain) on:				
- derivative financial instruments	1,107	(1,908)	-	-
- FVTPL	(20)	-	-	-
Rental expense*	11,948	11,669	-	-
Write-off of:				
- property, plant and equipment	6,577	6,589	-	-
- inventories	182	-	-	-
Gain on termination of leases	(50)	(1,747)	-	-
Provision for/(reversal of) impairment loss on:				
- property, plant and equipment	(9,138)	18,900	-	-
- right-of-use assets	994	99	-	-
- goodwill	-	8,404	-	-
- trade receivables	(2,224)	9,180	-	-
- other receivables	403	154	-	-
Amortisation of deferred income	(342)	(356)	-	-
Packing materials	19,077	22,273	-	-
Travelling expenses	14,614	14,374	-	-
Promotional and marketing expenses	14,596	13,774	-	-
Interest income	(24,164)	(16,534)	(648)	(894)
Rental income	(2,950)	(2,960)	-	-
Gain on disposal of property, plant and equipment	(2,070)	(7,354)	-	-
Bad debts written off	165	367	-	-
Bad debts recovered	(1,352)	(92)	-	-
Government grant	(1,195)	(1,898)	-	-
Government subsidy [^]	(86,767)	(92,096)	-	-
Management fee expense	1,585	1,153	1,626	1,445
Insurance expenses	20,277	20,047	118	163
Brooding expenses	10,851	15,436	-	-
Cleaning and washing expenses	9,983	11,177	-	-
Pest control expenses	3,566	3,463	-	-

* 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 2025 and 31 December 2024 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 and eggs were discontinued on 1 November 2023 and 1 August 2025 respectively.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7 FINANCE COSTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expenses on:				
Bankers' acceptances	5,906	9,548	-	-
Bank overdrafts	727	951	-	-
Term loans	28,489	46,475	-	-
Hire purchase liabilities	858	677	-	-
Lease liabilities	7,695	9,018	-	-
Revolving credits	26,826	31,771	-	-
Trust receipts	15,568	18,588	-	-
Trade financing	1,878	-	-	-
Loan from a subsidiary	-	-	2,295	523
Sukuk Mudharabah	13,017	13,153	-	-
Others	229	436	-	-
	101,193	130,617	2,295	523

8 TAX EXPENSE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax recognised in profit or loss:				
- Malaysian income tax	81,339	45,312	157	215
- Foreign income tax	69,223	70,742	-	-
- Overprovision in prior years	(5,764)	(3,655)	(9)	-
	144,798	112,399	148	215
Deferred taxation recognised in profit or loss (Note 16):				
- Origination and reversal of temporary differences	12,381	13,222	-	-
Real property gain tax	124	125	-	-
Withholding tax	4,180	3,962	4,174	3,962
Tax expense	161,483	129,708	4,322	4,177
Deferred taxation recognised in OCI (Note 16):				
- Remeasurement of post-employment benefit obligation	98	134	-	-



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax	823,409	760,518	165,509	111,956
Tax at applicable statutory tax rate	172,629	166,701	39,722	26,869
Tax effects of:				
- expenses not deductible for tax purposes	45,387	29,692	2,333	1,872
- income not subject to tax	(22,301)	(27,484)	(41,898)	(28,526)
- share of result of an associate	(164)	(85)	-	-
- utilisation of reinvestment allowance not recognised as tax benefits	(1,344)	(892)	-	-
- utilisation of previously unrecognised tax losses	(11,184)	(27,384)	-	-
- utilisation of previously unrecognised capital allowances	-	(317)	-	-
- utilisation of special incentive	(13,113)	(6,950)	-	-
- current year tax losses for which no deferred tax asset is recognised	-	476	-	-
- reversal of previously recognised tax benefits arising from tax losses	-	6,980	-	-
- deductible temporary differences not recognised in current year	40	-	-	-
Real property gain tax	124	125	-	-
Withholding tax	4,180	3,962	4,174	3,962
Overprovision in prior years	(12,771)	(15,116)	(9)	-
Tax expense	161,483	129,708	4,322	4,177



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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:

	Group	
	2025	2024
	RM'000	RM'000
Unutilised tax losses		
- expiring by year of assessment 2025*	–	8,350
- expiring by year of assessment 2026*	4,825	5,353
- expiring by year of assessment 2027*	3,108	3,448
- expiring by year of assessment 2028*	63,379	86,255
- expiring by year of assessment 2029* [^]	1,566	24,613
- expiring by year of assessment 2030 [^]	617	596
- expiring by year of assessment 2031 [^]	570	7,040
- expiring by year of assessment 2032 [^]	2,253	2,247
- expiring by year of assessment 2033 [^]	219	219
	76,537	138,121
Unabsorbed capital allowances		
- no expiry period	4,805	4,640
Unutilised reinvestment allowance		
- expiring not more than seven years	–	5,599
	81,342	148,360

* 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

The Group is within the scope of OECD Pillar Two model rules. Pillar Two legislation came into effect from 1 January 2025. The Group applied the MFRS12 exception in recognising and disclosing information about the deferred tax assets and liabilities related to the Pillar Two income taxes. Under the legislation, the Group is liable to pay a top-up tax for the difference between the GloBE Effective Tax Rate for each jurisdiction and the 15% minimum rate. The Group except for Vietnam qualifies for Transitional Safe Harbour Rules for the current year. In Vietnam, based on the Group's assessment, there are no top up taxes.



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:

	Group	
	2025 RM'000	2024 RM'000
Profit attributable to the owners of the Company	501,112	428,930
Weighted average number of ordinary shares in issue ('000)	3,568,796	3,649,689
Basic and diluted EPS (sen)	14.04	11.75

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 2025 and 2024. 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
(CONT'D)

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 and renovation RM'000	Construction-in-progress RM'000	Total RM'000
Net book value								
At 1 January 2025	355,584	1,352,411	24,141	570,531	62,801	179,385	138,412	2,683,265
Additions	17,824	51,672	8,094	91,481	33,503	37,010	226,682	466,266
Disposals	-	(132)	-	(1,570)	(984)	(561)	-	(3,247)
Write-off	-	(1,376)	(179)	(1,140)	(108)	(690)	(3,084)	(6,577)
Foreign exchange differences	-	(92,288)	-	(26,036)	(3,729)	(6,380)	(6,159)	(134,592)
Reclassifications	-	98,134	1,747	66,237	235	5,377	(171,730)	-
Depreciation charge for the financial year	-	(76,997)	(1,374)	(119,369)	(21,662)	(42,606)	-	(262,008)
Impairment charge for the financial year	-	(172)	(490)	(67)	-	(6,174)	-	(6,903)
Reversal of impairment for the financial year	-	13,016	-	3,024	-	-	1	16,041
At 31 December 2025	373,408	1,344,268	31,939	583,091	70,056	165,361	184,122	2,752,245
At 31 December 2025:								
Cost	373,408	2,275,615	40,852	1,749,368	276,652	554,908	184,207	5,455,010
Accumulated depreciation	-	(926,066)	(8,366)	(1,164,175)	(206,596)	(369,078)	-	(2,674,281)
Accumulated impairment loss	-	(5,281)	(547)	(2,102)	-	(20,469)	(85)	(28,484)
Net book value	373,408	1,344,268	31,939	583,091	70,056	165,361	184,122	2,752,245



NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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 and 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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Company	
	Furniture, fittings and office equipment RM'000	Total RM'000
<u>Net book value</u>		
At 1 January 2024	2	2
Depreciation charge for the financial year	(1)	(1)
At 31 December 2024/1 January 2025	1	1
Additions	11	11
Depreciation charge for the financial year	(3)	(3)
At 31 December 2025	9	9
<u>At 31 December 2025:</u>		
Cost	589	589
Accumulated depreciation	(580)	(580)
Net book value	9	9
<u>At 31 December 2024:</u>		
Cost	578	578
Accumulated depreciation	(577)	(577)
Net book value	1	1

- (a) As of 31 December 2025, certain property, plant and equipment of the Group with a net carrying value of RM317,823,000 (2024: RM750,801,000) were charged to licensed banks to secure credit facilities granted to the Group as disclosed in Note 32 to the financial statements.
- (b) The Group assesses whether there is any indication of impairment at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use.

In performing the impairment assessment of the carrying amount of property, plant and equipment, the recoverable amount is determined using:

- i) value-in-use ("VIU") calculation. These calculations use pre-tax cash flow projections covering a five-year period approved by management. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates or lease term; or
- ii) fair value less cost. Fair value less cost to sell is determined based on estimates prepared by an independent property valuation expert. The fair value is estimated based on adjusted market comparison approach by reference to transacted prices for similar property. Adjusted market comparison considers location, land size, tenure and condition of the property.

During the financial year, the Group has recognised an impairment charge of RM6,903,000 and reversal of impairment charge of RM16,041,000 (2024: impairment charge of RM18,900,000) 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.

**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):

	Group	
	2025 RM'000	2024 RM'000
<u>Carrying amount</u>		
Plant and machinery	19,229	12,900
Motor vehicles	21,199	20,425
Furniture, fittings and equipment	45	77
	40,473	33,402

- (d) Additions of property, plant and equipment

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

	Group	
	2025 RM'000	2024 RM'000
Cash payments	450,013	332,635
Unpaid balances included under other payables	9,658	9,661
Cash paid in respect of acquisitions in previous financial year	(9,661)	(9,624)
Financed by hire purchase	16,256	3,812
	466,266	336,484

11 INVESTMENT PROPERTIES

	Group RM'000
<u>Net book value</u>	
At 1 January 2024	40,245
Additions	1,483
Transfer from property, plant and equipment (Note 10)	(10,363)
Depreciation charge for the financial year	(217)
	31,148
At 31 December 2024/1 January 2025	31,148
Additions	5,688
Depreciation charge for the financial year	(216)
	36,620
At 31 December 2025	36,620



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11 INVESTMENT PROPERTIES (CONT'D)

	Group RM'000
<u>At 31 December 2025:</u>	
Cost	47,108
Accumulated depreciation	(10,488)
Net book value	36,620
<u>At 31 December 2024:</u>	
Cost	41,420
Accumulated depreciation	(10,272)
Net book value	31,148
	Group
	2025 2024
	RM'000 RM'000
Fair values	73,818 96,122

The property rental income earned by the Group from investment properties, certain of which are leased out under operating leases, amounted to RM1,569,000 (2024: RM1,374,000). Direct operating expenses arising from investment properties that are revenue-generating of the Group amounted to RM93,000 (2024: RM99,000).

