



LEONG HUP INTERNATIONAL BERHAD
Registration No.: 201401022577 (1098663-D)



ANNUAL REPORT
2022

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This report is available at

www.leonghupinternational.com

To access our Annual Report, please download the QR code reader to your smartphone by scanning the image below.





OVERVIEW OF **LEONG HUP** INTERNATIONAL BERHAD

WHO WE ARE

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



OUR **VISION**

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



OUR **MISSION**

We aims to be the market leader in providing livestock feed and poultry products. We embrace a culture of innovation and value-adding to enhance quality and productivity. In addition to adopting the latest farm technology, we constantly provide training to our human capital and comply with internationally-prescribed bio-security standards.

BUSINESS AT A GLANCE

As one of the leading integrated poultry operators in Southeast Asia, the Group is geographically diversified with footprints covering 5 key countries in the region, namely: Malaysia, Indonesia, Singapore, Vietnam and the Philippines.



FEEDMILL

We produce feed for grandparent stock, parent stock, broiler chicken, layer chicken, broiler duck, swine, quail, cattle, goat, aquatic animals and certain domestic pets. Our livestock feed has high nutritional value, tailored to the type of livestock and rearing stage. The key brand name we use in Malaysia and Vietnam is "Leong Hup", the key brand name we use in Indonesia is "Malindo", and the key brand name we use in the Philippines is "Top Specs". Other livestock feed brands that we market are "Gymtech", "Diamond Feed" and "Emivest" in Vietnam, and in Indonesia, we have brand names like "Star Rabbit", "Super Rabbit", "Wolly" and "Goldie" for domestic pets.



An expanding Southeast Asian footprint with a growing market share

- 5** feedmills in **Malaysia**
- 5** feedmills in **Indonesia**
- 5** feedmills in **Vietnam**
- 1** feedmill in **the Philippines**



4,203,000 metric tonnes
Total Group production capacity

2,670,833 metric tonnes
Total Group sales volume of livestock feed⁽¹⁾



RM4,049 million
Group revenue for Feedmill segment⁽²⁾

Notes:

- (1) For the financial year ended 31 December 2022. Feed sales volume include both internal and external sales.
- (2) Based on group revenue by product segment, as extracted from the audited financial statements of LHI for the financial year ended 31 December 2022.



Overview of Leong Hup International Berhad

LIVESTOCK

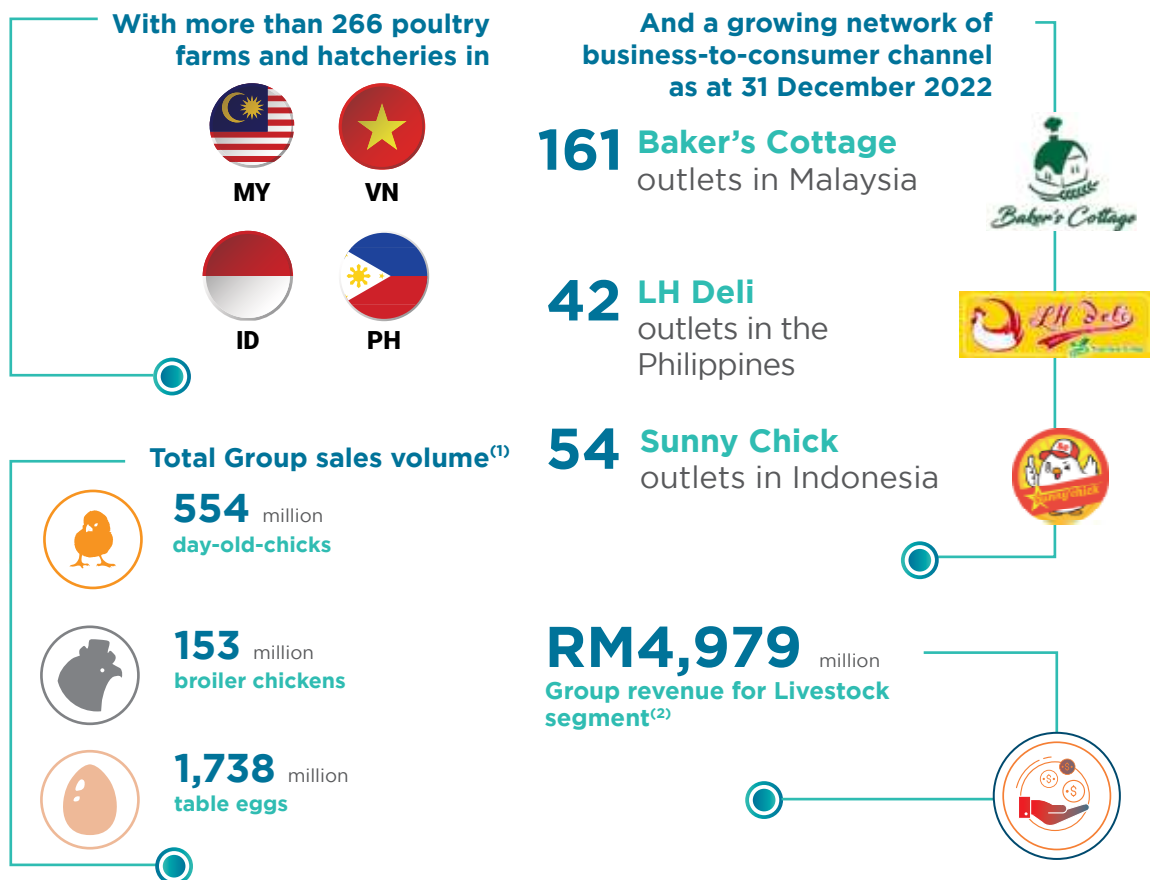
Our Livestock Business is vertically integrated and, in combination with our Feedmill Business, covers the entire poultry value chain. Our integrated “Farm-to-Plate” business model operations began in Malaysia, where our headquarters remain. Today, we have expanded and operate in four other fast-growing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

We are among the market leaders for prime quality day-old-chicks (“DOC”) including parent stock DOC, broiler DOC and layer DOC.

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

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

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



Notes:

- (1) For the financial year ended 31 December 2022. Figures for broiler day-old-chicks (“DOC”), broiler chickens reflect the total of DOC and broiler chickens supplied internally and sold externally. All table eggs are sold to third parties.
- (2) Based on group revenue by product segment, as extracted from the audited financial statements of LHI for the financial year ended 31 December 2022.

Overview of Leong Hup International Berhad

Awards

The Group has won numerous awards in the past eight years, such as:



2015

- Blue Rated Program for Pollution Control, Evaluation, and Rating (PROPER) for Company Performance to Manage Environment by the Ministry of Environment and Forestry of the Republic of Indonesia
- Singapore Prestige Brand Award – Established Brands by the Singapore’s Association of Small & Medium Enterprises



2016

- Top Parent Flock Award by Cobb-Vantress, USA
- Outstanding Feed Product Innovation by Vietstock Exhibition



2017

- The BrandLaureate Best Brands in Product Branding (Consumer Eggs) by The World Brands Foundation
- Best of the Best Award by Forbes Indonesia



2018

- Outstanding Industry Achievement – ASEAN by the Department of Veterinary Sciences Malaysia
- The Trusted Company in The Best Product Quality by the Indonesian Achievement Centre



2019

- The BrandLaureate World Best Brands in Consumer – Integrated Poultry, Egg & Livestock Feed Solutions by The World Brands Foundation



2020

- Malaysia Integrated Poultry Market Leadership Award by Frost & Sullivan Asia-Pacific Best Practices Award



2021

- Member of The Edge Billion Ringgit Club 2021

What Differentiates Us

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

On 18 June 2022, YBhg. Datuk Badrul Hisham bin Mohd, Timbalan Ketua Setiausaha (Pembangunan) Kementerian Pertanian dan Industri Makanan (MAFI) and Dato' Dr. Norlizan bin Mohd Noor, Ketua Pengarah Perkhidmatan Veterinar visited Taboh Naning broiler farm located at Melaka, Malaysia.

EVENTS HIGHLIGHT



In Indonesia, we supported the government's 'Stunting Prevention and Nutrition Improvement Program' aiming to reduce the prevalence of stunting in children in various provinces.



Our Indonesia office had provided aid for Earthquake in Cianjur and Semeru volcano eruption with eggs and a variety of groceries.



In Vietnam, we donated 5,900 units of school bags and exercise books to support 17 elementary schools.



A total of 320 staff at Indonesia participated in the blood donation campaign, a collaborate with Indonesian Red Cross Society in Banten, East Java and DKI Jakarta Province.



Baker's Cottage Open & Cadet Tournament is a 4 years sponsorship collaboration with Table Tennis Association of Malaysia to promote, develop and create channels to discover and cultivate local potential young players in table tennis.



Our Baker's Cottage in Malaysia continued with a collaboration with The Hope Branch to deliver food aid to Medan Tuanku Community in Kuala Lumpur.

CORPORATE SOCIAL RESPONSIBILITY



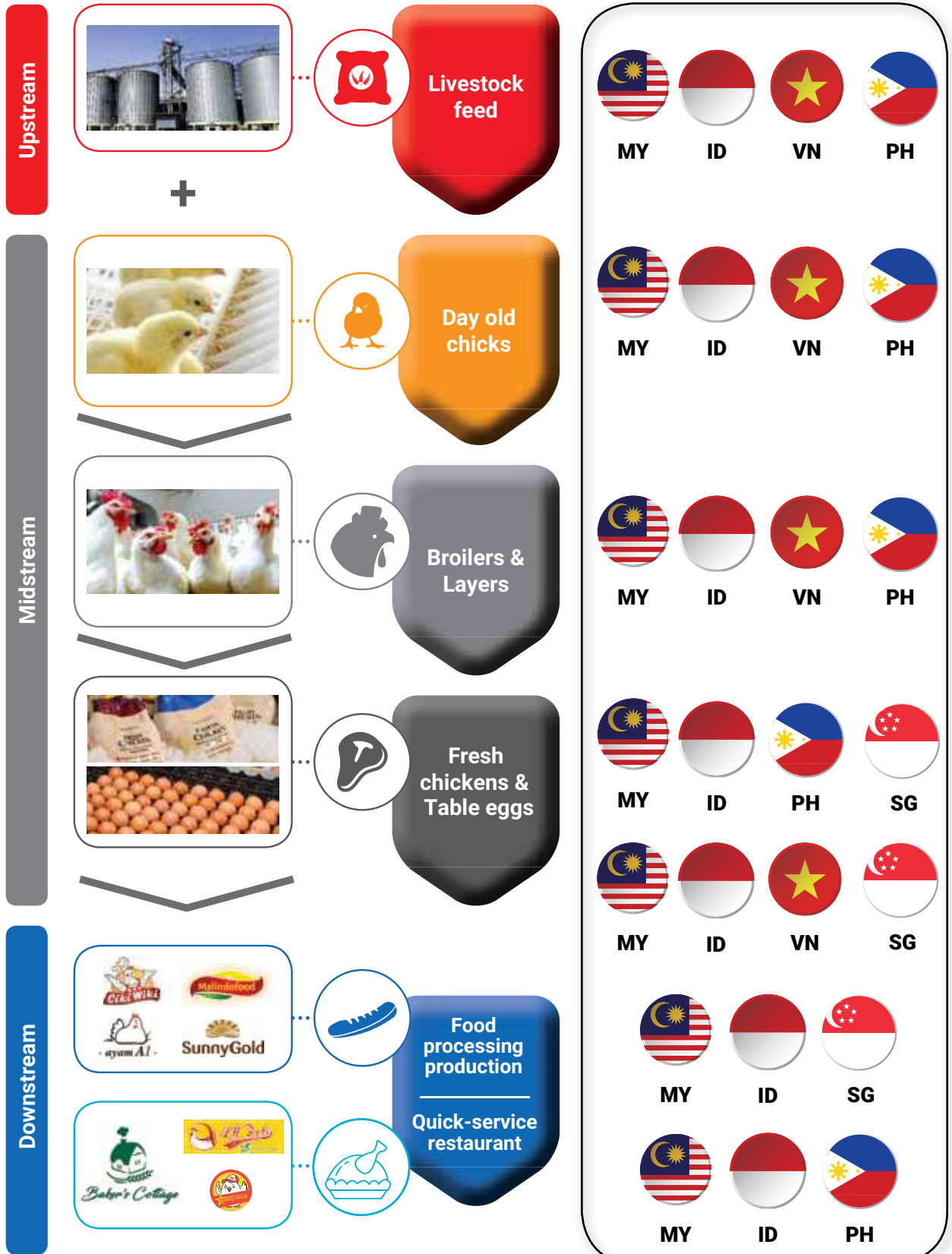
At LHI HQ, 120 staff participated in health check campaign sponsored by Taman Desa Hospital with the aim to remind employees to take care of personal health.

OUR VALUE CHAIN

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

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

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



VALUE-CREATING BUSINESS MODEL

AS AT 31 DECEMBER 2022

OUR CAPITALS



Financial

shareholders' funds
RM2.59 billion

total borrowings
RM3.03 billion

total assets
RM6.59 billion

Strong operating cash flows and relationship with financial institutions



Manufactured

Fully-integrated poultry operations

Scalable operations comprising

16 feedmills and **266** poultry farms and hatcheries

5 Southeast Asia Countries

161 Baker's Cottage outlets

42 LH Deli outlets

54 Sunny Chick outlets



Natural

operating sites
770

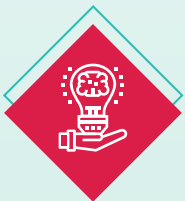
land area
275,461,519 sq. ft.