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.

	2025 RM'000	2024 RM'000
<u>Group</u>		
Within 1 year	1,560	1,584
In the 2 nd year	1,143	1,557
In the 3 rd year	164	1,023
In the 4 th year	16	44
In the 5 th year	–	35
Total undiscounted lease payments	2,883	4,243



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 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 2024/1 January 2025	38,251	186,673	99,362	63,306	4,874	392,466
Additions	2,258	7,624	10,709	19,654	7,793	48,038
Lease modification	-	-	1,989	-	-	1,989
Remeasurement*	-	-	-	112	-	112
Terminations	-	-	-	(316)	-	(316)
Foreign exchange differences	-	(21,623)	(6,047)	(4,107)	(833)	(32,610)
Depreciation charge for the financial year	(580)	(8,952)	(9,612)	(22,706)	(3,932)	(45,782)
Impairment charge for the financial year	-	(870)	-	(255)	-	(1,125)
Reversal of impairment for the financial year	-	-	-	131	-	131
At 31 December 2025	39,929	162,852	96,401	55,819	7,902	362,903

*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 (CONT'D)

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	2025 RM'000	2024 RM'000
Interest expense (included in finance costs)	7	7,695	9,018
Expense relating to short-term leases (included in rental expenses)	6	11,598	11,214
Expense relating to leases of low value assets that are not shown above as short-term leases (included in rental expenses)	6	350	455
The total cash outflow for leases		55,688	48,099

Additions of right-of-use assets

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

	2025 RM'000	2024 RM'000
Cash payments	12,766	13,567
Future lease payment included in lease liabilities	35,068	41,008
Provision for asset retirement obligation	204	275
Addition of right-of-use assets	48,038	54,850

The Group assesses whether there is any indication of impairment at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use.

In performing the impairment assessment of the carrying amount of right-of-use assets, the recoverable amount is determined using:

- i) value-in-use ("VIU") calculation. These calculations use pre-tax cash flow projections covering a five-year period approved by management. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates or lease term; or
- ii) fair value less cost. Fair value less cost to sell is determined based on estimates prepared by an independent property valuation expert. The fair value is estimated based on adjusted market comparison approach by reference to transacted prices for similar property. Adjusted market comparison considers location, land size, tenure and condition of the property.

During the financial year, the Group has recognised an impairment charge of RM1,125,000 and reversal of impairment charge of RM131,000 (2024: impairment charge of RM99,000) 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.

**13 INTANGIBLE ASSETS**

	Goodwill on consolidation RM'000	Business customer RM'000	Total RM'000
Group			
Cost			
At 1 January 2024	110,604	11,812	122,416
Translation differences	(2,873)	(648)	(3,521)
At 31 December 2024/1 January 2025	107,731	11,164	118,895
Translation differences	(1,848)	(443)	(2,291)
At 31 December 2025	105,883	10,721	116,604
Less: Accumulated amortisation			
At 1 January 2024	–	11,812	11,812
Translation differences	–	(648)	(648)
At 31 December 2024/1 January 2025	–	11,164	11,164
Translation differences	–	(443)	(443)
At 31 December 2025	–	10,721	10,721
Less: Accumulated impairment losses			
At 1 January 2024	8,092	–	8,092
Addition	8,404	–	8,404
At 31 December 2024/1 January 2025	16,496	–	16,496
Addition	–	–	–
At 31 December 2025	16,496	–	16,496
Net carrying amount			
At 31 December 2025	89,387	–	89,387
At 31 December 2024	91,235	–	91,235



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13 INTANGIBLE ASSETS (CONT'D)

(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 RM89.4 million (2024: RM91.2 million) had been allocated to the following cash generating units ('CGUs') for the purpose of impairment testing.

	Group	
	2025 RM'000	2024 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	45,513	47,361
Poultry farming and breeding	3,530	3,530
	89,387	91,235

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.

In the previous 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.

Sensitivity

As at 31 December 2025 and 31 December 2024, the recoverable amount of CGUs above, except for Leong Hup Food Pte. Ltd., are estimated to exceed the carrying amounts and is not sensitive to any reasonable change in the key assumptions.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13 INTANGIBLE ASSETS (CONT'D)

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% (2024: 9.7%) was applied, benchmarked against comparable companies at the date of assessment.
- A terminal growth rate 2.5% (2024: 2.5%) 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 10.3% (2024: 12.0%) was applied, benchmarked against comparable companies at the date of assessment.
- A terminal growth rate 3.0% (2024: 3.0%) was applied.

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost	1,587,687	1,547,687
Capital contribution to subsidiaries – ESOS Options	14,229	12,088
	1,601,916	1,559,775

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

Name of the Company	Effective percentage of ownership		Principal activities
	2025 %	2024 %	
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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2025 %	2024 %	
Direct subsidiaries (Cont'd)			
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
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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2025 %	2024 %	
Indirect subsidiaries (Cont'd)			
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
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
Ternakan Emas Sdn. Bhd.*	100.00	100.00	Dormant
Golden Egg Sdn. Bhd.*	100.00	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	29.60	29.19	Investment holding and provision of management services



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2025 %	2024 %	
Indirect subsidiaries (Cont'd)			
Teo Seng Farming Sdn. Bhd.*	29.60	29.19	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.*	29.60	29.19	Manufacturing and marketing of egg trays
Teo Seng Feedmill Sdn. Bhd.*	29.60	29.19	Manufacturing and marketing of animal feeds
Ritma Prestasi Sdn. Bhd.*	29.60	29.19	Distribution of pet food, medicine and other animal health related products
Professional Vet Enterprise Sdn. Bhd.*	29.60	29.19	Distribution of pet food, medicine and other animal health related products
Success Century Sdn. Bhd.*	29.60	29.19	Planting, trading and processing of fruits and related products. The subsidiary has ceased its business operations relating to the management and renting of poultry related properties in 2025.
B-Tech Aquaculture Sdn. Bhd.*	29.60	29.19	Dormant - under members' voluntary winding up process
Laskar Fertiliser Sdn. Bhd.*	29.60	29.19	The subsidiary has ceased its business operations relating to the management and renting of poultry related properties in 2025.
Teo Seng Integrated Farming Sdn. Bhd. *	29.60	29.19	Poultry farming, manufacturing and marketing of animal feed, fertiliser and related poultry products - yet to commence operations and under members' voluntary winding up process
Trendata Science Sdn. Bhd.*	19.24	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)	29.60	29.19	Wholesaler, importers, exporters of eggs products

**14 INVESTMENT IN SUBSIDIARIES (CONT'D)**

Name of the Company	Effective percentage of ownership		Principal activities
	2025 %	2024 %	
Indirect subsidiaries (Cont'd)			
BH Fresh Food Pte. Ltd. ^{^#} (Incorporated in Singapore)	29.60	29.19	To carry on business of provide cold room services and other investment holding including renting of factory space to derive rental income.
Ritma Premier Pte. Ltd. ^{^#} (Incorporated in Singapore)	29.60	29.19	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	60.00	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
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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2025 %	2024 %	
Indirect subsidiaries (Cont'd)			
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
Prestige Fortune Sdn. Bhd.*	60.00	60.00	Investment holding, poultry farming and trading of related products
Prestige Fortune (S) Pte. Ltd.# (Incorporated in Singapore)	60.00	60.00	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# ^B (Incorporated in Indonesia)	58.02	57.80	Investment holding, poultry feed industry and day-old-chick farming
PT Bibit Indonesia# (Incorporated in Indonesia)	57.96	57.74	Broiler grandparent stock farming
PT Prima Fajar# (Incorporated in Indonesia)	58.01	57.79	Broiler chicken farming



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of the Company	Effective percentage of ownership		Principal activities
	2025 %	2024 %	
Indirect subsidiaries (Cont'd)			
PT Leong Ayamsatu Primadona# (Incorporated in Indonesia)	58.01	57.79	Day-old-chick and broiler chicken farming
PT Malindo Food Delight# (Incorporated in Indonesia)	58.01	57.79	Processing and preserving of meat
PT Quality Indonesia & (Incorporated in Indonesia)	40.60	40.45	Dormant
PT Mitra Bebek Persada# (Incorporated in Indonesia)	57.93	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

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').



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

	Teo Seng RM'000	Lee Say RM'000	PT Malindo RM'000
2025			
Effective interest of ordinary shares and voting shares held by NCI (%)	70.40	^	41.98
Summarised statements of comprehensive income:			
Revenue	735,877	369,119	3,282,311
Net profit for the financial year	142,074	21,893	111,348
Total comprehensive income	140,996	21,893	(19,956)
Attributable to NCI:			
Net profit for the financial year	100,020	8,312	46,744
Total comprehensive income	99,261	8,312	(8,378)
<hr/>			
Dividends paid to NCI	13,279	-	15,700
<hr/>			
Summarised statements of financial position:			
Non-current assets	499,292	60,851	576,060
Current assets	470,502	277,856	746,446
Non-current liabilities	(84,214)	(16,906)	(112,410)
Current liabilities	(169,906)	(60,962)	(564,295)
<hr/>			
Net assets	715,674	260,839	645,801
<hr/>			
Attributable to:			
- owners of the Company	211,840	159,485	374,694
- non-controlling interests	503,834	101,354	271,107
<hr/>			
	715,674	260,839	645,801
<hr/>			



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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
2025			
Summarised statements of cash flows:			
Cash flows from operating activities	153,792	46,287	215,642
Cash flows from investing activities	(85,754)	(27,778)	(96,219)
Cash flows from financing activities	(10,424)	(10,226)	(77,439)
Net movement in cash and cash equivalents	57,614	8,283	41,984
Effects of exchange rate changes on cash and cash equivalents	(975)	(4,107)	(12,081)
Cash and cash equivalents at 1 January	126,843	28,946	82,889
Cash and cash equivalents at 31 December	183,482	33,122	112,792

[^] The NCI disclosed in the financial year ended 31 December 2025 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
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	-



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 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
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 45.00%).



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

31.12.2025

Changes of investment in a subsidiary

During the financial year, TSC acquired 8,168,200 of its own ordinary shares for cash consideration of RM8,494,587.

The effective equity interest of the Company in TSC increased from 29.19% to 29.60%.

During the financial year, PT Malindo acquired 8,252,500 of its own ordinary shares for cash consideration of RM1,604,591.

The effective equity interest of the Company in PT Malindo increased from 57.80% to 58.02%.

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 2024.

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%.