Human

employees
12,522

Diverse and skilled employees



Intellectual

Value-driven culture

Business processes

aided by technology and automation, to execute our strategy

Ability to adapt to change



Social

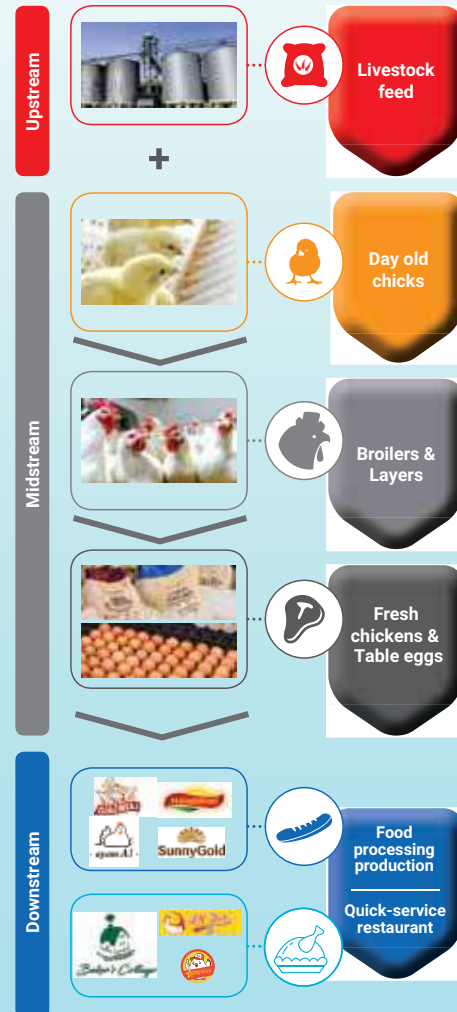
Strong relationship with government agencies

Network of suppliers

Loyal customers

BUSINESS ACTIVITIES

Our business model encompasses 5 major Southeast Asia countries, with a farm-to-plate approach fully integrated from the upstream to the downstream. This allows us to leverage economies of scale, creating sustained value for our stakeholders.



Value-Creating Business Model

PRIMARY OUTPUT

- Robust poultry value chain producing safe, quality and affordable poultry and essential proteins for the growing population (see pages 11 to 13 for the Group's Value-Creation Strategies and pages 39 to 51 for the Group's Sustainability efforts for further information)
- Waste generated is managed and treated responsibly (see page 45, Sustainability Statement for further information).

OUTCOME⁽¹⁾

Revenue increased by **26.4%** year-on-year to **RM9.04** billion

Shareholders' fund increased by **9.7%** to **RM2.59** billion

Total assets increased by **4.1%** to **RM6.59** billion

99.2% Group's flocks that are managed in closed-house system

	Volume sold ⁽²⁾ (million)	YoY growth
DOC (chick)	554.4	+12.1%
Broiler chickens (birds)	153.3	+14.8%
Table eggs (eggs)	1,738.1	-5.6%
Feed (kg)	2,670.8	+4.2%

Natural

5,492,434 kWh

of solar power generated for farms, feedmill plants, factories and hatcheries

Human

27.0%

women workforce

Intellectual

1,482 animal feed formulations

188,523 total hours of training

(executive level 14.0%, non-executive level 80.8%, contract/part-time staff 5.2%)

Social

RM88.85 million direct taxes paid

15,163 suppliers partnered

22,158 customers served⁽³⁾

Notes:

(1) For the financial year ended 31 December 2022.

(2) Feed sales volume include both internal and external sales. Figures for broiler day-old-chicks ("DOC"), broiler chickens reflect the total of DOC and broiler chickens supplied internally and sold externally. All table eggs are sold to third parties.

(3) Excludes the retail outlets customers.

Value-Creating Business Model

STAKEHOLDER ENGAGEMENT

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

The Group's engagement activities with fellow stakeholders are summarised as follows:

Stakeholder Groups	How we engage ⁽¹⁾
Government agencies, law enforcers and regulators	<ul style="list-style-type: none"> • Regular dialogues and written communications with relevant agencies and ministries • Proactive participation in industry meetings and government-sponsored panel discussions on current developments, outlook and issues faced by the poultry industry • Representation in industrial bodies including Federation of Livestock Farmers Association of Malaysia and other equivalent country-specific bodies
Customers & end-consumers	<ul style="list-style-type: none"> • Face-to-face interactions • Feedback channels including customer hotline and surveys • Online and social media platforms
Employees	<ul style="list-style-type: none"> • One-on-one interactions between staff and line managers • Staff events • Performance reviews and exit interviews
Local community	<ul style="list-style-type: none"> • Ongoing interaction with communities via corporate social responsibility initiatives and local stakeholders' needs assessment • Direct engagement around community concerns via personal interactions, meetings and public feedback channels • Communicating through digital and media releases
Suppliers	<ul style="list-style-type: none"> • Engagement with suppliers throughout our procurement and vendor application process • Face-to-face interactions
Investors	<ul style="list-style-type: none"> • Our corporate website serves as a key information platform • Annual and interim results presentations • One-on-one virtual engagements and non-deal roadshows with analysts and investors to provide updates on financial and corporate developments • Site visits • Electronic announcements (including email alerts on company's announcements) • Editorial and selected social media coverage in the financial media • Incorporating elements of integrated reporting in Annual Report

Note:

(1) See page 41 under Sustainability Statement - Stakeholder Engagement


OUR VALUE CREATION

(a) Creating a geographically-diversified poultry operations within Southeast Asia

Related key capitals					
Financial	Manufactured	Natural	Human	Intellectual	Social
Activities and processes to create value					
<ul style="list-style-type: none"> • Increase production output to optimize efficiency and gain market share in each operating market • Emphasize operational and commercial excellence to expand geographical diversification • Strengthen local poultry supply chain • Ongoing commitment on internal talent development and local employment opportunities 					
Outcomes and value created					
<ul style="list-style-type: none"> • Continuous poultry supply in support of domestic food security • Increase penetration of protein consumption among the growing population • Contribute towards local economies through job creation and other multiplier effects on local economies • Attract a diverse workforce and retain talented employees 					
Highlights					
<p>Indonesia raw material drying/ storage facility + planned new feedmill in Lampung</p> <p>The Group invested RM80.4 million on this project and completed in 2Q2022, the new facility is able to dry process up to 15,500 MT/month and store them</p>					
<p>Indonesia poultry processing plant in West Java</p> <p>The Group invested RM40.0 million on this project and completed in 3Q2022, the new facility has the capacity to process 600,000 broiler chickens and 300,000 broiler ducks per month</p>					
<p>Indonesia breeder hatchery acquisition</p> <p>The Group invested RM11.5 million on the acquisition and commenced operation in 3Q2022. The new facility have capacity for 47 million eggs per year</p>					

Value-Creating Business Model

(b) Strengthening the group's business model for the future through downstream expansion

Related key capitals				
Financial	Manufactured	Human	Intellectual	Social
Activities and processes to create value				
<ul style="list-style-type: none"> Integrate downward along poultry value chain to get closer to consumers Expand business-to-consumer ("B2C") channels in Malaysia (Baker's Cottage), the Philippines (LH Deli), and Indonesia (Sunny Chick) Diversify range of ready-to-eat ("RTE") and ready-to-cook ("RTC") poultry products that are value for money and convenient driven for mass consumption 				
Outcomes and value created				
<ul style="list-style-type: none"> Augment Farm-to-Plate growth strategy Optimise monetization of poultry products along the value chain based on demand and supply conditions Strengthen brand awareness and enhance trust among consumers 				
Highlights				
<ul style="list-style-type: none"> As of 31 December 2022, we have 161 Baker's Cottage outlets, 42 LH Deli outlets and 54 Sunny Chick outlets Modern QSR concept retailing roast/fried chickens, set meals, pastries and desserts cater to local markets Establish franchisee system for LH Deli to reach a wider market Utilised delivery apps and social media platforms to expand retail reach and enhance appeal among young and urban consumers 				
				

Value-Creating Business Model

(c) Optimising capital expenditure and resource allocation

Related key capitals				
Financial	Manufactured	Intellectual	Human	Social
Activities and processes to create value				
<ul style="list-style-type: none"> • Constant review and recalibration of capital expenditure in tandem with evolving market conditions • Strategic resource allocation towards process automation in feedmill and farming operations • Continuous upgrade of farming infrastructure into more resource-efficient and environmentally-friendly closed-house system • Technology-enabled flock management and digital integration of flock harvest with ERP system 				
Outcomes and value created				
<ul style="list-style-type: none"> • Optimise labour-to-output ratio, growth rate and operational efficiency for feedmill and farming operations • Lower bird stress, mortality rate and risk of disease transmission by way of better biosecurity, automated controls for feeding and climate management 				
Highlights				
<ul style="list-style-type: none"> • Technology and digitalisation as enabler in broiler farming • Continuous capital expenditure in broiler farm upgrades resulted in 99.2% closed house farming system throughout the Group's internal farms • More robust up-to-date information and control days sales outstanding for faster cash conversion cycle and improved working capital management 				
				
				

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lau Chia Nguang

Non-Independent Executive
Chairman

Tan Sri Dato' Lau Eng Guang

Non-Independent Executive Director

Tan Sri Lau Tuang Nguang

Non-Independent Executive Director/
Group Chief Executive Officer

Datuk Lau Joo Hong

Non-Independent Executive Director/
Group Chief Operating Officer

Lau Joo Han

Non-Independent Executive Director

Lau Joo Keat

Non-Independent Executive Director

Low Han Kee

Senior Independent Non-Executive
Director

Datin Paduka Rashidah Binti Ramli

Independent Non-Executive Director

Chu Nyet Kim

Independent Non-Executive Director

Goh Wen Ling

Independent Non-Executive Director

Tay Tong Poh

Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Committee Chairman

Low Han Kee

Committee Member

Chu Nyet Kim

Goh Wen Ling

NOMINATION COMMITTEE

Committee Chairman

Tay Tong Poh

Committee Member

Chu Nyet Kim

REMUNERATION COMMITTEE

Committee Chairperson

Goh Wen Ling

Committee Member

Datin Paduka Rashidah Binti Ramli

Low Han Kee

KEY SENIOR MANAGEMENT

Lau Chia Nguang

Executive Chairman

Tan Sri Dato' Lau Eng Guang

Group Business Strategist

Tan Sri Lau Tuang Nguang

Group Chief Executive Officer

Datuk Lau Joo Hong

Group Chief Operating Officer /
Chief Executive Officer of
Vietnam operations

Lau Joo Han

Chief Executive Officer of
Malaysia operations

Lau Joo Keat

Country Head of Indonesia operations

Lau Jui Peng

Group Breeder Chief Executive Officer

Lau Joo Heng

Chief Executive Officer of the
Philippines operations

Lau Joo Hwa

Chief Executive Officer of
Singapore operations

Chew Eng Loke

Group Chief Financial Officer

COMPANY SECRETARIES

Lum Sow Wai (MAICSA 7028519)

(SSM PC NO. 202008002373)

Tan Lai Kai (MIA 41018)

(SSM PC NO. 202008002788)

Te Hock Wee (MAICSA 7054787)

(SSM PC NO. 202008002124)

AUDITORS

PricewaterhouseCoopers PLT

(LLP0014401-LCA & AF 1146)

Chartered Accountants

Level 10, 1 Sentral,

Jalan Rakyat,

Kuala Lumpur Sentral,

P.O. Box 10192,

50706 Kuala Lumpur,

Wilayah Persekutuan.

Tel : +603-2173 1188

Fax : +603-2173 1288

CORPORATE WEBSITE

www.leonghupinternational.com

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,

Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur,

Wilayah Persekutuan.

Tel : +603-2783 9191

Fax : +603-2783 9111

HEAD/MANAGEMENT OFFICE

Lot 3.05, 3rd Floor, Wisma Westcourt,

126, Jalan Kelang Lama,

58000 Kuala Lumpur,

Wilayah Persekutuan.

Tel : +603-7980 8086 /

+603-7980 3817

Fax : +603-7980 0040

E-mail: info@lhhb.com

SHARE REGISTRAR

Tricor Investor & Issuing House

Services Sdn Bhd

Registration No. 197101000970

(11324-H)

Unit 32-01, Level 32, Tower A,

Vertical Business Suite,

Avenue 3, Bangsar South,

No. 8, Jalan Kerinchi,

59200 Kuala Lumpur,

Wilayah Persekutuan.

Tel : +603-2783 9299

Fax : +603-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

Securities Berhad

Date of Listing : 16 May 2019

Stock Name : LHI

Stock Code : 6633

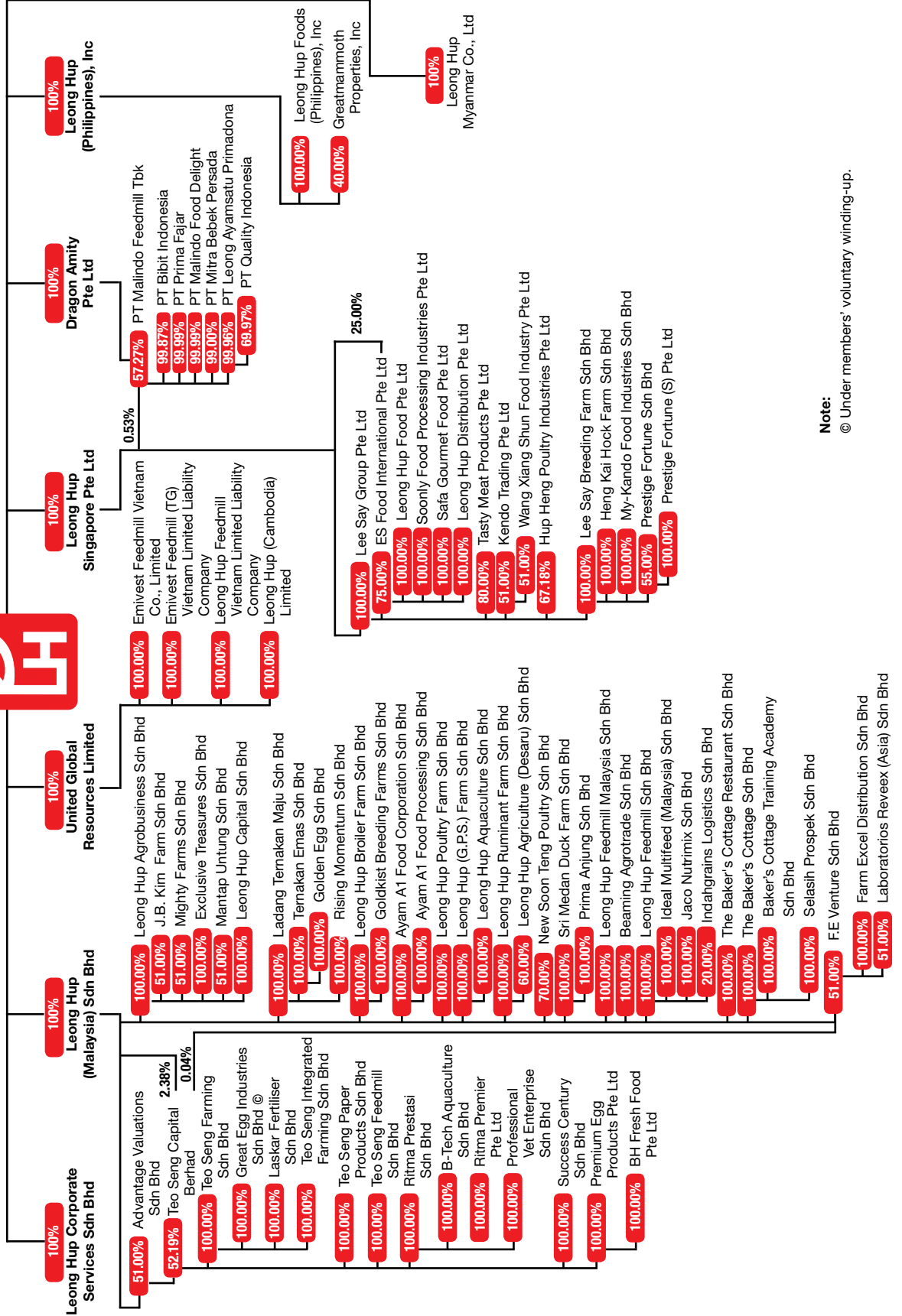
Stock Sector : Consumer Products
& Services

Sub-sector : Agricultural Products

GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2023

Leong Hup International Berhad



Note:
© Under members' voluntary winding-up.

PROFILE OF THE BOARD OF DIRECTORS

LAU CHIA NGUANG

Non-Independent Executive Chairman &
President Commissioner of PT Malindo
Feedmill TBK



Lau Chia Nguang is our Non-Independent Executive Chairman and President Commissioner of PT Malindo Feedmill TBK ("Malindo Feedmill"). He completed his primary school education in 1964. He has over 44 years of experience and expertise in the integrated livestock industry.

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

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

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

His notable achievements, aside from leading the listing of Malindo Feedmill, include being recognised by

Enterprise Asia in 2013 and 2015 with the Asia Pacific Entrepreneurship Award, as well as the BrandLaureate Brandpreneur Leadership of the Year Award 2019 by the World Brands Foundation.

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

He is the brother of Tan Sri Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the uncle to Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Company and its subsidiaries; and for which he is deemed to be interested, there are no other business arrangements with our Company in which he has personal interest. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended four (4) out of five (5) Board meetings held during the financial year.

Profile of the Board of Directors

TAN SRI DATO' LAU ENG GUANG

Non-Independent Executive Director &
Group Business Strategist



Tan Sri Dato' Lau Eng Guang is our Non-Independent Executive Director and Group Business Strategist. He completed his secondary school education in 1972 and South Australian matriculation in 1974. He has over 44 years of experience and expertise in the integrated livestock industry.

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

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

He was appointed to our Board on 1 July 2014. Currently, he also sits on the boards of various subsidiaries of the Group and several other private limited companies. He is also the Executive Chairman of Comfort Gloves Berhad ("CGB") since 5 March 2021.

Tan Sri Lau's contributions to the industry and the society has earned him a recognition by His Majesty, The King with the conferment of the Commander of the Order of Loyalty to the Crown of Malaysia (P.S.M.) which carries the title "Tan Sri" on 13 November 2021.

He is the brother of Lau Chia Nguang and Tan Sri Lau Tuang Nguang; and the uncle to Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with our Company in which he has personal interest. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

TAN SRI LAU TUANG NGUANG

Non-Independent Executive Director,
Group Chief Executive Officer &
President Director of Malindo Feedmill



Tan Sri Lau Tuang Nguang is our Non-Independent Executive Director, Group Chief Executive Officer and President Director of Malindo Feedmill. He completed his secondary school education in 1975. He has more than 40 years of experience and expertise in the integrated livestock industry.

He began his career in the family farm business at one of the Group's subsidiaries where he gained experience through managing the operations of the Grand Parent Stock ("GPS") and breeder farms and was director from 1978 to October 2018. He was appointed as the Group Chief Executive Officer on 13 June 2018 and was appointed to our Board on 23 November 2018.

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

He served as a panel advisor to the Ministry of Agriculture and Agro-based Industry of Malaysia ("MOA") in 2004 and sat as a panel member of the National Agriculture Advisory Council to the MOA from 2018 to 2022. He was the President of the Federation of Livestock Farmers' Association of Malaysia ("FLFAM") from year 2005/2007, an association instituted for the safeguarding of the livestock farming community's interest and the betterment of the livestock industry and presently is the honourable advisor to the FLFAM.

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

Currently, he also sits on the boards of various subsidiaries of the Group and several other private limited companies. He sat on the board of Teo Seng Capital Bhd ("Teo Seng") from 2009 to August 2018 and is currently the President Director of Malindo Feedmill, both being our listed subsidiaries. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He is the brother of Tan Sri Dato' Lau Eng Guang and Lau Chia Nguang; and the uncle to Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with our Company in which he has personal interest. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

DATUK LAU JOO HONG

Non-Independent Executive Director,
Group Chief Operating Officer & Chief
Executive Officer of Vietnam operations



Datuk Lau Joo Hong is our Non-Independent Executive Director, Group Chief Operating Officer and Chief Executive Officer for the Group's Vietnam operations. He completed his secondary school education in 1988. He has over 24 years of experience and expertise in the integrated livestock industry and retail market.

He began his career in the family poultry business in 1991 when he joined one of the Group's subsidiaries which was principally involved in the processing and marketing of chicken and related products, where he oversaw the entire operations of that subsidiary. In 1994, he was also assigned the responsibility of overseeing the entire operations of another subsidiary principally involved in further food processing products.

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

He is a director of both LH Holdings and Emivest since 2008 and 2010 respectively (including the period whilst both companies were listed on the Main Board of Bursa Securities).

He was appointed to our Board on 9 September 2014. Currently, he also sits on the boards of various subsidiaries of the Group and several other private limited companies and Kwangdong Holdings Berhad ("KHB"), a non-listed public company. He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company and KHB.

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

He is the nephew of Lau Chia Nguang, Tan Sri Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the cousin of Lau Joo Han and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with our Company in which he has personal interest. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

LAU JOO HAN

Non-Independent Executive Director &
Chief Executive Officer of Malaysia operations



Lau Joo Han is our Non-Independent Executive Director and Chief Executive Officer for the Group's Malaysia operations. He has over 23 years of experience in the livestock industry.

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

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

He has extensive expertise in the upstream and downstream activities of livestock production, operation, development and marketing areas of the poultry industry. He has contributed to the Group's marketing strategies and spearheaded many business expansion projects at LH Malaysia which contributed to the growth of LH Malaysia. He is instrumental in the business transformation of Baker's Cottage which has served as the business-to-consumer channel of the Group in Malaysia. He served as a non-executive director of Teo Seng from 2008 until he was re-designated to the position of executive director in 2013 and held the position until his resignation on 31 July 2018.

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

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

He is the nephew of Lau Chia Nguang, Tan Sri Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang; and the cousin of Datuk Lau Joo Hong and Lau Joo Keat who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with our Company in which he has personal interest. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

LAU JOO KEAT

Non-Independent Executive Director & Country Head of Indonesia operations



Lau Joo Keat is our Non-Independent Executive Director and Country Head for the Group's Indonesia operations. He has more than 20 years of experience and expertise in the integrated livestock industry.

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

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

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

He is the nephew of Lau Chia Nguang, Tan Sri Dato' Lau Eng Guang and Tan Sri Lau Tuang Nguang and the cousin of Datuk Lau Joo Hong and Lau Joo Han who are the Directors/major shareholders of our Company. Except for certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of our Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with our Company in which he has personal interest. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

LOW HAN KEE

Senior Independent Non-Executive Director



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

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

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

He has more than 33 years of financial expertise, having held senior finance positions in public listed companies, namely AMHB and Mulpha.

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

He does not have any family relationship with any Director/major shareholder of our Company. He does not have any conflict of interest with our Company. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

DATIN PADUKA RASHIDAH BINTI RAMLI

Independent Non-Executive Director



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

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

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

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

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

She does not have any family relationship with any Director/major shareholder of our Company. She does not have any conflict of interest with our Company. She has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. She attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

CHU NYET KIM

Independent Non-Executive Director



Chu Nyet Kim is our Independent Non-Executive Director. She has more than 38 years of working experience in the field of taxation, finance and accounting functions.

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

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

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

She was appointed to our Board on 1 August 2018. She is a member of the Audit and Risk Committee as well as Nomination Committee of the Company. She was appointed to the Board of CGB on 26 July 2022 as an Independent Non-Executive Director. She has been a Commissioner of PT PZ Cussons Indonesia (“PT PZ Cussons”) since 2016. PT PZ Cussons is a subsidiary of PZ Cussons PLC, a company listed on the London Stock Exchange and a constituent of the FTSE 250 Index.

She does not have any family relationship with any Director/major shareholder of our Company. She does not have any conflict of interest with our Company. She has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. She attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

GOH WEN LING

Independent Non-Executive Director



Goh Wen Ling is our Independent Non-Executive Director. She has over 18 years of working experience in the legal industry encompassing direct real estate acquisitions and divestments, retail banking and various aspects of financing, corporate and commercial legal practice.

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

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

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

She was appointed to our Board on 1 August 2018. She is also the Chairperson of the Remuneration Committee and a member of the Audit and Risk Committee of the Company. She was appointed as Independent Non-Executive Director of Teo Seng, MyMBN Berhad and PCCS Group Berhad on 26 May 2022, 7 July 2022 and 1 September 2022 respectively.

She does not have any family relationship with any Director/major shareholder of our Company. Except for providing some legal services as an advocate and solicitor capacity, she does not have any conflict of interest with our Company. She has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. She attended all the five (5) Board meetings held during the financial year.

Profile of the Board of Directors

TAY TONG POH

Independent Non-Executive Director



Tay Tong Poh, is our Independent Non-Executive Director.

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

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

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

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

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

He does not have any family relationship with any Director/major shareholder of our Company. He does not have any conflict of interest with the Group. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2022. He attended all the five (5) Board meetings held during the financial year.

PROFILE OF THE KEY SENIOR MANAGEMENT

LAU JUI PENG

Group Breeder Chief Executive Officer



Lau Jui Peng is the Group Breeder Chief Executive Officer. He has over 23 years of experience and expertise in the production processes and management of poultry companies.

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

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

He was appointed as Non-Executive Chairman of Teo Seng in 2008 and was re-designated as the Executive Chairman, a position which he has held since 2013 until his subsequent re-designation as Non-Executive Chairman on 29 January 2019. On 15 November 2022, he was re-designated as Executive Chairman of Teo Seng. Currently, he also sits on the board of various subsidiaries of the Group and several private limited companies.

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

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

Profile of the Key Senior Management

LAU JOO HENG

Chief Executive Officer of
the Philippines operations



Lau Joo Heng is the Chief Executive Officer of the Group's Philippines operations. He has 19 years of experience in the operational activities of the integrated livestock industry and exposure in retail and export businesses.

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

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

Currently, he also sits on the board of Leong Hup (Philippines), Inc., Leong Hup Foods (Philippines), Inc. and several other private limited companies.

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

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

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

Profile of the Key Senior Management

LAU JOO HWA

Chief Executive Officer of
Singapore operations



Lau Joo Hwa is the Chief Executive Officer of the Group's Singapore operations. He has over 20 years of experience in the operational activities of the integrated livestock industry and exposure in retail and export businesses.

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

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

Currently, he also sits on the boards of various subsidiaries of the Group and several other private limited companies.

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

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

Profile of the Key Senior Management

CHEW ENG LOKE

Group Chief Financial Officer



Chew Eng Loke is the Group Chief Financial Officer. He has over 29 years of experience in management and financial roles at numerous companies.

He obtained a Bachelor of Economics in 1991 from Monash University, Australia and Master of Business Administration from University of Strathclyde, United Kingdom in 1998. He is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow of CPA Australia and a Chartered Accountant of the Chartered Accountants Australia and New Zealand.