15 INVESTMENT IN ASSOCIATES

	Group	
	2025	2024
	RM'000	RM'000
At cost:		
Unquoted shares	1,589	1,407
Share of post-acquisition results (net of dividends received)	1,095	410
Translation differences	(38)	(7)
	2,646	1,810



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15 INVESTMENT IN ASSOCIATES (CONT'D)

Details of associates are as follows:

Name of entity	Place of business and country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Indahgrains Logistics Sdn. Bhd. [^] Greatmammoth Properties, Inc. [#]	Malaysia	22.25%	Note 1	Equity
CTS Biogas Sdn. Bhd. [^]	The Philippines	40.00%	Note 2	Equity
	Malaysia	49.00%	Note 3	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.

Note 3: CTS Biogas Sdn. Bhd. engages in the operation of power generation facilities that produce electrical energy.

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	
	2025 RM'000	2024 RM'000
Reconciliation:		
At 1 January	1,810	1,674
Group's share of profit for the financial year	685	356
Additions	182	–
Dividend	–	(204)
Translation differences	(31)	(16)
At 31 December	2,646	1,810

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	
	2025	2024
	RM'000	RM'000
Deferred tax assets	53,249	63,597
Deferred tax liabilities	(160,116)	(150,582)
At 31 December	(106,867)	(86,985)

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

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	(86,985)	(69,397)
Credited/(Charged) to profit or loss (Note 8)		
- Property, plant and equipment	(4,602)	6,775
- Employee benefit obligation	1,147	1,229
- Unutilised tax losses	871	(11,770)
- Trade and other receivables	769	1,635
- Trade and other payables	(1,264)	6,272
- Right-of-use assets	167	(64)
- Biological assets	(8,976)	(16,196)
- Others	(493)	(1,103)
	(12,381)	(13,222)
Translation differences	(7,403)	(4,232)
Credit to other comprehensive income	(98)	(134)
At 31 December	(106,867)	(86,985)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16 DEFERRED TAXATION (CONT'D)

	Group	
	2025 RM'000	2024 RM'000
Subject to income tax:		
Deferred tax assets (before offsetting):		
- Property, plant and equipment	16,817	20,131
- Employee benefit obligation	8,419	8,458
- Unutilised tax losses	10,275	12,672
- Trade and other receivables	10,904	5,288
- Trade and other payables	10,668	12,886
- Biological assets	2,899	5,729
- Lease liabilities	8,736	9,358
	68,718	74,522
Offsetting	(15,469)	(10,925)
Deferred tax assets (after offsetting)	53,249	63,597
Deferred tax liabilities (before offsetting):		
- Property, plant and equipment	(137,885)	(132,056)
- Investment properties	(644)	(644)
- Trade and other receivables	(134)	(195)
- Right-of-use assets	(9,504)	(10,247)
- Biological assets	(23,937)	(17,269)
	(172,104)	(160,411)
Offsetting	15,469	10,925
Deferred tax liabilities (after offsetting)	(156,635)	(149,486)
Subject to real property gain tax:		
Deferred tax liabilities		
- Property, plant and equipment	(3,481)	(1,096)
	(160,116)	(150,582)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 BIOLOGICAL ASSETS

	Group	
	2025 RM'000	2024 RM'000
<u>At fair value less cost to sell:</u>		
Breeders (grandparent stock)	39,948	38,552
Breeders (parent stock)	242,449	240,494
Commercial layers	179,402	152,541
Broilers	72,142	69,123
Hatching eggs	87,951	68,491
Others	2,415	2,562
	624,307	571,763

The movement of biological assets can be analysed as follows:

	Group	
	2025 RM'000	2024 RM'000
<u>Breeders (grandparent stock)</u>		
At 1 January	38,552	41,414
Additions	41,300	39,044
Change in fair value	1,767	(1,222)
Livestock losses	(6,051)	(5,569)
Depopulation	(34,124)	(33,990)
Foreign currency translation	(1,496)	(1,125)
At 31 December	39,948	38,552
<u>Breeders (parent stock)</u>		
At 1 January	240,494	248,719
Additions	88,506	88,683
Change in fair value	110,713	119,108
Livestock losses	(34,503)	(38,081)
Depopulation	(144,935)	(167,964)
Foreign currency translation	(17,826)	(9,971)
At 31 December	242,449	240,494
<u>Commercial layers</u>		
At 1 January	152,541	93,313
Additions	24,409	23,092
Change in fair value	88,702	95,443
Livestock losses	(11,238)	(4,613)
Depopulation	(71,742)	(53,296)
Foreign currency translation	(3,270)	(1,398)
At 31 December	179,402	152,541



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 BIOLOGICAL ASSETS (CONT'D)

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

	2025 RM'000	Group 2024 RM'000
<u>Broilers</u>		
At 1 January	69,123	63,419
Additions	271,911	263,642
Change in fair value	399,575	259,102
Livestock losses	(50,417)	(38,621)
Sales of live birds	(612,625)	(474,966)
Foreign currency translation	(5,425)	(3,453)
At 31 December	72,142	69,123
<u>Hatching eggs</u>		
At 1 January	68,491	65,622
Additions	980,849	881,488
Discarded eggs	(254,561)	(243,190)
Sales of hatching eggs and day-old-chick	(701,172)	(632,856)
Foreign currency translation	(5,656)	(2,573)
At 31 December	87,951	68,491
Others	2,415	2,562
	624,307	571,763

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:

	2025 birds('000)	Group 2024 birds('000)
<u>Livestock</u>		
- Layers	9,383	8,689
- Breeders	5,755	5,196
- Broilers	16,051	13,203

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

	2025	Group 2024
<u>Livestock</u>		
- Layers ('000 eggs)	2,179,313	2,040,780
- Breeders ('000 DOC)*	649,969	624,844
- Broilers ('000 kg)	305,963	284,075

*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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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. Number of table eggs referenced to historical egg produced 	<p>The higher the estimated selling price, the higher the fair value</p> <p>The higher the costs, the lower the fair value</p> <p>The higher the number of eggs, the higher 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. 	<p>The higher the estimated selling price, the higher the fair value</p>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 BIOLOGICAL ASSETS (CONT'D)

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

	2025 RM'000	2024 RM'000
<u>Breeders and hatching eggs</u>		
Projected selling price of		
- DOC (parent stock)	13.78 - 20.13	15.73 - 17.83
- Hatching egg (parent stock)	-	5.05 - 5.64
- DOC (broiler/layer)	1.48 - 4.41	1.57 - 4.28
Feed cost per kg for		
- grandparent stocks	1.89 - 2.90	2.55 - 3.17
- parent stocks	1.84 - 2.48	1.97 - 2.65
<u>Commercial layers</u>		
Projected selling prices for table eggs per egg	0.33 - 0.47	0.35 - 0.47
Number of table eggs produced by each layer	326 - 468	326 - 432
Feed cost per kg	1.60 - 2.11	1.74 - 2.10
<u>Broilers</u>		
Projected selling prices for broilers per kg	5.27 - 12.54	5.54 - 12.07
Feed cost per kg	1.77 - 2.53	1.94 - 2.72

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Commercial layers</u>				
- increased by 10% (2024: 10%)	59,134	51,259	(27,289)	(28,368)
- decreased by 10% (2024: 10%)	(59,134)	(51,259)	27,289	28,368
<u>Breeders</u>				
- increased by 10% (2024: 10%)	59,601	54,767	(12,373)	(12,753)
- decreased by 10% (2024: 10%)	(59,601)	(54,767)	12,373	12,753
<u>Others</u>				
- increased by 10% (2024: 10%)	36,152	32,434	(6,095)	(5,469)
- decreased by 10% (2024: 10%)	(36,152)	(32,434)	6,095	5,469



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 2025, certain biological assets of the Group amounting to RM76,897,000 (2024: RM86,701,000) 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	
	2025	2024
	RM'000	RM'000
Processed chickens and trading stocks	86,549	121,389
Poultry feeds	58,675	57,381
Consumable supplies	92,854	99,997
Raw material	487,359	677,550
Work-in-progress	3,633	3,459
Others	6,913	8,824
	735,983	968,600

As at 31 December 2025, certain inventories of the Group amounting to RM80,621,000 (2024: RM96,625,000) 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	
	2025	2024
	RM'000	RM'000
Trade receivables	475,465	529,070
Amounts due from related parties	149,087	139,143
	624,552	668,213
Less: Provision for impairment of trade receivables	(33,231)	(45,042)
	591,321	623,171

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

As at 31 December 2025, certain trade receivables of the Group amounting to RM55,058,000 (2024: RM79,176,000) 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 (CONT'D)

19 TRADE RECEIVABLES (CONT'D)

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

	Group	
	2025 RM'000	2024 RM'000
At 1 January	45,042	43,381
Impairment loss (reversed)/recognised	(2,224)	9,180
Impairment loss written off	(5,198)	(4,535)
Translation differences	(4,389)	(2,984)
At 31 December	33,231	45,042

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current				
Other receivables	49,019	37,598	16,698	10,755
Deposits	38,570	26,017	-	-
Less: Impairment losses	87,589 (698)	63,615 (352)	16,698 -	10,755 -
GST/VAT receivable	86,891	63,263	16,698	10,755
Prepaid expenses	1,770	1,836	-	-
Advances to suppliers	26,888	24,084	95	97
	103,756	75,902	-	-
	219,305	165,085	16,793	10,852
Non-current				
Deposits	5,275	5,472	-	-
Prepaid expenses	3,123	882	-	-
Advances	9,697	6,649	-	-
	18,095	13,003	-	-
	237,400	178,088	16,793	10,852

As at 31 December 2025, certain other receivables of the Group amounting to RM9,710,000 (2024: RM6,604,000) 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 (CONT'D)

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

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

	Group	
	2025 RM'000	2024 RM'000
At 1 January	352	214
Impairment loss recognised	403	154
Translation differences	(57)	(16)
At 31 December	698	352

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 (2024: 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 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 2024/31 December 2025	-	-	-

In the previous financial year, 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 (CONT'D)

24 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group			
	Contract/ Notional Amount RM'000	2025 Derivative Assets/ (Liabilities) RM'000	Contract/ Notional Amount RM'000	2024 Derivative Assets/ (Liabilities) RM'000
Current assets				
Forward foreign exchange contracts	–	–	54,750	789
Current liabilities				
Forward foreign exchange contracts	32,953	(74)	–	–
Interest rate swap contract	118,395	(759)	–	–
	151,348	(833)	–	–

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, CNY and EURO for which firm commitments existed at the end of the reporting period. The settlement dates on forward foreign exchange contracts range from 1 week to 36 weeks (2024: 4 weeks to 6 months). The interest rate swap contract is used to manage the Group's exposure to interest rate risk on its borrowings denominated in USD. The settlement date on interest rate swap contract is 74 weeks (2024: Nil).

The Group has recognised a loss of RM1,107,000 (2024: gain of RM1,908,000) arising from fair value changes of derivatives and RM514,000 of unrealised foreign exchange loss (2024: loss of RM1,366,000) 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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed deposits with licensed banks	364,677	248,514	–	–
Cash on hand and at banks	646,946	522,156	1,596	1,086
Total cash and bank balances	1,011,623	770,670	1,596	1,086
Less: Bank overdraft (Note 32)	(5,282)	(8,621)	–	–
Less: Fixed deposits pledged as collateral	(33,387)	(13,629)	–	–
Less: Fixed deposits of more than three months maturity with licensed banks	(145,934)	(69,736)	–	–
Cash and cash equivalents	827,020	678,684	1,596	1,086

Certain fixed deposits with licensed bank of the Group with maturity period of 12 months and at a total carrying amount of RM33,387,000 (2024: RM13,629,000) 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 (2024: 7 to 365 days).

The weighted average effective interest rate of the fixed deposits with licensed banks ranges from 3.49% to 4.92% (2024: 3.29% to 5.81%) per annum.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26 SHARE CAPITAL

	Group and Company			
	2025		2024	
	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	3,651,702	1,500,714	3,650,000	1,499,684
Shares issued under ESOS	3,269	1,978	1,702	1,030
At end of financial year	3,654,971	1,502,692	3,651,702	1,500,714

27 TREASURY SHARE

As at 31 December 2025, the Company held as treasury shares a total of 207,522,000 ordinary shares, repurchased from the open market for RM132,607,000 at an average price of RM0.64 per share.

	Group and Company			
	2025		2024	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At beginning of financial year	18,917	11,547	–	–
Shares repurchased	188,605	121,060	18,917	11,547
At end of financial year	207,522	132,607	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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29 RESERVES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Foreign currency translation reserve	(i)	(267,433)	(79,464)	–	–
Retained earnings	(ii)	2,164,932	1,698,602	182,988	56,860
ESOS reserve	(iii)	5,020	3,277	5,020	3,277
Share application money		130	–	130	–
		1,902,649	1,622,415	188,138	60,137

(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 2025 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

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 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.

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:

2025

Date of offer	Exercise price	As at 1.1.2025	Number of options over ordinary shares ('000)			
			Granted and accepted	(Exercised)	(Expired)/ (Lapsed)	As at 31.12.2025
19 July 2024	RM0.605	42,386	-	(3,485)	(1,577)	37,324



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

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

2024

Date of offer	Exercise price	As at 1.1.2024	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
		31,517	44,268	(1,702)	(31,697)	42,386

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	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%

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%

31 LEASE LIABILITIES

	Group	
	2025 RM'000	2024 RM'000
Classified as:		
- Current	31,262	30,708
- Non-current	133,830	145,394
	165,092	176,102

The lease liabilities represent the present value of remaining lease payments, discounted using the Group's weighted average incremental borrowing rate of 4.54% (2024: 4.52%) per annum.

**32 BANK BORROWINGS**

	Group	
	2025 RM'000	2024 RM'000
Secured:		
<u>Current</u>		
Bank overdrafts	5,282	8,621
Term loans (a)	98,032	108,201
Revolving credits	292,800	287,730
Hire purchase liabilities (c)	6,967	3,693
	403,081	408,245
<u>Non-current</u>		
Term loans (a)	282,719	416,018
Hire purchase liabilities (c)	8,383	2,734
	291,102	418,752
	694,183	826,997
Unsecured:		
<u>Current</u>		
Bankers' acceptances	150,836	202,647
Term loans (b)	23,006	35,142
Revolving credits	205,183	154,425
Trust receipts	315,749	455,299
Trade financing	66,935	–
Sukuk Mudharabah (d)	63,000	163,000
	824,709	1,010,513
<u>Non-current</u>		
Term loans (b)	73,188	54,040
Sukuk Mudharabah (d)	291,209	103,155
	364,397	157,195
	1,189,106	1,167,708
Total borrowings	1,883,289	1,994,705
Total borrowings:		
Bankers' acceptances	150,836	202,647
Bank overdrafts (Note 25)	5,282	8,621
Term loans	476,945	613,401
Revolving credits	497,983	442,155
Trust receipts	315,749	455,299
Trade financing	66,935	–
Hire purchase liabilities (c)	15,350	6,427
Sukuk Mudharabah (d)	354,209	266,155
	1,883,289	1,994,705
Less: Amount due within 12 months	(1,227,790)	(1,418,758)
Non-current portion	655,499	575,947



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32 BANK BORROWINGS (CONT'D)

The term loans of the Group include:

(a) Secured

- (i) A floating-rate term loan amounting to SGD43.3 million (equivalent to RM142.3 million) was drawn down in September 2024. The outstanding balance at the end of the financial year is SGD40.0 million (equivalent to RM126.4 million) (2024: SGD43.3 million (equivalent to RM142.3 million)). The loan is repayable in 20 quarterly instalments commencing 9 months from the first draw down date in September 2024.
- (ii) A floating-rate term loan amounting to SGD22.8 million (equivalent to RM74.9 million) was drawn down in September 2024. The outstanding balance at the end of the financial year is SGD21.1 million (equivalent to RM66.5 million) (2024: SGD22.8 million (equivalent to RM74.9 million)). The loan is repayable in 20 quarterly instalments commencing 9 months from the first draw down date in September 2024.
- (iii) A floating-rate term loan of PHP265.0 million (equivalent to RM22.0 million) was drawn down between June 2023 to November 2023. The outstanding balance at the end of the financial year is PHP147.2 million (equivalent to RM10.1 million) (2024: PHP206.1 million (equivalent to RM16.0 million)). The loan is repayable in 17 quarterly instalments commencing 9 months from the first draw down date in June 2023.
- (iv) A floating-rate term loan of PHP290.0 million (equivalent to RM22.4 million) was drawn down in August 2024, October 2024 and November 2024. The outstanding balance at the end of the financial year is PHP241.7 million (equivalent to RM16.7 million) (2024: 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.
- (v) A floating-rate term loan of PHP230.0 million (equivalent to RM17.5 million) was drawn down in May 2024 and August 2024. The outstanding balance at the end of the financial year is PHP174.6 million (equivalent to RM12.0 million) (2024: 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.
- (vi) A floating-rate term loan of PHP450.0 million (equivalent to RM31.0 million) was partially drawn down in August 2025. The outstanding balance at the end of the financial year is PHP150.0 million (equivalent to RM10.3 million). The loan is repayable in 18 quarterly instalments commencing 6 months from the first draw down date in August 2025.
- (vii) A floating-rate term loan of IDR200.0 billion (equivalent to RM56.4 million) was drawn down in December 2022. The outstanding balance at the end of the financial year IDR66.7 billion (equivalent to RM16.3 million) (2024: IDR77.5 billion (equivalent to RM21.5 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.
- (viii) A floating-rate term loan of IDR200.0 billion (equivalent to RM58.4 million) was fully drawn down in December 2021. The outstanding balance at the end of the financial year is IDR120 billion (equivalent to RM29.3 million) (2024: IDR150.0 billion (equivalent to RM41.7 million)). The loan is repayable in 72 monthly instalments and is fully repayable by December 2028.
- (ix) Musyarakah fixed-rate term financing of IDR300.0 billion (equivalent to RM87.6 million) was fully drawn down in December 2021. The outstanding balance at the end of the financial year IDR180.0 billion (equivalent to RM43.9 million) (2024: is IDR225.0 billion (equivalent to RM62.6 million)). The financing is repayable in 72 monthly instalments and is fully repayable by December 2028.
- (x) A floating-rate term loan amounting to IDR400.0 billion (equivalent to RM114.4 million) was fully drawn down in 2020 and 2021. The outstanding balance at the end of the financial year is IDR111.9 billion (equivalent to RM27.3 million) (2024: IDR186.5 billion (equivalent to RM51.8 million)). The loan is repayable in 72 monthly instalments and is fully repayable by June 2027.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32 BANK BORROWINGS (CONT'D)

The term loans of the Group include: (Cont'd)

(b) Unsecured

- (i) A floating-rate term financing amounting to RM15.4 million was first drawn in September 2024. The subsidiary further drawdown RM9.7 million during the financial year. The outstanding balance at the end of the financial year is RM12.4 million (2024: RM3.4 million). The financing is repayable in 60 monthly instalments 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:

	2025 %	Group 2024 %
Ringgit Malaysia	4.9	5.2
Singapore Dollar	2.8	5.2
Indonesia Rupiah	7.0	7.3
Vietnamese Dong	6.0	6.9
Philippines Peso	6.5	7.8

(c) Hire purchase liabilities

Future instalment payments under hire purchase liabilities are as follows:

	2025 RM'000	Group 2024 RM'000
Instalment payments:		
- Not later than 1 year	7,590	3,883
- Later than 1 year but not later than 5 years	8,628	2,832
	16,218	6,715
Less: Future finance charges	(868)	(288)
Present value of hire purchase liabilities	15,350	6,427
Of which are:		
- Not later than 1 year	6,967	3,693
- Later than 1 year and not later than 5 years	8,383	2,734
	15,350	6,427



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32 BANK BORROWINGS (CONT'D)

(c) Hire purchase liabilities (Cont'd)

The carrying amounts and fair values of the hire purchase liabilities of the Group are as follows:

	2025 RM'000	Group 2024 RM'000
Carrying amount	15,350	6,427
Fair value	15,352	6,344

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.

On 22 December 2020, LHC completed an issuance of RM100 million in nominal value with a tenure of 5 years from the date of issuance. The first issuance was fully repaid 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 with a tenure of 3 to 5 years from the date of issuance.

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 with a tenure of 3 to 5 years from the date of issuance.

On 15 August 2025, LHC completed the fourth issuance of a total of RM100 million (RM30 million, RM30 million and RM40 million cumulatively) in nominal value with a tenure of 3 to 5 years from the date of issuance.