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

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

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

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

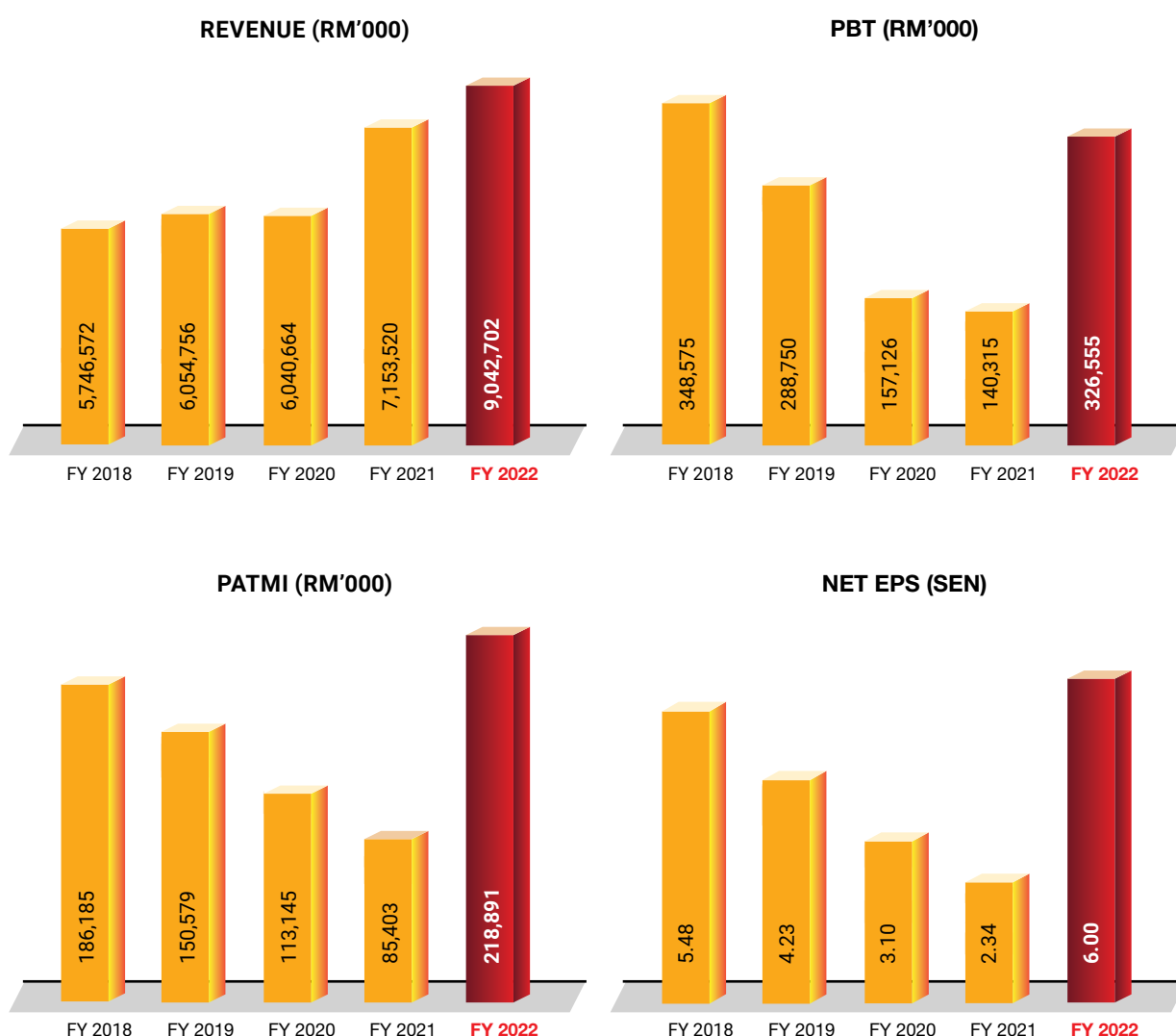
He does not have any family relationship with any Director/major shareholder of our Company. He does not have any conflict of interest with our Company. He has no conviction of any offences within the past 5 years (other than traffic offences, if any) or any sanctions and penalties imposed by relevant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

FINANCIAL HIGHLIGHTS

	FY 2018 RM'000	FY 2019 RM'000	FY 2020 RM'000	FY 2021 RM'000	FY 2022 RM'000
Revenue	5,746,572	6,054,756	6,040,664	7,153,520	9,042,702
Profit Before Taxation	348,575	288,750	157,126	140,315	326,555
Profit Attributable to Owners of the Parent	186,185	150,579	113,145	85,403	218,891
Weighted Average Number of Shares in Issue ('000) [@]	3,400,000	3,557,535	3,650,000	3,650,000	3,650,000
Net EPS (Sen)	5.48	4.23	3.10	2.34	6.00
PBT Margin (%)	6.07	4.77	2.60	1.96	3.61

Note:

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



CHAIRMAN'S STATEMENT

**Dear Shareholders &
Stakeholders,**

I am pleased to present the annual report and audited financial statements for Leong Hup International Berhad (“LHI” or “the Group”) for the financial year ended 31 December 2022 (“FYE 2022”).



LAU CHIA NGUANG
Non-Independent Executive Chairman

Chairman's Statement

OUR OPERATING ENVIRONMENT

The world moved to normalise economic activities in 2022 as widespread vaccinations against Covid-19 and improved public health measures reduced severity of illness and mortality. Consumers, flushed from expansionary fiscal policies of governments' Covid-19 support packages opened their wallets on spending sprees and boosted demands.

The uneven uplifting of containment measures, especially in China, the world's factory, caused global supply chain snarls across industries from construction to automotive, electronics, white goods and etc. Global demand for goods outpaced supply, bidding up prices of most goods. The demand-supply imbalance was exacerbated by Russia-Ukraine war and sanctions imposed by some countries on Russian products, especially oil and gas. They caused higher demand and prices of energy produced elsewhere, spreading inflation to other parts of the world.

Closer to home, extreme weather events such as the worst drought in South America and elevated shipping costs as a result of higher energy prices caused prices of major staple foods to be raised, contributing to food inflation. The Food and Agriculture Organization's food price index, which measures the average international prices of the most widely traded food commodities, reached an all-time high in 2022, with an average of 143.7 points. This is the highest level recorded since the start of data collection in 1990.

The rise in food prices globally has forced several countries to impose export restrictions in order to ensure adequate domestic food supply and control inflation. India, for instance, imposed a ban on the export of wheat. Indonesia prohibited the export of palm oil while Malaysia halted the export of broilers to Singapore, both of these have since been partially lifted. The Malaysian government also imposed ceiling price on broilers and eggs coupled with subsidies to soften impact of food price inflation on the population.

The Federal Reserve of The United States of America raised interest rates to reduce demand and control inflation. In 2022, federal fund rate increased 7 times from 0.25% to 4.50%⁽¹⁾. Central Banks worldwide followed suit with varying rates of interest rate increases. While global inflations have slowed, it nevertheless remain at elevated levels and the risk for Central Banks is whether inflations can be tamed without tilting the economies into recessions.

POST COVID-19 ECONOMIES

The reopening of international borders helped to reinvigorate economies across the world as well as ASEAN where LHI is present, namely Malaysia, Singapore, Vietnam, Indonesia, and the Philippines.

In Malaysia, gross domestic product ("GDP") grew by 8.7% in 2022, the best performance since 2000. Vietnam's economy recovered vigorously by 8.0%, exceeding its average rates of 7.1% from 2016 to 2019. The Philippines recorded its strongest economic growth since 1976, reaching 7.6%, fuelled by strong consumer spending despite rising consumer prices. Indonesia posted 5.3% GDP growth in 2022, the highest in almost a decade and marking a return to its historical growth pattern, while Singapore recorded steady GDP growth of 3.6%.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Despite challenging macro environment, LHI, being a prominent player in the agri-food industry, has continued to thrive and make significant advancements. I am delighted to report that, LHI has demonstrated its strength by delivering impressive results for the FYE 2022. LHI closed the year with a revenue of RM 9.04 billion, thanks to the solid performance of both Livestock and Feedmill segments, which enabled the Group to achieve another record-breaking revenue.

On a geographical segmentation review, Indonesia continues to be the largest segment of the Group, contributing RM 3.28 billion (36.4%) to the Group's total revenue for FYE 2022. Malaysia was the second highest at RM 2.36 billion (26.1%), followed by Vietnam which contributed RM 2.20 billion (24.3%). Meanwhile, Singapore and the Philippines contributed RM 796.22 million (8.8%) and RM 395.66 million (4.4%) respectively.

The Group achieved a surge in profit before tax from RM 140.32 million in FYE 2021 to RM 326.56 million in FYE 2022, representing an increase of 132.7%. Moreover, the net profit attributable to the Company's owners grew from RM 85.40 million in FYE 2021 to RM 218.89 million in FYE 2022, while earnings per share increased correspondingly by 156.4% to 6.00 sen, from 2.34 sen a year ago. The Group has a healthy balance sheet, with a cash position of RM 556.05 million, shareholders' fund of RM 2.59 billion and a lower net gearing ratio of 0.85 times.

The Group's Return on Equity has improved to 9.4% in FYE 2022 from 4.1% in FYE 2021, thanks to our strong financial performance, operational resilience and efficiency. Further details on the Group's financial performance and financial position for FYE 2022 are set out in the Management Discussion and Analysis by the Group Chief Executive Officer in pages 35 to 38 of the Annual Report.

Chairman's Statement

FUTURE PROSPECTS

The global economy is expected to be challenging in the face of elevated inflation, higher interest rates and disruptions caused by war in Ukraine. Against this backdrop, the Group is partially insulated as its operations are located in ASEAN region where economies are robust with strong domestic consumptions.

The Group will continue to face fluctuating commodity prices, but with a proven track record in its core competencies, a strong balance sheet and prudent management, the Group has better margin of safety to absorb the fluctuations in the price of commodities.

Barring any unforeseen circumstances, the Group is optimistic that its performance will be satisfactory for the financial year ending 31 December 2023.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to thank all our stakeholders, from governing authorities and regulatory bodies, business associates, vendors and customers for their ongoing support and confidence in the Group.

I would also like to pay tribute to our management and employees for their hard work and dedication which have contributed to the continued success of the Group, especially during such challenging time. Finally, my warmest gratitude and appreciation goes to my fellow Board members for their invaluable advice and guidance throughout the year.

We shall continue to work hard towards achieving our corporate objectives and improving our operating performance guided by clear strategic priorities to drive growth and value for our shareholders and stakeholders.

Note:

⁽¹⁾ <https://www.forbes.com/advisor/investing/fed-funds-rate-history/>

MANAGEMENT DISCUSSION AND ANALYSIS BY **THE GROUP CHIEF EXECUTIVE OFFICER**



TAN SRI LAU TUANG NGUANG
*Non-Independent Executive Director &
Group Chief Executive Officer*

Management Discussion and Analysis by the Group Chief Executive Officer

INTRODUCTION

The financial year ended (“FYE”) 31 December 2022 was a challenging yet rewarding year for the Group. Inflationary pressures have increased sharply due to a rise in commodity prices, strained supply chains due to global climate change as well as strong demand conditions following gradual resumption of economic activities. Concomitantly, the ongoing Russia-Ukraine conflict and the lockdown in China’s major cities as a result of Covid-19 infections, have caused repercussions for the strained global supply chain. This has exacerbated the high global commodity prices as well as soaring shipping costs amidst high inflationary environments.

Soybean meal contract price had reached a peak of USD601/MT (the highest in the past 5 years) in March 2022 with 12-month average price of USD 548/MT (2021: USD 481/MT) while corn contract price touched USD 348/MT with 12-month average of USD 319/MT (2021:USD 260/MT). Crude oil contract price surged from 12-month average of USD 69/ Barrel in 2021 to USD 97/Barrel in 2022 (Source: www.indexmundi.com/commodities). The surge in these three commodity prices had gravely impacted feed and livestock producers like LHI.

Consequently, several central banks adjusted their monetary policy settings to curb inflationary pressures. Bank Negara Malaysia increased the Overnight Policy Rate 4 times in 2022 with total increase of 1.0%. Bank Indonesia, the country’s central bank, raised its BI-7 Day rate 5 times from 3.5% on 20 January 2022 to 5.5% on 22 December 2022 (Source: <https://www.bi.go.id/en/statistik/indikator/bi-7day-rr.aspx>)

Post pandemic also saw a new economic trend in workforce - the Great Resignation. The pain was especially acute in Malaysian retail industry with high staff turnover as the economic recovery spurred consumer demand and created ample job opportunities.

FINANCIAL PERFORMANCE REVIEW

In the arduous times as these, with the strategic management and cautious execution, the Group had posted revenue of RM 9.04 billion in FYE 2022, representing an increase of 26.4% from the preceding financial year. During the year under review, the Group delivered a higher profit attributable to owners of the company (“PATMI”) at RM 218.89 million, as compared to RM 85.40 million in FYE 2021.

Revenue of livestock and poultry segment expanded by 27.2% while feedmill revenue increased by 25.5% on the back of higher selling price and higher sales volumes.

The primary catalyst for this livestock and poultry segment revenue growth was attributable to Malaysia’s higher average selling price of broiler chickens, broiler day-old-chicks (“DOC”) and eggs, followed by Indonesia due to higher sales volume of broiler chickens and DOCs, while the Philippines’ increase was driven by higher sales volume and average selling price of broiler chickens. Meanwhile, feedmill segment benefited from better margin fuelled by higher sales volume and average selling price in Indonesia and the Philippines.

Indonesia’s economy experienced strong growth in 2022 thanks to the post-COVID-19 reopening of the economy. Nonetheless, its inflation rate escalated in parallel with its economic recovery. The price of almost all food items recorded significant increases, especially chilies, vegetable oil, wheat flour and shallots. Based on Bank Indonesia’s statistics, Indonesia’s inflation rate increased from 2.18% in January 2022 to a peak of 5.95% in September 2022. Despite the subsequent retreat, inflation rate stayed above 5.40% in 2022 (Source: www.bi.go.id/en/statistik/indikator/data-inflasi.aspx).

Recognising the stress on disposable income of the people, our Indonesia’s business-to-consumer (“B2C”) channel, Sunny Chick outlets, expanded in 2022 to serve the community with value-for-money protein. As at 31 December 2022, we had 54 Sunny Chick outlets located at Jakarta, Tangerang and Bekasi. Amongst the delicious, halal and affordable menus served are crispy fried chicken, crispy grilled chicken and rice box packages. There are also many choices of sauces, including spicy sauce, BBQ, mentai, curry and the very spicy geprek sauce.

In July 2022, our West Java’s poultry processing plant had also commenced operation. It is capable of processing 600,000 broiler chickens and 300,000 broiler ducks per month respectively which will complement the expansion of our Sunny Chick outlets to stabilise profit margins and mitigate volatility in poultry selling prices.

During the financial year under review, we recorded higher sales volume and average selling price for livestock feed in Indonesia. We also achieved higher sales volume for broiler chickens and DOCs but weak purchasing power of consumers had negatively dampened our Indonesia’s performance. Its earnings before interest, tax, depreciation and amortisation (“EBITDA”) decreased from RM 147.02 million recorded in FYE 2021 to RM 138.34 million in FYE 2022.

In Malaysia, strong commodity prices of petroleum, palm oil and electronic exports coupled with supportive government policies and interest rates enabled the economy to rebound quickly. Raising global commodity prices which caused higher production cost of broiler chickens and eggs met the rapidly improving economy and the result was higher broiler chickens and eggs prices. The government reacted by imposing ceiling prices on these products which resulted in shortage of

Management Discussion and Analysis by the Group Chief Executive Officer

chickens and eggs as producers had to reduce losses when cost of production was higher than ceiling prices. Subsequent provision of government subsidies on broiler chickens and eggs resolved the issues faced by the industry albeit at a huge cost to the government. In FYE 2022, we received a total subsidy of RM 81.67 million from the Malaysian government.

In an attempt to increase supply of broiler chickens to Malaysian market, the government had also imposed export ban of broiler chickens on 1 June 2022, initially on 100.0% basis but subsequently relaxed to approximately 50.0% reduction since 11 October 2022.

On 5 August 2022, Leong Hup Feedmill Malaysia Sdn Bhd ("LFM"), a wholly-owned subsidiary of the Group had received a Notice of Proposed Decision issued by the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 ("the Act") premised primarily on the allegation that LFM had engaged in agreements and/or concerted practices to fix the quantum of poultry feed price which is in breach of Section 4(1) read together with Section 4(2)(a) and 4(3) of the Act. On 11 October 2022, LFM had received MyCC's Amended Proposed Decision ("APD") and Supplementary Proposed Decision ("SPD") dated 7 October 2022.

We would like to clarify that at this juncture, the Proposed Decision, APD and SPD including the proposed financial penalty and proposed directions are not final.

We strongly believe that the allegation of the infringement is without merit and intend to defend this infringement allegation vigorously. LFM had appointed external legal counsel and had filed a written representation to MyCC on 31 January 2023.

Our Malaysian operations ended the eventful FYE 2022 with a revenue of RM 2.36 billion, an increase of 21.1% from the RM 1.95 billion achieved in FYE 2021. EBITDA also increased from RM 193.79 million in FYE 2021 to RM 360.84 million in FYE 2022.

Vietnam relaxed quarantine requirements for fully vaccinated international arrivals on 1 January 2022. Popular tourist hotspots across the country such as Hoi An and Ho Chi Minh City rebounded with the return of their foreign tourists and Vietnam's economy rallied with GDP growth likely to reach 7.2%.⁽¹⁾

Our revenue in Vietnam increased from RM 1.75 billion in FYE 2021 to RM 2.20 billion in FYE 2022 due mainly to higher sales volume and average selling price of broiler chickens as well as higher average selling price of eggs. EBITDA stood at RM 145.39 million as compared to RM 78.03 million recorded in FYE 2021.

Our Singapore's operation faced a series of headwinds in 2022. The electricity provider used by most of our subsidiaries ceased operations at the end of 2021. We

had to switch to other electricity providers with much higher floating tariff rates which caused a significant hike in our electricity bill. The issue has since been resolved, albeit at still significantly higher tariff rates.

The export ban of broiler chickens by Malaysian government as mentioned above had severely affected our Singapore's operations. While we were able to supply consumers with frozen chickens from our trading business, margins from trading businesses are much narrower than the value add of slaughtering live broilers in Singapore and supplying customers with fresh chickens. Furthermore, while the broiler chickens export ban has been partially lifted by Malaysian government, 50.0% export quota meant that our Singapore slaughtering operation were operating at well below design capacity. As a result, Singapore's full-year EBITDA slid to RM 60.10 million in FYE 2022 from RM 79.97 million in FYE 2021.

Our Philippines operations continue to excel in 2022. Our feedmill plant in Sapang, Central Luzon had achieved more than 90.0% utilisation since Q3 2022, having increased volume by 300.0% compared to the sales volume achieved in FYE 2021. We are currently installing the second pelleting line in the existing feedmill plant and expect to complete by Q2 2023. This will double our capacity to 28,000 MT per month.

While we expanded our feedmill operations in the Philippines, the livestock segments were not neglected. Our broiler chicken sales volume increased by 45.0% compared to the sales volume recorded in FYE 2021. As at 31 December 2022, our B2C channels in the Philippines also further expanded with 42 participating LH Deli outlets to expand Farm-to-Plate business integration.

On the back of favourable selling prices and stronger sales volume of broiler chickens and dressed chicken, as well as contribution from feedmill and B2C channels, revenue from the Philippines doubled to RM 395.66 million during the year under review, from RM 200.81 million recorded in FYE 2021. Correspondingly, our operations in the Philippines delivered an EBITDA of RM 60.61 million as compared to EBITDA of RM 37.25 million from a year ago.

Our vertically-integrated poultry operations and geographical diversification had afforded the Group a stronger ability to monetise a portion of our products at the most optimal price points in the value chain when there is demand-supply imbalance which provided us incremental margins and enabled the Group to increase our profitability in FYE 2022. As at 31 December 2022, the Group's balance sheet had strengthened with shareholders' funds of RM 2.59 billion and net assets attributable to ordinary equity holders rising to RM 0.55 per share, representing an increase of 10.9% from a year ago, as we closed the year with a lower net gearing ratio of 0.85 times.

Management Discussion and Analysis by the Group Chief Executive Officer

CAPITAL EXPENDITURE

The Group invested RM 298.33 million in capital expenditure (“capex”) during FYE 2022. Our capex is driven by our focus to meet the long-term demand upside for meat protein within our footprints in Southeast Asia. We continue to cautiously deploy resources towards our downstream business, such as our B2C channels as well as coldrooms, to enhance revenue and preserve margins. We believe that these downstream investments are essential to the Group’s ongoing Farm-to-Plate strategy to deliver an overall business that is resilient and sustainable.

RISK AND MITIGATING MEASURES

Biosecurity and Disease Control

Outbreaks of livestock diseases at our poultry farms or facilities could significantly restrict our ability to conduct our operations. Avian Influenza such as H5N1 and H7N9 are highly contagious among birds and can cause sickness or death of domesticated birds, including chickens, geese, ducks and turkeys. In the event that disease afflict our livestock, it will have an adverse impact on our productivity and mortality of our livestock, which would then have an adverse effect on the revenue and profitability of the Group. Recognising the importance of this risk, the management team carries out several preventive actions to mitigate the risk. We have implemented measures to mitigate this risk with stringent biosecurity control at our livestock farms. Our chicken farms are mainly closed house farming system to minimize the impact of disease transmission through open air. Additionally, we also have dedicated veterinarians for our livestock farms to ensure that our livestock are healthy.

Selling Price Volatility

The prices of our products sold on the open market under our Livestock business, including broiler chickens and DOC, have historically been subject to wide fluctuations due to changes in demand and supply conditions. The changes in demand and supply conditions are primarily due to seasonal factors such as weather, festive seasons and school holidays. Changes in demand and supply conditions or the occurrence of other factors beyond our control in the future may result in unusual movements in selling prices or affect our selling prices negatively. Consequently, our quarterly financial results may also be affected by such fluctuations. We minimize our exposure through vigilance and close monitoring of prevailing market prices and we remain focused on our cost optimization strategy. Additionally, our investments in our B2C channels have enabled the Group to stabilize profit margins.

Succession Planning

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

We believe we offer attractive terms of employment including an employee share option scheme, which is crucial for the Group to attract and retain qualified personnel. In addition, the Group views proactive succession planning as a strategic importance to ensure long term continuity of business and operations. We will continue to recruit more professional staff and to retain them for dedicated needs in our organization.

OUTLOOK

Geopolitical uncertainties and global weather change due to greenhouse effect will continue to affect commodity prices which in turn will impact the poultry industry.

The Group will continue to emphasise cost management, efficiency improvement and automation initiatives across our operations for business sustainability and adaptability amidst challenging business landscapes. These ongoing strategies will help to preserve the Group’s margins and increase our market share in line with our volume expansion.

DIVIDEND POLICY

We have a target payout ratio of 30.0% of our PATMI of each fiscal year on a consolidated basis after taking into account reinvestment opportunities for further expansion in our businesses. Accordingly, the Board of Directors has approved a single-tier dividend of 1.80 sen per ordinary share amounting to RM65.7 million to be paid to shareholders on 23 May 2023.

Note:

⁽¹⁾ <https://english.news.cn/20221214/cdde432cb2244bb591e8330a73611826/c.html>

SUSTAINABILITY STATEMENT



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

Sustainability Statement

Leong Hup International Berhad (“LHI”) and its subsidiaries (“LHI Group” or “Group”) is committed to ensure that it continues to grow and stay relevant within its Southeast Asia footprint, by embedding appropriate elements of sustainability across our business and operations.

The content of this Sustainability Statement (“Statement”) reports on the Group’s on-going sustainability initiatives for the financial year ended (“FYE”) 31 December 2022 and illustrates our various endeavours to build up the three key pillars of our sustainability efforts, namely economic, environmental and social (“EES”) aspects.

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






GOVERNANCE STRUCTURE FOR SUSTAINABILITY

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

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

SCOPE

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

					
Business operations	MY	ID	SG	VN	PH
Feedmill	✓	✓	–	✓	✓
Livestock:					
- Breeder	✓	✓	–	✓	✓
- Layer	✓	✓	–	✓	–
- Broiler	✓	✓	–	✓	✓
- Food Processing Production (“FPP”)	✓	✓	✓	–	–
- Quick-Service Restaurant (“QSR”)	✓	✓	–	–	✓

Sustainability Statement

STAKEHOLDER ENGAGEMENT

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

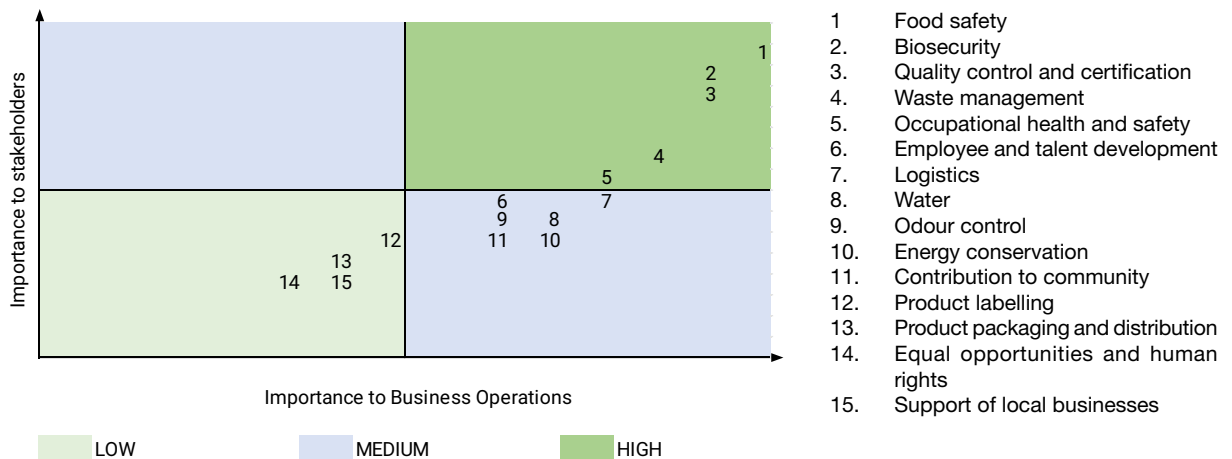
The following table lists our engagement activities with fellow stakeholders to-date:

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

MATERIALITY MATRIX

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

The materiality assessment undertaken by the Group had identified several key sustainability matters most relevant to our business operations relating to EES aspects. This year, we have maintained our material sustainability matters and their prioritisation as of FYE 31 December 2022. The materiality matrix is illustrated below:



Sustainability Statement

MATERIALITY MATRIX (CONT'D)

We define material sustainability matters as those reflecting the Group's significant EES impacts or substantially influence stakeholder assessments and decisions in accordance with Listing Requirements. Senior leaders of our business operations, including the Executive Committee and their delegates, determined the most relevant material sustainability matters relating to the EES aspects, taking into consideration views and concerns of our stakeholders.