On 10 December 2025, LHC completed the fifth issuance of a total of RM150 million (RM50 million, RM50 million and RM50 million cumulatively) in nominal value with a tenure of 3 to 5 years from the date of issuance.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32 BANK BORROWINGS (CONT'D)

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	
	2025 RM'000	2024 RM'000
Ringgit Malaysia	833,878	713,778
Singapore Dollar	196,573	226,088
US Dollar	65,137	16,028
Indonesia Rupiah	424,148	491,645
Vietnamese Dong	260,494	408,008
Philippines Peso	103,059	139,158
	1,883,289	1,994,705

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.

There are no indications that the Group would have difficulties in complying with the covenants at the end of the reporting period.

The weighted average effective interest rates as at end of the financial year are as follows:

	Group	
	2025 %	2024 %
Bankers' acceptances	3.5	3.9
Bank overdrafts	7.0	8.0
Term loans	4.8	6.2
Revolving credits	5.4	5.8
Trust receipts	5.0	4.5
Trade financing	3.4	-
Hire purchase liabilities	3.1	3.4
Sukuk Mudharabah	4.1	4.8



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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	
	2025	2024
Retirement age	56 years	56 years
Discount rate (per annum)	6.5%	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	
	2025	2024
	RM'000	RM'000
At 1 January	39,908	38,971
Charge of current service cost	5,534	3,513
Interest cost	2,427	2,416
Benefit paid	(2,897)	(1,592)
Translation differences	(5,137)	(2,728)
Remeasurement of post-employment benefit obligation charged to other comprehensive income	(484)	(672)
At 31 December	39,351	39,908

The amounts recognised in consolidated statements of comprehensive income in respect of the defined benefit plan are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Charge of current service cost	5,534	3,513
Interest cost	2,427	2,416
Expenses recognised in profit or loss (Note 5(a))	7,961	5,929
Remeasurements:		
Actuarial gain arising from experience adjustment	(484)	(672)
Remeasurements gain of post-employment benefit obligation recognised in other comprehensive income	(484)	(672)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33 POST-EMPLOYMENT BENEFITS OBLIGATION (CONT'D)

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is as follows:

	Group	
	2025 RM'000	2024 RM'000
<u>Effect on defined benefit obligation</u>		
- 1% on discount rate	21	523
+ 1% on discount rate	(20)	(446)

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.

34 DEFERRED INCOME - GOVERNMENT GRANTS

	Group	
	2025 RM'000	2024 RM'000
As at 1 January	1,031	1,455
Amortised during the financial year	(342)	(356)
Translation differences	(29)	(68)
As at 31 December	660	1,031
Classified as:		
Current	330	344
Non-current	330	687
As at 31 December	660	1,031

The government grant received by a wholly owned subsidiary are for the undertaking of the redesign and enhancement of business processes to improve productivity.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35 PROVISION FOR ASSET RETIREMENT OBLIGATION

	Group	
	2025 RM'000	2024 RM'000
As at 1 January	4,918	5,086
Additions	204	275
Termination	(27)	(78)
Unwinding of discount	227	229
Remeasurement	–	(594)
As at 31 December	5,322	4,918

Provision for asset retirement obligation is provided for The Baker's Cottage café outlets in line with the terms and conditions stipulated in the tenancy agreement. The amount provided is the estimated cost to reinstate the premise to its original conditions.

36 TRADE PAYABLES

	Group	
	2025 RM'000	2024 RM'000
Trade payables	235,099	234,769
Amounts due to related parties	69,903	76,872
	305,002	311,641

Amounts due to related parties comprise payables to companies controlled by the Lau family amounting to RM68,710,000 (2024: RM75,932,000) and the Nam Family amounting to RM1,193,000 (2024: RM940,000). See Note 40 for significant related party disclosures.

37 OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other payables	124,900	109,759	50	136
Accrued expenses	123,545	148,135	2,124	2,022
Amounts due to related parties (non-trade)	13,820	14,265	–	–
	262,265	272,159	2,174	2,158
GST/VAT payable	2,593	2,017	–	–
Accrued payroll	108,343	132,695	340	363
	110,936	134,712	340	363
	373,201	406,871	2,514	2,521



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37 OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

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	
	2025 RM'000	2024 RM'000
Unsecured advances	87,624	21,035
Non-trade transactions	266	253
	<hr/> 87,890	<hr/> 21,288

The unsecured advances granted by a subsidiary bear interest rate of 5.3% (2024: 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

	Company	
	2025 RM'000	2024 RM'000
In respect of the financial year ended 31 December 2025:		
- Single-tier interim dividend of 1.00 sen per ordinary share on 3,598,892,600 ordinary shares, paid on 1 July 2025	35,989	-
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

On 8 January 2026, the Directors have approved a single-tier second interim dividend of 1.00 sen per ordinary share amounting to RM34,366,446 in respect of the financial year ended 31 December 2025 and the dividend was paid to the shareholders on 30 January 2026.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.	Lau family *
Emerging Success Pte. Ltd.	Lau family *
Emivest Sdn. Bhd.	Lau family *
Fiscal Laurel 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 *
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 *
Plenitude Hectares Sdn. Bhd.	Lau family *
Poly-Yarn Industries Sdn. Bhd.	Lau family *
Popular Yield Sdn. Bhd.	Lau family *
PT LeongHup JayaIndo	Lau family *
PT Sehat Cerah Indonesia	Lau family *
Safari Bird Park & Wonderland Sdn. Bhd.	Lau family *



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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>	
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:

	Group	
	2025 RM'000	2024 RM'000
<u>Associates</u>		
Advances granted	(915)	(9,394)
Interest income	1,727	1,727
<u>Companies controlled by the Lau family</u>		
Sales of goods	518,036	675,624
Purchases of goods	(474,039)	(493,268)
Transportation charges	(16,521)	(13,735)
Purchases of sundries	(10,952)	(8,834)
Interest income	44	63
Sales of property, plant and equipment	-	26
Purchase of property, plant and equipment	(258)	(295)
Management fee income	29	84
Rental income	4,700	7,026
Rental expense	(3,162)	(3,000)
Royalty fee	(1,862)	(1,909)
<u>Companies controlled by the Nam family</u>		
Transportation charges	(10,312)	(11,109)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

Significant related party transactions (Cont'd)

The following transactions with related parties were carried out on terms and conditions negotiated amongst the related parties: (Cont'd)

	Company	
	2025 RM'000	2024 RM'000
<u>Subsidiaries</u>		
Dividend income	174,573	118,859
Interest expense	(2,295)	(523)
Management fee expense	(1,626)	(1,445)
Advance from a subsidiary	97,000	21,000
Repayment to a subsidiary	(31,136)	(17,694)
<hr/>		
<u>Companies controlled by the Lau family</u>		
Royalty fee	(1,862)	(1,909)

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.

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Directors of the Company:</u>				
Fees	2,254	2,118	780	733
Salaries, bonuses and other benefits	56,013	48,524	435	174
Defined contribution benefits	6,476	5,297	59	10
ESOS expense ⁽ⁱ⁾	522	692	522	692
	65,265	56,631	1,796	1,609
<hr/>				
<u>Management Team other than Directors of the Company:</u>				
Salaries, bonuses and other benefits	24,238	21,439	-	-
Defined contribution benefits	1,356	1,124	-	-
ESOS expense ⁽ⁱ⁾	209	388	-	-
	25,803	22,951	-	-
	91,068	79,582	1,796	1,609

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 ("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 the allegation of the aforesaid infringement is without merit. In consultation with its external legal counsels, LFM had on 9 January 2024 appealed the Decision via the filing of the Notice of Appeal with the Competition Appeal Tribunal ("CAT") ("LFM's Appeal to CAT") and applied for a stay of the Decision pending the disposal of LFM's Appeal to the CAT ("LFM's Stay to CAT"). The hearing of LFM's Stay to CAT was concluded on 12 June 2024.

The CAT had on 6 December 2024 dismissed LFM's Stay to CAT ("CAT Decision on Stay"). LFM then filed an application on 16 December 2024 for leave at the High Court to institute judicial review proceeding against the CAT Decision on Stay ("LFM's Judicial Review on Stay"). In LFM's Judicial Review on Stay, LFM also sought an interim stay order to stay all actions, proceedings, execution and enforcement of the MyCC's Decision pending disposal of LFM's Judicial Review on Stay ("LFM's Interim Stay Application").

On 19 December 2024, LFM received an unsealed originating summons and an affidavit in support from MyCC's solicitors to enforce MyCC's Decision under Section 42 of the Act ("MyCC's Enforcement Application").

On 2 January 2025, the High Court of Kuala Lumpur granted LFM leave to institute LFM's Judicial Review on Stay. On the same day, the High Court also granted an ad interim stay order in relation to the MyCC's Decision, pending disposal of LFM's Interim Stay Application.

On 8 April 2025, the High Court of Kuala Lumpur heard and granted LFM's Interim Stay application and 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.

Meanwhile, the hearing of LFM's Appeal to CAT was conducted on 18 February 2025 and 18 April 2025.

The hearing of LFM's Judicial Review on Stay at the High Court of Kuala Lumpur was concluded on 23 July 2025. On 2 October 2025, the Judge at High Court of Kuala Lumpur allowed LFM's Judicial Review on Stay, with costs awarded to LFM. Accordingly, the Judge at the High Court of Kuala Lumpur ordered that the CAT Decision on Stay be quashed, and granted a stay of MyCC's Decision, including the imposition and payment of the financial penalty and all consequential actions, proceedings, execution and enforcement, pending the full and final disposal of LFM's Appeal to CAT.

Separately, the High Court had on 7 November 2025 struck out MyCC's Enforcement Application with liberty to file afresh after the CAT makes its decision on LFM's Appeal to CAT and ordered each party to bear its own costs.

On 11 February 2026, the CAT dismissed the LFM's Appeal to CAT with no order as to cost. In the oral grounds delivered, the CAT stated that it affirmed the findings and decisions in the MyCC's Decision ("CAT's Decision").

Subsequent to that, LFM had on 23 February 2026 received (a) an originating summons dated 13 February 2026; and (b) an affidavit in support from MyCC's solicitors for, inter alia, leave from the High Court for the CAT's Decision to be registered and enforced against LFM as a judgment of the High Court pursuant to Section 59 of the Competition Act 2010.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41 CONTINGENT LIABILITIES (CONT'D)

On the same day, 23 February 2026, LFM filed an application for leave to commence judicial review against the CAT's Decision ("LFM's Judicial Review of CAT's Decision"). In the LFM's judicial Review of CAT's Decision, LFM also applied for a stay of the CAT's Decision and MyCC's Decision, including all enforcement, execution, recovery or consequential proceedings, pending the full and final disposal of LFM's Judicial Review of CAT's Decision.