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

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

SUSTAINABILITY EFFORTS

The Group is guided by the best industry practices in our business operations to produce and deliver quality products to our customers, while also being cognisant of the economic, environment and social aspects of our communities.

1. Towards the economy

1.1. Food Safety and Quality Control

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

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

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

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

SUSTAINABILITY EFFORTS (CONT'D)

1. Towards the economy (Cont'd)

1.1. Food Safety and Quality Control (Cont'd)

Business operations	Malaysia	Indonesia	Singapore	Vietnam	The Philippines
Feedmill	<ul style="list-style-type: none"> · ISO 22000 · HACCP 	<ul style="list-style-type: none"> · ISO 9001 · ISO 22000 · HACCP · GMP 	NA ⁽¹⁾	<u>Medicine & Vitamin Plant</u> <ul style="list-style-type: none"> · GMP <u>Feedmill Plant</u> <ul style="list-style-type: none"> · ISO 9001 · ISO 22000 · HACCP 	NA ⁽¹⁾
Livestock	<u>Layer Farms</u> <ul style="list-style-type: none"> · MyGAP <u>FPP</u> <ul style="list-style-type: none"> · Halal · ISO 9001 · HACCP · MeSTI · VHM⁽⁵⁾ <u>QSR</u> <ul style="list-style-type: none"> · Halal 	<u>Layer Farms</u> <ul style="list-style-type: none"> · NKV <u>Breeder Farms</u> <ul style="list-style-type: none"> · CFOAI⁽³⁾ · SNI⁽⁴⁾ <u>Boiler Farms</u> <ul style="list-style-type: none"> · CFOAI⁽³⁾ <u>FPP</u> <ul style="list-style-type: none"> · Halal · ISO 9001 · ISO 22000 · HACCP · GMP · NKV 	<u>FPP</u> <ul style="list-style-type: none"> · Halal · FSSC 22000⁽²⁾ 		NA ⁽¹⁾

Notes:

- 1) NA means not applicable.
- 2) FSSC 22000 covers both ISO 22000 and HACCP.
- 3) Compartment Free of Avian Influenza
- 4) SNI ("Standar Nasional Indonesia") for Day Old Chick.
- 5) Veterinary Health Mark

Most of the Group's feedmills, egg production facilities and FPP operations across Malaysia, Indonesia, Singapore and Vietnam have obtained certification for either ISO 9001 or ISO 22000, or its alternative – FSSC 22000, save for a medicine and vitamin plant in Vietnam which operates in accordance with World Health Organisation's Good Manufacturing Practices ("GMP") and Vietnamese law and regulations pertaining to manufacturing of veterinary drugs. In addition, 90.0% of our layer farms and approximately 50.0% of our broiler chicken farms in Malaysia have obtained the Malaysian Good Agricultural Practices ("MyGAP") certification by the Department of Veterinary Services of Malaysia. MyGAP is a prerequisite for overseas export of livestock, which requires farmhouses to operate on a closed-house system ("CHS") with comprehensive farm management and considerations given to animal welfare and health, safety and environment standards. With regards to our FPP operations in Singapore, we are proud to have been awarded an "A" grade under the Food Safety Excellence Scheme by the Singapore Food Agency for 18 years consecutively.

Sustainability Statement

SUSTAINABILITY EFFORTS (CONT'D)

1. Towards the economy (Cont'd)

1.1. Food Safety and Quality Control (Cont'd)

Aside from the medicine and vitamin plant in Vietnam, a number of our key operations have also obtained Hazard Analysis and Critical Control Points ("HACCP") certification, which ensures safety controls are in place, managed, and functioning effectively, in order to manage the safety hazards identified via a systematic analysis of the operations. In order to maintain the ISO 9001, ISO 22000 and FSSC 22000 certifications, independent surveillance audits are conducted on an annual basis, and independent recertification audits are conducted once every three years to renew the certifications. By adopting these quality or food safety standards and certifications, we ensure that food safety and quality standards are clearly set out, communicated and complied with throughout our operations. Any effectiveness of our food safety and quality management process will be highlighted via our internal audit activities or annual ISO audit activities for remedial actions to be conducted.

During the financial year under review, a product recall incident occurred due to presence of Salmonella Enteritidis in one of our Malaysian layer farms. We have taken the necessary steps to sanitise the farm and subsequent laboratory tests showed that the issue has been resolved.

Halal Certification

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

Trainings

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

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

1.2 Biosecurity

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

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

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

SUSTAINABILITY EFFORTS (CONT'D)

1. Towards the economy (Cont'd)

1.2 Biosecurity (Cont'd)

We recognise the benefits of adopting CHS for flock management, enabling better control over the biosecurity and climate factors such as temperature, humidity, light and airflow, which affect both the growth and health of poultry, thereby offering improved levels of biosecurity. We run our farms on an "all-in-all-out" cyclical basis, with each farm being "offline" for approximately three weeks, prior to subsequent batch of day-old-chicks' entry into the farmhouse. This decreases the likelihood of diseases spreading and allows us to sanitise the farms when they are "offline". As at 31 December 2022, approximately 99.2% of the Group's flocks are managed in CHS (99.3% as at 31 December 2021).

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

As at 31 December 2022, the Group's broiler operations, located in Malaysia, Indonesia, Vietnam and the Philippines, are supported by more than 851 contract farmers (741 as at 31 December 2021) licenced by relevant local authorities to accommodate the size of market demand in these markets. In this regard, we ensure food safety and quality by conducting frequent visits to these contract farms, and sometimes via formal audits. Any identified practices, or non-adoption of necessary practices, which jeopardises hygiene, safety and quality of meat produce will be highlighted to contract farmers for remedial actions to be undertaken, failing which the business partnership will be reassessed and terminated where necessary.

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

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

2. Towards the Environment

2.1 Waste Management

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

Hazardous Waste

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

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

Sustainability Statement

SUSTAINABILITY EFFORTS (CONT'D)

2. Towards the Environment (Cont'd)

2.1 Waste Management (Cont'd)

Hazardous Waste (Cont'd)

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

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

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

Non-Hazardous Waste

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

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

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

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

SUSTAINABILITY EFFORTS (CONT'D)

3. Towards the Society

The Group undertook additional efforts to provide employees a safe work environment during the Covid-19 pandemic. As the pandemic spread across the globe rapidly, it became urgent to establish a means of continuing work in a safe manner. Each operating market established its own Covid-19 operating procedures in line with the legislation and national government's recommendations. We also put in place mechanisms to enable our employees to effectively work from home (where possible) and reduce non-essential work-related travelling during various lockdowns.

3.1 Occupational Safety and Health

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

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

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

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

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

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

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

Sustainability Statement

SUSTAINABILITY EFFORTS (CONT'D)

3. Towards the Society (Cont'd)

3.1 Occupational Safety and Health (Cont'd)

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

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

For the financial under review, there was one fatality involving the Group's employee in Malaysia. A worker passed away when an avalanche of soybean meal poured onto him when he investigated a clog in a silo. Management had installed safety equipment and purchased specialised equipment for such purpose to prevent recurrence. Workers were also given additional safety instructions. The incident was reported to social security services and the relevant cost as well as social security compensation for the next-of-kin were arranged as appropriate.

3.2 Employee and Talent Development

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

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

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

SUSTAINABILITY EFFORTS (CONT'D)

3. Towards the Society (Cont'd)

3.2 Employee and Talent Development (Cont'd)

In FYE 31 December 2022, we provided trainings on the following subjects to our employees and workers:

Management trainings	<ul style="list-style-type: none"> • Leadership training (for advancement to management position) • Management training on workload analysis • Agile Malindo (workload analysis training) • Cyber security awareness • Introduction to integrated reporting • Train the trainer training
Management systems, international standards, certifications and practices	<ul style="list-style-type: none"> • Effective ISO audit • ISO 9001:2015 and 2018 Quality Management System • ISO 22000 Food Safety Management System • HACCP • Critical Control Point • Operational Pre Requisite Programme • Risk management • Halal certification • Good Manufacturing Practice • Lean Six Sigma • Effective Recruitment Techniques • Certified Environment Professional in Scheduled Waste Management
Business operations, processes and general practices	<ul style="list-style-type: none"> • Slaughtering skills • Forklift operating • Generic manufacturing skills • Operation skills • Inventory management, planning and control • Planning and budgeting • Taxation and accounting • Human resources skill • Food safety • Work etiquette • Work hygiene
Employee personal development skills and knowledge	<ul style="list-style-type: none"> • Computer skills • Interpersonal communication • Teamwork and personal growth • Change management • Critical, analytical, design and project thinking • 4DX & Pareto Analysis

Sustainability Statement

SUSTAINABILITY EFFORTS (CONT'D)

3. Towards the Society (Cont'd)

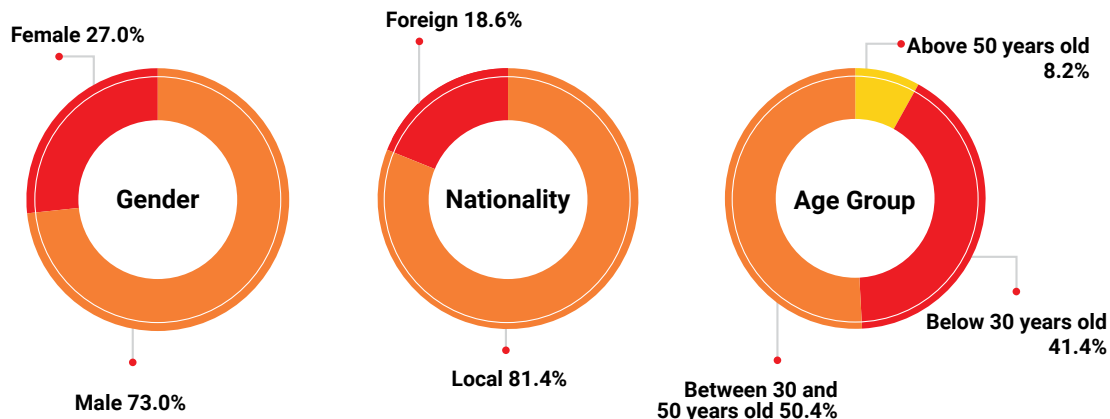
3.3 Workforce Diversity

We are committed to fostering a diverse and inclusive workplace environment, and we uphold the principles of meritocracy in our employment practices. We do not tolerate any form of discrimination and strive to make our assessment of employees, workers, and prospective candidates based on merit.

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

Employee Diversity

Country	Malaysia		Singapore		Indonesia		Vietnam		The Philippines		Grand Total	
Total Number of employees	5,439		785		3,636		2,098		564		12,522	
Gender	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Male	3,776	69.4%	539	68.7%	3,028	83.3%	1,286	61.3%	506	89.7%	9,135	73.0%
Female	1,663	30.6%	246	31.3%	608	16.7%	812	38.7%	58	10.3%	3,387	27.0%
Nationality												
Local	3,712	68.2%	271	34.5%	3,621	99.6%	2,045	97.5%	547	97.0%	10,196	81.4%
Foreign	1,727	31.8%	514	65.5%	15	0.4%	53	2.5%	17	3.0%	2,326	18.6%
Age Group												
Employees <30 years old	2,570	47.3%	107	13.6%	1,402	38.6%	796	37.9%	304	53.9%	5,179	41.4%
Employees 30 < x <50 years old	2,433	44.7%	415	52.9%	2,031	55.8%	1,189	56.7%	241	42.7%	6,309	50.4%
Employees >50 years old	436	8.0%	263	33.5%	203	5.6%	113	5.4%	19	3.4%	1,034	8.2%
Employee Category												
Manager & above	305	5.6%	37	4.7%	303	8.3%	65	3.1%	31	5.5%	741	5.9%
Executives	1,065	19.6%	178	22.7%	9	0.3%	173	8.2%	3	0.5%	1,428	11.4%
Non-Exec	4,013	73.8%	570	72.6%	3,324	91.4%	1,860	88.7%	530	94.0%	10,297	82.2%
Contractor & Temp Staff	56	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	56	0.5%



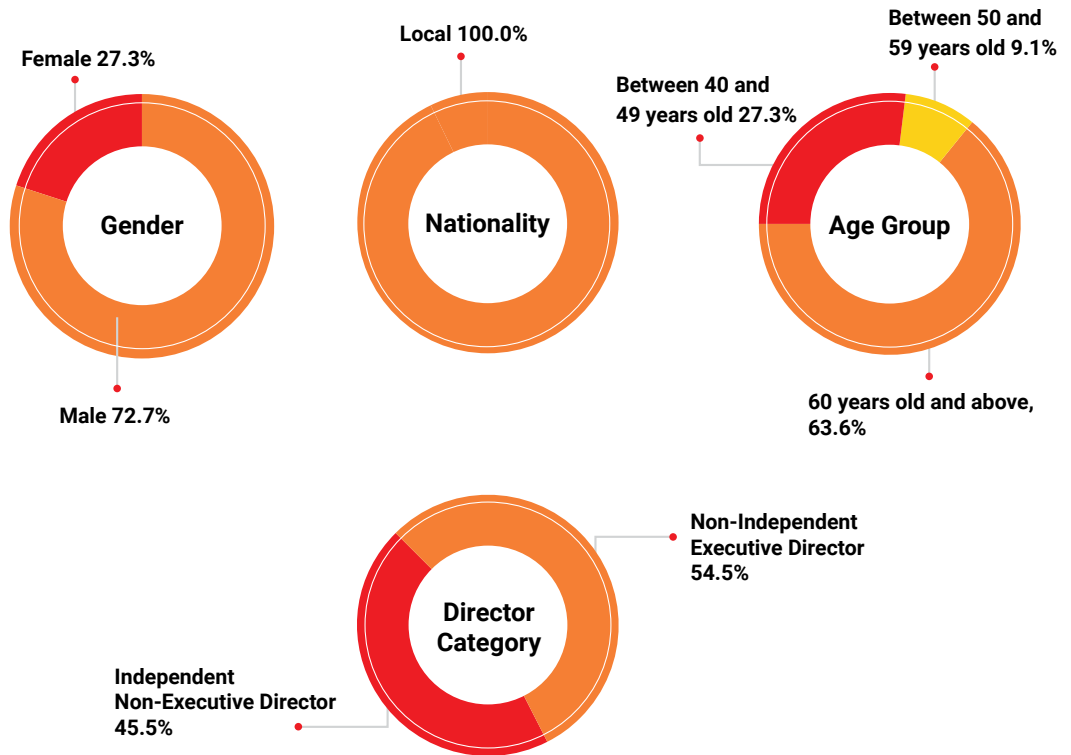
SUSTAINABILITY EFFORTS (CONT'D)

3. Towards the Society (Cont'd)

3.3 Workforce Diversity (Cont'd)

Director Diversity

Total number of directors		11	
Gender	Number	%	
Male	8	72.7%	
Female	3	27.3%	
Nationality			
Local	11	100.0%	
Foreign	0	0.0%	
Age Group			
40 - 49 years	3	27.3%	
50 -59 years	1	9.1%	
60 years and above	7	63.6%	
Director Category			
Non-Independent Executive Director	6	54.5%	
Independent Non-Executive Director	5	45.5%	



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 financial year ended (“FYE”) 31 December 2022.

The detailed application for each best practice as set out in the MCCG during the FYE 31 December 2022 is disclosed in the Corporate Governance Report (“CG Report”) which is available on the Company’s corporate website: [https:// www.leonghupinternational.com/](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

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”) and Remuneration Committee (“RC”) in carrying out its stewardship. All Board Committees have clearly defined terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance. The Chairman of each Board Committee reports the meeting outcomes and findings to the Board to keep the Board informed and updated on the key matters being deliberated by the Board Committees.

The principal duties and responsibilities assumed by the Board include:

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

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

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

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

Corporate Governance Overview Statement

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

1. BOARD RESPONSIBILITIES (CONT'D)

Roles and Responsibilities of the Board (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

The Board took into consideration of ESG aspects while formulating the Group strategic plan. The Group COO, supported by a committee was tasked to spearhead the integration of ESG in the Group. A report encompassing the Group's sustainability & ESG framework, ESG goals & practices for all the five operating countries was presented to the Board in May 2022 Board meeting.

Corporate Governance Overview Statement

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

1. BOARD RESPONSIBILITIES (CONT'D)

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.

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.

Qualified and Competent Company Secretaries

The Board are 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 (MAICSA).

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

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

Corporate Governance Overview Statement

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

1. BOARD RESPONSIBILITIES (CONT'D)

Access to Information and Advice

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

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

Board Charter

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

The Board Charter was last reviewed and updated on 19 April 2022 in accordance with the Board's objective and current laws and practices. The Board Charter is available on the Company's website at <https://www.leonghupinternational.com/>.

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/>.

Whistleblowing Policy

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

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

Corporate Governance Overview Statement

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

1. BOARD RESPONSIBILITIES (CONT'D)

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 current 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 16 to 26 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 management's execution of the Group's strategies and policies.

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 fourth 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

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

2. BOARD COMPOSITION (CONT'D)

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/>.

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

Selection and Assessment of Directors

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

The NC considers the following factors in evaluating suitable candidates:-

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

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

Corporate Governance Overview Statement

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

2. BOARD COMPOSITION (CONT'D)

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 31 December 2022:

- a. Reviewed and evaluated the effectiveness of the Board, the Board Committees and contribution of each individual Director including KSM;
- b. Reviewed the required mix of skills, experience, core competencies and other qualities of the Board;
- c. Assessed the independence of the Independent Directors based on the criteria set out in the Listing Requirements;
- d. Reviewed and recommended to the Board the re-election of Directors;
- e. Reviewed the trainings attended by the Directors and determined their training needs;
- f. Reviewed the disclosures in the Corporate Governance Overview Statement on NC activities for 2021 Annual Report;
- g. Reviewed the Terms of Reference of the NC, Directors' Assessment Policy and Diversity Policy;
- h. Reviewed and revised the existing performance assessment forms for Directors, Board Committees and KSM; and
- i. Reviewed and recommended to the Board the adoption of Directors' Fit and Proper Policy.

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.

Directors' Fit and Proper Policy

The Company had on 19 April 2022 put 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, Goh Wen Ling and Chu Nyet Kim. The retiring Directors have notified their intention to seek for re-election at the forthcoming AGM.

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	Group Breeder CEO
Lau Joo Heng	CEO of the Group's Philippines operations
Lau Joo Hwa	CEO of the Group's Singapore operations
Chew Eng Loke	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.

Corporate Governance Overview Statement

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

3. REMUNERATION

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 is available on the Company's website at <https://www.leonghupinternational.com/>.

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

	Position
Goh Wen Ling	Chairperson
Datin Paduka Rashidah Binti Ramli	Member
Low Han Kee	Member

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

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

The remuneration paid/payable to the Board for the FYE 31 December 2022 is tabulated as follows:-

a) Company

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

Corporate Governance Overview Statement

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

3. REMUNERATION (CONT'D)

Remuneration Committee (Cont'd)

a) Company (Cont'd)

Director	RM'000					Total
	Salaries	Fees ⁽ⁱ⁾	Bonus	Benefit-in-kind	Other Emoluments	
Non-Executive Director						
Low Han Kee	–	170	–	–	26	196
Datin Paduka Rashidah Binti Ramli	–	120	–	–	16	136
Chu Nyet Kim	–	150	–	–	28	178
Goh Wen Ling	–	160	–	–	26	186
Tay Tong Poh	–	130	–	–	18	148
Sub-Total	–	730	–	–	114	844

b) Group

Director	RM'000					Total
	Salaries	Fees	Bonus	Benefit-in-kind	Other Emoluments	
Executive Chairman						
Lau Chia Nguang	3,448	526	2,500	514	136	7,124
Executive Director						
Tan Sri Dato' Lau Eng Guang	2,259	–	2,500	21	878	5,658
Tan Sri Lau Tuang Nguang	1,966	593	3,500	25	879	6,963
Datuk Lau Joo Hong	3,678	–	3,416	–	798	7,892
Lau Joo Han	1,998	151	4,850	71	1,637	8,707
Lau Joo Keat	2,098	–	–	–	109	2,207
Sub-Total	15,447	1,270	16,766	631	4,437	38,551

Corporate Governance Overview Statement

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

3. REMUNERATION (CONT'D)

Remuneration Committee (Cont'd)

b) Group (Cont'd)

Director	RM'000					Total
	Salaries	Fees ⁽¹⁾	Bonus	Benefit-in-kind	Other Emoluments	
Non-Executive Director						
Low Han Kee	–	170	–	–	26	196
Datin Paduka Rashidah Binti Ramli	–	120	–	–	16	136
Chu Nyet Kim	–	150	–	–	28	178
Goh Wen Ling	–	188	–	–	30	218
Tay Tong Poh	–	130	–	–	18	148
Sub-Total	–	758	–	–	118	876

Note:

⁽¹⁾ Approved by shareholders at the 8th AGM of the Company.

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

Foster Commitment of Directors

Time Commitment

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 50.0% of Board meetings held during the financial year under review pursuant to the Listing Requirements.

Corporate Governance Overview Statement

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

3. REMUNERATION (CONT'D)

Time Commitment (Cont'd)

The Board and Board Committees' meeting attendances for the FYE 31 December 2022 are as follows:-

Directors	Board Meeting	ARC Meeting	NC Meeting	RC Meeting
Lau Chia Nguang	4/5	–	–	–
Tan Sri Dato' Lau Eng Guang	5/5	–	–	–
Tan Sri Lau Tuang Nguang	5/5	–	–	–
Datuk Lau Joo Hong	5/5	–	–	–
Lau Joo Han	5/5	–	–	–
Lau Joo Keat	5/5	–	–	–
Low Han Kee	5/5	5/5	–	2/2
Datin Paduka Rashidah Binti Ramli	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	–

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 member during the financial year are as follows:

		List of training programmes/Seminars attended/participated	Date
1	Lau Chia Nguang	Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022
2	Tan Sri Dato' Lau Eng Guang	Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022
3	Tan Sri Lau Tuang Nguang	Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022
4	Datuk Lau Joo Hong	Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022
5	Lau Joo Han	Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022
6	Lau Joo Keat	Governance in Groups	7-8 June 2022
		Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022

Corporate Governance Overview Statement

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

3. REMUNERATION (CONT'D)

Training and Development of Directors (Cont'd)

		List of training programmes/Seminars attended/participated	Date
7	Low Han Kee	Sustainability Strategy Workshop	22 April 2022
		ESG and Environmental Sustainability - from Compliance to Quantifiable Business Value	27 June 2022
		Singapore Taxation	30 August 2022
		Understanding a Board's role in steering ESG	13 September 2022
		Refresher Training on Anti-Bribery & Corruption Compliance	2 November 2022
		Philippines Taxation	29 November 2022
		Audit Oversight Board Conversation with Audit Committees	6 December 2022
8	Datin Paduka Rashidah Binti Ramli	Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022
9	Chu Nyet Kim	2022 Economic Outlook	19 January 2022
		Sustainability reporting: get ready for new ISSB standards	25 May 2022
		Governance in Groups	7-8 June 2022
		Singapore Taxation	30 August 2022
		Corporate Governance & Remuneration Practices for the ESG world	6 September 2022
		Latest Tax Developments	3 November 2022
		Interconnection Transformed	16 November 2022
		Conversation with Audit Committees	17 November 2022
		Double your reading speed, triple your effectiveness, specially crafted for accountants and financial leaders	23-24 November 2022
		Philippines Taxation	29 November 2022
		Neuroscience Development Programme for effective business leaders	1 December 2022
		Training on Environmental, Social and Governance	14 December 2022
10	Goh Wen Ling	Governance in Groups	7-8 June 2022
		Singapore Taxation	30 August 2022
		Sustainability Awareness	15 September 2022
		Philippines Taxation	29 November 2022
11	Tay Tong Poh	Singapore Taxation	30 August 2022
		Philippines Taxation	29 November 2022

All Directors have attended the Mandatory Accreditation Programme as prescribed in the Listing Requirements.

Corporate Governance Overview Statement

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 and is available on the Company's website at <https://www.leonghupinternational.com/>.

Assessment of External Auditors

The ARC considered the adequacy of experience and resources of the audit firm and the professional staff 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 31 December 2022.

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.

Corporate Governance Overview Statement

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 70 to 75 of the 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 website.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

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 8th AGM was convened on 17 June 2022 and was conducted fully virtual via the Remote Participation and Voting ("RPV") facilities. The Company had notified the shareholders on the conduct of the 8th AGM via the announcement to Bursa Securities and the Company's corporate website. The complete minutes of the 8th AGM is published on the Company's corporate website within 30 business days after the 8th AGM.

The Company will be conducting its 9th AGM fully virtual via RPV application, allowing attendance by shareholders and proxy holders via remote participation and voting in absentia.

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

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

KEY FOCUS AREA IN RELATION TO CORPORATE GOVERNANCE PRACTICES

The Board had on 19 April 2022 adopted the Directors' Fit & Proper Policy in line with the latest regulatory requirements. Such adoption provides guidance to the NC and Board on the appointment and re-election of directors. The Board had also on the same day reviewed and revised various existing policies and procedures, as part of the Company's efforts to enhance the Company's corporate governance practices and align them with the latest regulatory requirements, where applicable.

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

This CG Overview Statement was approved by the Board on 18 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no corporate proposals to raise funds during the FYE 31 December 2022.

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 2022 (RM '000)	Company 2022 (RM'000)
Statutory audit fees paid/payable to		
- PricewaterhouseCoopers PLT	1,537	90
- Member firms of PricewaterhouseCoopers International Limited	2,005	-
Non-audit fees paid/payable to:-		
- PricewaterhouseCoopers PLT	61	-
- Member firms of PricewaterhouseCoopers International Limited	540	-

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

During the Extraordinary General Meeting held by the Company on 11 January 2019, the shareholders had given their approval for the Company to grant ESOS options to the eligible Directors and employees, subject to the By-Laws governing the ESOS. The Company had granted ESOS options under this scheme to eligible Directors and employees. The ESOS has a duration of five (5) years, which is effective from 11 April 2019 until 10 April 2024. The information in relation to ESOS are illustrated in the tables below:

	During FYE 31 December 2022	Since commencement of ESOS
Total number of options granted	-	35,092,000
Total number of options exercised	-	-
Total number of options forfeited	(1,026,000)	(2,964,000)
Total number of options expired	-	-
Total number of options outstanding	32,128,000	32,128,000

Options Granted to Directors and Chief Executive	During FYE 31 December 2022	Since commencement of ESOS
Aggregate options granted	-	8,490,000
Aggregate options exercised	-	-
Aggregate options outstanding	8,490,000	8,490,000

Options Granted to Directors and Key Senior Management	During FYE 31 December 2022	Since commencement of ESOS
Aggregate maximum allocation in percentage	-	50.00%
Actual percentage granted	-	36.07%

Additional Compliance Information

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, Chief Executive Officer or major shareholders, either still subsisting at the end of the FYE 31 December 2022 or entered into since the end of the previous year.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken by the Group during the financial year are disclosed in Note 39 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.