On 5 March 2026, the High Court at Kuala Lumpur granted LFM leave to commence LFM's Judicial Review of CAT'S Decision. The High Court also granted an ad interim stay order in relation to the CAT's Decision and MyCC's Decision, until the determination of LFM's Application for Interim Stay (as defined hereinafter). LFM's application for interim stay seeks to stay the CAT's Decision and MyCC's Decision, including all enforcement, execution, recovery or consequential proceedings arising from or pursuant to the said decisions, pending the full and final disposal of LFM's Judicial Review of CAT's Decision ("LFM's Application for Interim Stay").

During the case management on 9 April 2026, the High Court at Kuala Lumpur had fixed the hearing for LFM's Application for Interim Stay on 10 August 2026. The next case management for LFM's Judicial Review of CAT's Decision has been fixed on 18 June 2026.

42 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Acquisition of property, plant and equipment:		
- approved by Directors and contracted for	156,516	33,285

The capital commitments as at 31 December 2025 and 31 December 2024 include the estimated costs to be incurred in securing the certificate of completion and compliance on certain farms of the Group.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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					
2025					
<u>Financial assets</u>					
Trade receivables	591,321	-	-	-	591,321
Other receivables and deposits	92,166	-	-	-	92,166
Financial assets at fair value through other comprehensive income	-	-	7	-	7
Financial assets at fair value through profit or loss	-	-	-	6,520	6,520
Amount due from an associate	25,734	-	-	-	25,734
Cash and bank balances	1,011,623	-	-	-	1,011,623
	1,720,844	-	7	6,520	1,727,371
<u>Financial liabilities</u>					
Trade payables	-	305,002	-	-	305,002
Other payables and accrued expenses	-	262,265	-	-	262,265
Bank borrowings	-	1,883,289	-	-	1,883,289
Lease liabilities	-	165,092	-	-	165,092
Derivative financial liabilities	-	-	-	833	833
	-	2,615,648	-	833	2,616,481



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

43 CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	FAAC RM'000	FLAC RM'000	FVOCI RM'000	FVPL RM'000	Total RM'000
Group					
2024					
<u>Financial assets</u>					
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
<u>Financial liabilities</u>					
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	Total RM'000
Company					
2025					
<u>Financial assets</u>					
Other receivables and deposits			16,698	-	16,698
Amounts due from subsidiaries			1,358	-	1,358
Cash and bank balances			1,596	-	1,596
			19,652	-	19,652
<u>Financial liabilities</u>					
Other payables and accrued expenses			-	2,174	2,174
Amounts due to subsidiaries			-	87,890	87,890
			-	90,064	90,064



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

43 CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	FAAC RM'000	FLAC RM'000	Total RM'000
Company			
2024			
<u>Financial assets</u>			
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
<u>Financial liabilities</u>			
Other payables and accrued expenses	–	2,158	2,158
Amounts due to subsidiaries	–	21,288	21,288
	–	23,446	23,446

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 and trade amounts due from intercompanies 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

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

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.

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 0.38% (2024: 0.49%)

No significant changes to estimation techniques or assumptions were made during the reporting period.



44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

(ii) Other debt instruments 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 2025 and 31 December 2024 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

Group	Maturity				Total RM'000	Carrying amount RM'000
	Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000		
2025						
Trade payables	305,002	-	-	-	305,002	305,002
Other payables and accrued expenses	262,265	-	-	-	262,265	262,265
Lease liabilities	37,787	35,122	51,761	70,206	194,876	165,092
Term loans and Sukuk Mudharabah	221,984	332,476	376,792	5,390	936,642	831,154
Other bank borrowings	1,044,375	6,538	2,089	-	1,053,002	1,052,135
Derivative financial liabilities:						
Gross settled (forward foreign exchange contracts)	(33,728)	-	-	-	(33,728)	-
- inflow	33,802	-	-	-	33,802	74
- outflow	759	-	-	-	759	759
Net settled (interest rate swap contract)						
	1,872,246	374,136	430,642	75,596	2,752,620	2,616,481
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	983,631	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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Company

	Within 1 year	
	2025 RM'000	2024 RM'000
Other payables and accrued expenses	2,174	2,158
Amounts due to subsidiaries	92,534	22,403
	94,708	24,561

(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 RM'000	USD RM'000	Others RM'000	Total RM'000
Group				
2025				
<u>Financial assets</u>				
Trade receivables	8,386	3,940	83	12,409
Other receivables, deposits and prepaid expenses	10	2,396	9,588	11,994
Cash and bank balances	7,037	65,483	637	73,157
	15,433	71,819	10,308	97,560
<u>Financial liabilities</u>				
Trade payables	(1,585)	(23,150)	(2,173)	(26,908)
Other payables and accrued expenses	(1,159)	(1,927)	(1,352)	(4,438)
Bank borrowings	-	(60,264)	-	(60,264)
	(2,744)	(85,341)	(3,525)	(91,610)
Net currency exposure	12,689	(13,522)	6,783	5,950



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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				
2024				
<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

The following table demonstrates the sensitivity of the Group's profit after tax and equity to 1% and 3% (2024: 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	
	2025 RM'000	2024 RM'000
SGD		
- Strengthened 1% (2024:10%)	96	861
- Weakened 1% (2024:10%)	(96)	(861)
USD		
- Strengthened 1% (2024:5%)	103	2,451
- Weakened 1% (2024:5%)	(103)	(2,451)
Others		
- Strengthened 3% (2024: 5%)	155	42
- Weakened 3% (2024: 5%)	(155)	(42)



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate instruments:				
<u>Financial assets</u>				
Fixed deposits with licensed bank	364,677	248,514	-	-
Amount due from associate	25,734	27,925	-	-
	390,411	276,439	-	-
<u>Financial liabilities</u>				
Hire purchase liabilities	11,586	3,461	-	-
Bankers' acceptances	150,836	202,647	-	-
Revolving credits	497,983	442,155	-	-
Trust receipts	315,749	455,299	-	-
Trade financing	66,935	-	-	-
Term loans	43,920	62,550	-	-
Amounts due to subsidiaries	-	-	87,890	21,288
	1,087,009	1,166,112	87,890	21,288
Floating rate instruments:				
<u>Financial liabilities</u>				
Hire purchase liabilities	3,763	2,966	-	-
Bank overdrafts	5,282	8,621	-	-
Term loans	433,025	550,851	-	-
Sukuk Mudharabah	354,209	266,155	-	-
	796,279	828,593	-	-



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Interest rate risk (Cont'd)

The following table illustrates the sensitivity of profit 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.

	Net profit/(loss) for the year	
	+50bp	-50 bp
	RM'000	RM'000
Group		
31 December 2025	(3,026)	3,026
31 December 2024	(3,149)	3,149

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 (CONT'D)

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.

Group	Fair value of financial instrument carried at fair value Level 1 RM'000	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
2025				
<u>Financial assets:</u>				
Financial assets at fair value through other comprehensive income	–	–	7	7
Financial assets at fair value through profit or loss	6,520	–	–	6,520
	6,520	–	7	6,527
<u>Financial liabilities:</u>				
Derivative financial liabilities (Note 24)	–	833	–	833
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

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

Group	Fair value of assets not carried at fair value Level 3 RM'000	Carrying amount RM'000
2025		
Investment properties (Note 11)	73,818	36,620
<hr/>		
2024		
<u>Assets:</u>		
Investment properties (Note 11)	96,122	31,148
<hr/>		

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.

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 or undertake transactions involving treasury shares.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

46 CAPITAL MANAGEMENT (CONT'D)

The Group's debt-to-equity ratio as of the reporting period under review is as follows:

	Group	
	2025 RM'000	2024 RM'000
Total borrowings (Note 32)	1,883,289	1,994,705
Cash and bank balances (excluding fixed deposit pledged as collateral)	(978,236)	(757,041)
Net debts	905,053	1,237,664
Total equity	3,564,842	3,327,436
Debt-to-equity ratio (times)^	0.25	0.37

^ 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 revenue and 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.
- (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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

47 OPERATING SEGMENTS (CONT'D)

Business segments

2025	Livestock & poultry related products RM'000	Feedmill RM'000	Inter- segment elimination RM'000	Group RM'000
Revenue				
- external revenue	5,373,986	3,441,801	-	8,815,787
- inter-segment revenue	-	1,100,074	(1,100,074)	-
Revenue from sales of goods	5,373,986	4,541,875	(1,100,074)	8,815,787
Revenue from other sources				13,395
Total revenue				<u>8,829,182</u>
EBITDA	666,954	565,091	(122)	1,231,923
Depreciation	(238,052)	(69,954)	-	(308,006)
Share of results in associates	428,902	495,137	(122)	923,917
Finance costs				685
Profit before taxation				<u>823,409</u>
Tax expense				(161,483)
Net profit for the financial year				<u>661,926</u>
Assets				
Segment assets	4,567,728	3,721,086	(1,855,258)	6,433,556
Unallocated assets:				
Investment properties				36,620
Financial assets at fair value through profit or loss				6,520
Deferred tax assets				53,249
Tax recoverable				9,135
Total assets				<u>6,539,080</u>
Liabilities				
Segment liabilities	1,335,131	1,404,917	(1,850,587)	889,461
Unallocated liabilities:				
Borrowings				1,883,289
Deferred tax liabilities				160,116
Tax payable				41,372
Total liabilities				<u>2,974,238</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

47 OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

2025 (Cont'd)	Livestock & poultry related products RM'000	Feedmill RM'000	Inter- segment elimination RM'000	Group RM'000
Other disclosure				
Capital expenditure*	432,871	87,109	(5,676)	514,304
Non-cash item (other than depreciation)	2,196	1,480	4,736	8,412
Purchases of inventories and livestock	2,866,988	4,037,916	(1,100,074)	5,804,830
2024				
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				
Depreciation	594,105	615,439	(5,807)	1,203,737
	(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 (CONT'D)

47 OPERATING SEGMENTS (CONT'D)

Business segments (Cont'd)

2024 (Cont'd)	Livestock & 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				<u>3,116,859</u>
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

* Includes capital expenditure in respect of property, plant and equipment ("PPE") and right-of-use assets in financial year ended 31 December 2025 and 31 December 2024.

Geographical Information

Revenue from contracts with customers

Revenue is analysed based on the country in which the head office is located.

	Group	
	2025 RM'000	2024 RM'000
Malaysia	2,345,336	2,299,503
Singapore	813,962	829,711
Indonesia	3,283,271	3,589,369
Vietnam	1,582,876	1,868,137
The Philippines	790,342	711,276
Total revenue	<u>8,815,787</u>	<u>9,297,996</u>

**47 OPERATING SEGMENTS (CONT'D)**Geographical Information (Cont'd)**EBITDA**

	Group	
	2025	2024
	RM'000	RM'000
Malaysia	570,742	507,850
Singapore	71,063	60,377
Indonesia	237,332	304,529
Vietnam	225,855	206,980
The Philippines	126,931	124,001
Total EBITDA	1,231,923	1,203,737

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.

	Group	
	2025	2024
	RM'000	RM'000
Malaysia	1,808,625	1,630,000
Singapore	276,215	301,986
Indonesia	521,083	566,536
Vietnam	365,683	422,399
The Philippines	277,471	279,003
Total non-current assets	3,249,077	3,199,924

Total Borrowings (excluding lease liabilities)

	Group	
	2025	2024
	RM'000	RM'000
Malaysia	833,879	713,778
Singapore	196,572	226,088
Indonesia	424,148	491,646
Vietnam	325,631	424,035
The Philippines	103,059	139,158
Total borrowings	1,883,289	1,994,705

Major customers

There is no single customer that has contributed 10% or more of the Group's revenue throughout the reported financial years.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 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 2025, 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 17 October 2025, the Group transitioned all its JIBOR variable rate IDR borrowings to the Indonesia Overnight Index Average "INDONIA" effective from 1 January 2026.

**48 EFFECT OF INTERBANK OFFERED RATE REFORM (CONT'D)**

The carrying amounts of these borrowings and amounts which reference to IBOR and have not transitioned to the respective new alternative reference rates ("ARR") are disclosed below.

	Carrying amount		Amounts which have yet to transition to an alternative benchmark interest	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Exposed to KLIBOR</u>				
Long-term borrowings	354,209	266,155	354,209	266,155
<u>Exposed to VNIBOR</u>				
Long-term borrowings	-	-	-	-
<u>Exposed to JIBOR</u>				
Long-term borrowings	16,267	21,545	16,267	21,545

49 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 21 April 2026.



DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements/ Paragraph 9.41(b) of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) GROUP TOTAL INCOME AND TOTAL ASSETS

Total Income	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Revenue	Sales of goods	8,815,787	9,297,996
Others	Revenue from other sources	13,395	11,456
Other income		116,629	123,326
Interest/Finance income		24,164	16,534
Share of profit of associates		685	356
Total		8,970,660	9,449,668
Total Assets		6,539,080	6,444,295

(B) BUSINESS ACTIVITIES

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Animal feeds and veterinary products related for pigs and dogs		609,851	748,697
Interest income		22,456	15,355
Pork, non-halal food and related products and activities		2,845	3,005
Food and beverages without halal certification from JAKIM or any certification bodies recognised by JAKIM		78	80
Rental income received from tenant involved in Shariah non-compliant activities		16,239	14,304
Total		651,469	781,441



DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING
(CONT'D)

(C) COMPONENT OF FINANCIAL POSITION

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Cash at bank (exclude cash in hand)		182,545	85,390
Cash in hand		3,129	3,225
Deposits with licensed bank		–	5,000
Total		185,674	93,615
Conventional Account/Instrument			
Cash at bank (exclude cash in hand)		461,272	433,541
Deposits with licensed bank		364,677	243,514
Total		825,949	677,055

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Current			
Term loans	secured	20,837	19,570
Revolving credit and loans	secured	73,200	–
Hire purchase payables	secured	3,966	2,821
Banker's acceptances	Unsecured	13,574	25,955
Term loans	Unsecured	14,560	20,092
Revolving credit and loans	Unsecured	81,000	42,500
Medium term notes	Unsecured	63,000	163,000
Non-Current			
Term loans	secured	32,378	60,630
Hire purchase payables	secured	4,516	1,776
Term loans	unsecured	54,874	47,940
Medium term notes	unsecured	291,209	103,155
Total		653,114	487,439



DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(C) COMPONENT OF FINANCIAL POSITION (CONT'D)

(ii) Debt Component (Cont'd)

Conventional Borrowing	Remarks	Group	
		2025 (RM'000)	2024 (RM'000)
Current			
Bank overdrafts	secured	5,282	8,621
Term loans	secured	77,195	88,631
Revolving credit and loans	secured	219,600	287,730
Hire purchase payables	secured	3,001	872
Banker's acceptances	Unsecured	137,262	176,692
Term loans	Unsecured	8,446	15,050
Revolving credit and loans	Unsecured	124,183	111,925
Trust receipt	Unsecured	315,749	455,299
Trade financing	Unsecured	66,935	-
Non-Current			
Term loans	secured	250,341	355,388
Hire purchase payables	secured	3,867	958
Term loans	unsecured	18,314	6,100
Total		1,230,175	1,507,266



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 as at 31/12/2025 (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	5	79,345	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	7	57,281	Dec-20
3	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	8 to 12	48,730	Apr-12
4	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	6	40,804	Jun-20
5	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	14	36,984	Mar-97
6	PN 114133, Lot 2005 (Former HSD 27797, PT 1263) & PN 114365, Lot 1544 (Former HSD 27800, PT 1262) MK SG Gumut, Ulu Selangor, Malaysia (Add: Lot 1555, Jalan Besar, Kampung Gumut Tambahan, 44100 Selangor, Malaysia)	Farm Land & Building (Chicken House & Hostel)	Lot 2005 - Leasehold expiring on 20 March 2117 & Lot 1544 - Leasehold expiring on 22 March 2117	40.68 hectares	10	34,775	Jan-15
7	Lot AV-1,2,3,4,7 Tan Huong IP, Tan Huong Commune, Dong Thap Province, Vietnam	Feedmill Land & Building	Leasehold expiring on 28 November 2056	58,681 m ²	12	34,769	Mar-13
8	Lô CN 10, KCN Tân Trường, Xã Mao Điền, Thành Phố Hải Phòng, Vietnam	Feedmill Land & Building	Leasehold expiring on 02 June 2055	40,009 m ²	10.5	33,722	May-16
9	Lot A_11A_CN, Bau Bang Industrial Zone, Bau Bang Commune, Ho Chi Minh City, Vietnam	Feedmill Land & Building	Leasehold expiring on 30 June 2057	28,000 m ²	15	26,986	Apr-10
	Lot A_11B_CN, Bau Bang Industrial Zone, Bau Bang Commune, Ho Chi Minh City, Vietnam	Feedmill Land & Building	Leasehold expiring on 26 December 2056	12,000 m ²			Apr-10
10	08 Senoko Way S758030, Singapore	A single storey detached factory with a mezzaine office	Leasehold expiring on 16 November 2052	4,320 m ²	34	27,567	Dec-18



ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2026

Total Number of Issued Shares	:	3,656,537,600 (inclusive of 245,967,500 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	7,196

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total shareholdings	%#
Less than 100 shares	25	560	0.000
100 - 1,000 shares	866	500,964	0.014
1,001 - 10,000 shares	3,179	17,921,261	0.525
10,001 - 100,000 shares	2,411	85,454,020	2.505
100,001 to less than 5% of issued shares	713	1,199,492,295	35.169
5% and above of issued shares	2	2,107,201,000	61.784
TOTAL	7,196	3,410,570,100	100.000

Note:

Excluding 245,967,500 treasury shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	No. of Shares	Direct		Indirect	
			% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Emerging Glory Sdn Bhd ("EGSB")	1,927,201,000	56.506	–	–	
Amanahraya Trustees Berhad - Amanah Saham Bumiputera	180,000,000	5.277			
CW Lau & Sons Sdn Bhd ("CWL&S")	–	–	1,927,201,000 ^(a)	56.506	
Datuk Lau Joo Hong	27,670,543	0.811	1,927,201,000 ^(b)	56.506	
Lau Jui Peng	24,583,822	0.720	1,927,201,000 ^(b)	56.506	
Lau Joo Heng	24,583,822	0.720	1,927,201,000 ^(b)	56.506	
Lau Joo Han	97,099,132	2.847	1,927,201,000 ^(a)	56.506	

Notes:

(1) Calculated based on 3,410,570,100 shares as at 31 March 2026 (excluding 245,967,500 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 (CONT'D)

DIRECTORS SHAREHOLDINGS

Directors	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Lau Chia Nguang	–	–	58,935,607 ^(a)	1.728
Tan Sri Dato' Lau Eng Guang	76,747,007	2.250	26,960,700 ^(b)	0.791
Tan Sri Lau Tuang Nguang	8,875,000	0.260	63,851,960 ^(c)	1.872
Datuk Lau Joo Hong	27,670,543	0.811	1,927,201,000 ^(d)	56.506
Lau Joo Han	97,099,132	2.847	1,927,201,000 ^(e)	56.506
Lau Joo Keat	–	–	58,633,207 ^(f)	1.719
Low Han Kee	500,000	0.015	10,000 ^(g)	Negligible
Chu Nyet Kim	1,000,000	0.029	–	–
Goh Wen Ling	1,000,000	0.029	–	–
Tay Tong Poh	500,000	0.015	–	–
Chan Eoi Leng	–	–	–	–
Lau Joo Yong (Alternate Director to Tan Sri Dato' Lau Eng Guang)	2,554,500	0.075	–	–

Notes:

- (1) Calculated based on 3,410,570,100 shares as at 31 March 2026 (excluding 245,967,500 treasury shares).
- (a) Deemed interested by virtue of his shareholding 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 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	Emerging Glory Sdn Bhd	1,927,201,000	56.506
2	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	180,000,000	5.277
3	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Private Wealth Management for Lau Joo Han (PW-M00713) (420214)	96,809,132	2.838
4	CN Lau Holdings Sdn Bhd	58,935,607	1.728
5	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lau Eng Guang	42,032,000	1.232
6	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Private Wealth Management for TN Lau Holdings Sdn Bhd (12024120)(448513)	40,000,000	1.172
7	Citigroup Nominees (Asing) Sdn Bhd UBS AG	30,404,276	0.891
8	Citigroup Nominees (Tempatan) Sdn Bhd - UBS AG Singapore for HN Lau & Sons Sdn Bhd	30,000,000	0.879



ANALYSIS OF SHAREHOLDINGS (CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
9	HN Lau & Sons Sdn Bhd	28,633,207	0.839
10	Citigroup Nominees (Tempatan) Sdn Bhd - UBS AG Singapore for Lau Joo Hong	24,840,400	0.728
11	Lau Joo Heng	24,583,822	0.720
12	Lau Jui Peng	24,583,822	0.720
13	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	23,700,000	0.694
14	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Bank of Singapore Limited (Local)	22,721,960	0.666
15	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Wii Pte Ltd	22,278,800	0.653
16	Lau Joo Kien Brian	21,425,700	0.628
17	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Lau Eng Guang (PB)	20,133,207	0.590
18	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	20,000,000	0.586
19	Kong Goon Khing	19,661,000	0.576
20	Kong Goon Khing	18,000,000	0.527
21	HLCB Assets Sdn Bhd	15,380,000	0.450
22	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	13,219,900	0.387
23	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lau Eng Guang	12,500,000	0.366
24	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (PHEIM)	11,957,519	0.350
25	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C - R ES)	11,610,000	0.340
26	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-cap Fund	11,546,800	0.338
27	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Acadian Emerging Markets Small Cap Equity Fund, LLC	10,693,200	0.313
28	CGS International Nominees Malaysia (Tempatan) Sdn Bhd - Pledged Securities Account for Lau Joo Liang(MY1789)	10,366,500	0.303
29	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for Barclays Capital Securities Ltd (SBL/PB)	10,047,100	0.294
30	Guoline (Singapore) Pte Ltd	10,000,000	0.293
	TOTAL	2,793,264,952	81.900



NOTICE OF 12TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of the Company will be held at Istana Ballroom, 1st Level, Resort Main Clubhouse, A'Famosa Resort, Jalan Kemus, Simpang Ampat, 78000 Alor Gajah, Melaka, Malaysia on **Friday, 12 June 2026 at 11.00 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. *(Please refer to the Explanatory Notes to the Agenda)*
2. To approve the payment of Directors' fees up to an aggregate amount of RM1,100,000 for the financial year ending 31 December 2026, to be paid quarterly in arrears. *(Ordinary Resolution 1)*
3. To approve the payment of Directors' benefits up to an aggregate amount of RM190,000 for the period from 13 June 2026 until the next Annual General Meeting of the Company. *(Ordinary Resolution 2)*
4. To re-elect the following Directors who are retiring in accordance with Clause 127 of the Constitution of the Company:-
 - (a) Datuk Lau Joo Hong *(Ordinary Resolution 3)*
 - (b) Lau Joo Keat *(Ordinary Resolution 4)*
 - (c) Goh Wen Ling *(Ordinary Resolution 5)*
 - (d) Chu Nyet Kim *(Ordinary Resolution 6)*
5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

6. **Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016** *(Ordinary Resolution 8)*

"**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 12TH ANNUAL GENERAL MEETING (CONT'D)

7. **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 2026 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.”

8. **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 number 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, necessary and expedient in the best 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;



NOTICE OF 12TH ANNUAL GENERAL MEETING (CONT'D)

- (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
- (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 the said authority 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."

9. 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 2026



NOTICE OF 12TH ANNUAL GENERAL MEETING (CONT'D)

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 5 June 2026. 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 12th 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 form
The proxy form can be electronically lodged with the Company's Share Registrar via Vistra Share Registry and IPO (MY) portal ("the Portal") at <https://srmy.vistra.com>. Please refer to the Administrative Guide of the 12th Annual General Meeting on the procedures for electronic lodgement of proxy form via the Portal.
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 12th 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.



NOTICE OF 12TH ANNUAL GENERAL MEETING (CONT'D)

NOTES: (CONT'D)

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, 10 June 2026 at 11.00 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 12th 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 2025

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 2026 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 12th 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 13 June 2026 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.



NOTICE OF 12TH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO THE AGENDA (CONT'D)

(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 12th Annual General Meeting:-

- (i) Datuk Lau Joo Hong;
- (ii) Lau Joo Keat;
- (iii) Goh Wen Ling; and
- (iv) Chu Nyet Kim.

Their profiles are disclosed in the Profile of the Board of Directors of the 2025 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 2025. 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 Datuk Lau Joo Hong as Non-Independent Executive Director
Datuk Lau Joo Hong contributes tremendously to the Group by overseeing and managing the day-to-day operations of the Vietnam operations. He shows exemplary leadership as Group Chief Operating Officer and is familiar with the Group's business operation to steer the Group forward.
- (ii) Ordinary Resolution 4 – Re-election of Lau Joo Keat as Non-Independent Executive Director
Lau Joo Keat has vast experience in the integrated livestock industry and has contributed significantly to the Group by providing valuable input to steer the Group forward.
- (iii) Ordinary Resolution 5 – Re-election of Goh Wen Ling as Independent Non-Executive Director
Goh Wen Ling has demonstrated independence through her engagement in Board and Board Committee meetings. She also exercised due care and carried out her duties professionally and proficiently during her tenure as an Independent Non-Executive Director of the Company.
- (iv) Ordinary Resolution 6 – Re-election of Chu Nyet Kim as Independent Non-Executive Director
Chu Nyet Kim exercised due care and carried out her duties professionally and proficiently during her tenure as an Independent Non-Executive Director of the Company. She remains objective and independent in expressing her view and participating in Board's deliberation and decision-making process.

(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 12th Annual General Meeting are disclosed in the 2025 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 12TH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES TO THE AGENDA (CONT'D)

This is a renewal of the mandate obtained from shareholders at the last Annual General Meeting held on 30 May 2025. 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 30 May 2025 and the mandate will lapse at the conclusion of the 12th 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 2026 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 2026.

(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 2026.

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 12th Annual General Meeting of the Company which will be held at Istana Ballroom, 1st Level, Resort Main Clubhouse, A'Famosa Resort, Jalan Kemus, Simpang Ampat, 78000 Alor Gajah, Melaka, Malaysia on **Friday, 12 June 2026 at 11.00 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 RM1,100,000 for the financial year ending 31 December 2026, to be paid quarterly in arrears.	Ordinary Resolution 1		
To approve the payment of Directors' benefits up to an aggregate amount of RM190,000 for the period from 13 June 2026 until the next Annual General Meeting of the Company.	Ordinary Resolution 2		
To re-elect Datuk Lau Joo Hong as Director.	Ordinary Resolution 3		
To re-elect Lau Joo Keat as Director.	Ordinary Resolution 4		
To re-elect Goh Wen Ling as Director.	Ordinary Resolution 5		
To re-elect Chu Nyet Kim as Director.	Ordinary Resolution 6		
To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company 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:

- If you are an individual member, please sign where indicated.
- 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.
- 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:
 - at least two (2) authorised officers, one of whom shall be a director; or
 - 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 5 June 2026. 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.
- 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 12th Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:
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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.
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The proxy form can be electronically lodged with the Company's Share Registrar via Vistra Share Registry and IPO (MY) portal ("the Portal") at <https://srmy.vistra.com>. Please refer to the Administrative Guide of the 12th Annual General Meeting on the procedures for electronic lodgement of proxy form via the Portal.
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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, 10 June 2026 at 11.00 a.m.**
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- a. Identity card (NRIC) (Malaysian), or
b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
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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 12th Annual General Meeting will be put to vote by way of poll.

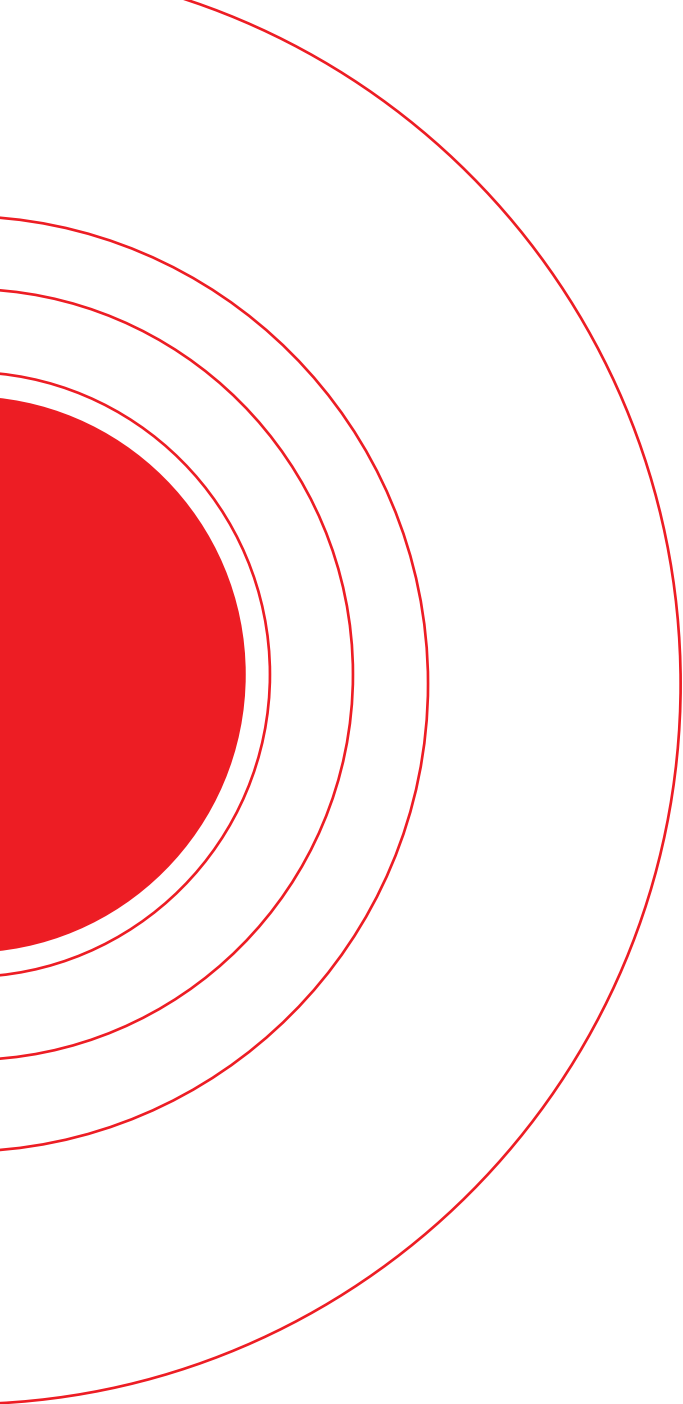
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AFFIX
STAMP

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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LEONG HUP INTERNATIONAL BERHAD

Registration No.: 201401022577 (1098663-D)

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58000 Kuala Lumpur,
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