The status of compliance with regard to the affected buildings in Malaysia as at 31 March 2023 are as follows:

(A) Farms and hatcheries which current express condition imposed on the land titles allowing for poultry farming where the status of KM/Temporary Planning Permission (Kebenaran Merancang Terhad) ("KMT")/CCC/Temporary Building Permit ("TBP") applications are as follows:-	No. of farms and hatcheries
- KM applications approved and currently in the process of obtaining the CCC	50
- KMT applications approved and currently in the process of obtaining the TBP	7
- 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	2
- TBP obtained	6
Sub-total	92
(B) Farms and hatcheries that are not able to change their express condition imposed on land titles to allow for poultry farming	11

Additional Compliance Information

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

The status of compliance with regard to the affected buildings in Malaysia as at 31 March 2023 are as follows:
(Cont'd)

(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	19
-	Pre-consultation of KM submitted or KM applications submitted but pending decision of local councils	13
-	KMT applications submitted or to be submitted and subsequently to obtain the TBP	2
-	TBP obtained	-
Sub-total		34
Total		137

The status of the SLF application for the affected buildings in Indonesia as at 31 March 2023 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:

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers, issued by the Task Force on Internal Control, with the support and endorsement of Bursa Securities as well as the Malaysian Code on Corporate Governance, the Board of Directors (“Board”) is pleased to present the Statement on Risk Management and Internal Control for the financial year ended (“FYE”) 31 December 2022, which outlines the nature and scope of risk management and internal control of Leong Hup International Berhad and its subsidiaries (the “Group”).

BOARD’S RESPONSIBILITIES

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

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

All the members of the ARC, comprise exclusively Independent Non-Executive Directors, have responsibilities including:

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

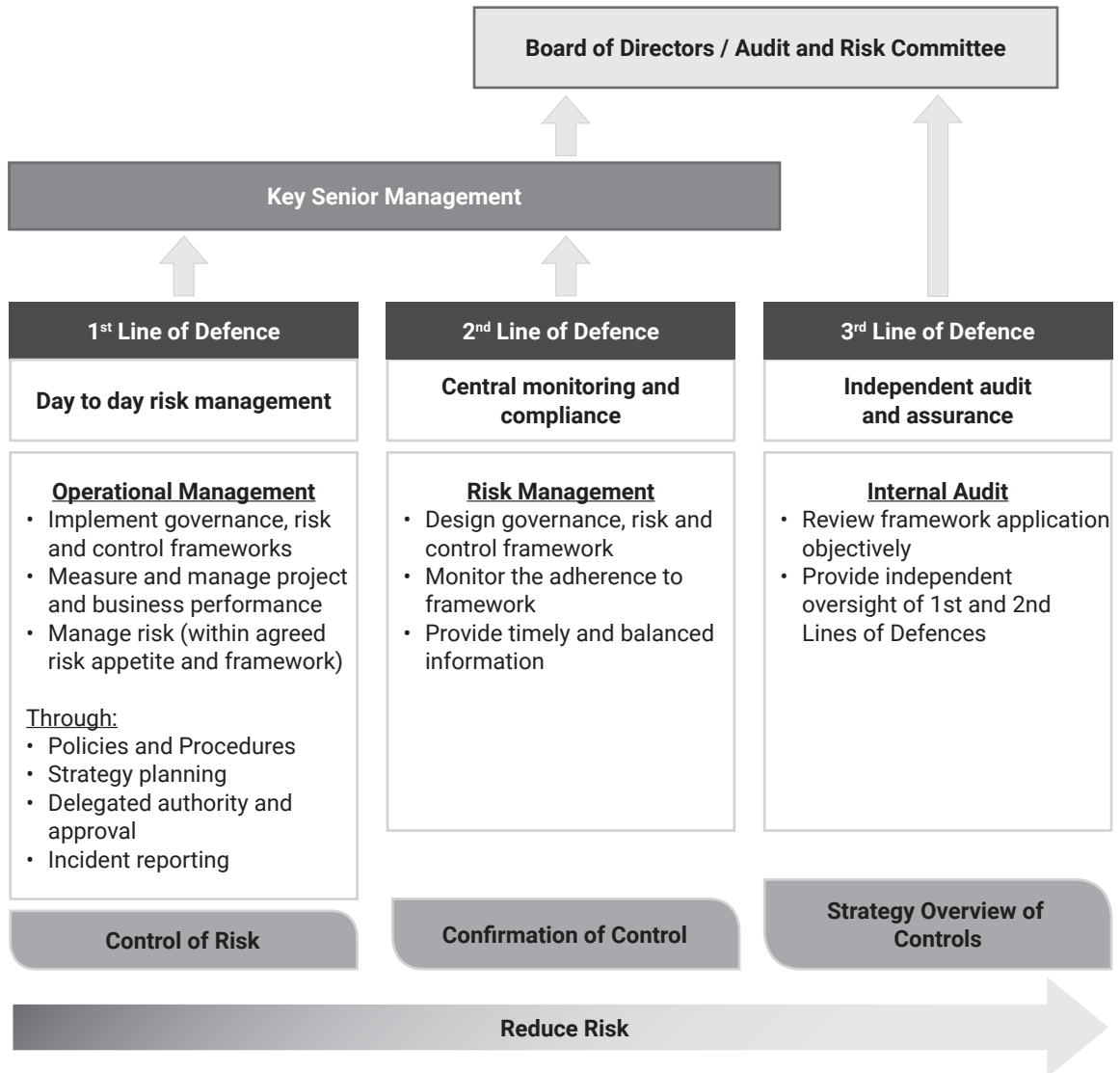
Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 the risk faced by the Group. Through effective planning, organising, leading and controlling the activities of the Group, the ERM would facilitate in the achievement of corporate objectives, safeguarding business assets and ensuring business sustainability in the long-run.

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



Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

a) Risk Management (Cont'd)

The Group operates within an ERM framework approved by the Board to protect itself from the following principal risks:

- **Strategic Risk**

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

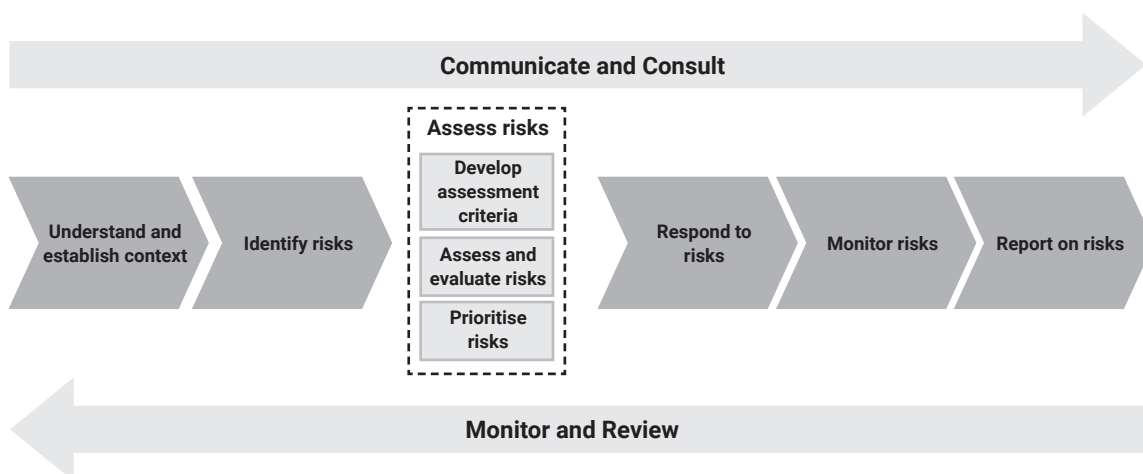
- **Operational Risk**

The Group's operational risks include, 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 will have an impact on the Group's operations. Premised on the fact that the Group is geographically diversified in five countries, management of the Group's day-to-day operational risks are decentralised at the respective business unit level across different countries. Such decentralisation allows for closer monitoring of the relevant stress points that could potentially lead to disruption of the Group's operations, while appropriate measures and procedures are in place to escalate and resolve incidents to ensure minimum disruption to each business unit.

- **Financial Risk**

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

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



Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

a) Risk Management (Cont'd)

- i. **Communicate and consult** the ERM framework to the whole organisation;
- ii. **Understand and establish** the basic parameters and set the scope for the processes;
- iii. **Identify risks** to identify 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** for management to avoid, transfer, share, mitigate or accept the risk, taking into account the Group's risk profile;
- vi. **Monitor risks** which are periodic reviews to ensure that the risk responses by management are carried out effectively;
- vii. **Report on risks** for relevant information to be communicated to the key senior management, ARC and the Board; and
- viii. **Monitor and review** for risk management processes be monitored, and modifications be made as necessary, to ensure that the system can react dynamically and change as the conditions warrant.

b) Internal Control

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

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

The internal control system entails, among others, the proper delegation of duties and responsibilities from the Board to the Executive Directors, Group Chief Executive Officer, Group Chief Operating Officer and key senior management (collectively, "Management") in management of the Group. In this respect, Management essentially comprises 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 day-to-day activities, ageing of inventories and receivables and the Group's strategic business plan.

Internal Audit ("IA") Function

The Group's IA function is independent and adopts the International Professional Practices Framework ("IPPF") which is based on the Committee of Sponsoring Organisation of the Treadway Commission ("COSO") framework in carrying out IA assignments of the Group. The IPPF includes, among others, the attributes and performance standards for IA promulgated by the Institute of Internal Auditors.

The Group's internal audit services for FYE 31 December 2022 were outsourced to an independent external party, KPMG Management & Risk Consulting Sdn. Bhd. ("Internal Auditors").

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

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

Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

b) Internal Control (Cont'd)

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

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

i. ERM Framework

- Facilitated the identification and update of the Group's risk profile based on the existing ERM framework which includes the risk management standard operating procedures, processes and risk management methodology; and
- Discussed with management teams at key business units and updated operational risk profile.

ii. Information Technology ("IT") General Controls

Reviewed the internal control and procedures pertaining to the following:

- IT governance and cybersecurity;
- Maintenance plan on hardware, software and database/server;
- Access and security control;
- Disaster recovery plan;
- Data and system backup;
- IT vendor management; and
- IT issue management.

iii. Human Resources Management

Reviewed the internal control and procedures pertaining to the following:

- Control environment;
- Manpower budgeting and planning;
- Recruitment and selection;
- Resignation and termination; and
- Discipline management and whistleblowing.

iv. Credit Control Management

Reviewed the internal control and procedures pertaining to the following:

- Control environment;
- Establishment and review of credit terms and limits; and
- Management of outstanding receivables.

Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

b) Internal Control (Cont'd)

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

v. Baker's Cottage retail operation

Reviewed the internal control and procedures pertaining to the following:

- General and control environment;
- Outlet compliance review including halal requirements;
- Safety measures;
- Outlet cash management;
- Retail product and inventory management;
- Outlet's ambience and environment;
- Retail performance monitoring and management;
- Management of online orders;
- Management of customer complaints relating to the outlet; and
- Establishment and operating effectiveness of Covid-19 related safety measures.

The total cost incurred for the IA function in respect of the FYE 31 December 2022 amounted to RM240,000.

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 Bursa Malaysia Securities Berhad Main Market 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 is issued in accordance with a resolution of the Board dated 18 April 2023.

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 2022 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

THE ARC AT A GLANCE

No. of Members	3
No. of Independent Members	3
No. of Meetings held during the FYE 31 December 2022	5
Attendance Rate	100.0%

MEMBERS

No.	Name	Designation	Position	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

Apart from the meetings as mentioned above, the ARC also met up with the Management to have an in-depth discussion on financial results, operational issues, internal control, governance and audit-related matters.

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 a Member of the Malaysian Institute of Accountants ("MIA").
- Mr. Low Han Kee is a member of the Malaysian Institute of Certified Public Accountants ("MICPA").
- The composition of ARC is in compliance with Paragraph 15.09 of the Listing Requirements.

TERMS OF REFERENCE

The Terms of Reference of the ARC which are in line with the provisions of the Listing Requirements, the Malaysian Code on Corporate Governance and other best practices are accessible for reference on the Company's website at www.leonghupinternational.com/investor/corporate-governance/. The Terms of Reference was last reviewed by the ARC on 18 April 2022.

Audit and Risk Committee's Report

SUMMARY OF WORKS OF THE ARC

The ARC carried out the following activities for the FYE 31 December 2022 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
23 May 2022	Unaudited first quarter results for the period ended 31 March 2022
29 August 2022	Unaudited second quarter results for the period ended 30 June 2022
28 November 2022	Unaudited third quarter results for the period ended 30 September 2022
22 February 2023	Unaudited fourth quarter results for the period ended 31 December 2022
17 April 2023	Draft audited financial statements for the FYE 31 December 2022

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 2022 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.

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 IA 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 22 February 2023 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 2022.

The ARC had a private session with the Internal Auditors on 22 February 2023 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 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 2022.

Audit and Risk Committee's Report

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 22 February 2023 reviewed and assessed the independence and effectiveness of the External Auditors of the Company for the FYE 31 December 2022 and was satisfied with their performance. On 18 April 2023, the ARC recommended to the Board on the re-appointment of the External Auditors for the FYE 31 December 2023 and subsequently to the shareholders for approval at the forthcoming 9th Annual General Meeting.

At the ARC meeting held on 28 November 2022, the ARC reviewed, discussed and approved the audit plan of the Group for the FYE 31 December 2022 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 22 February 2023 to discuss key issues within their responsibilities and to ensure there were no restrictions on their scope of audit for the FYE 31 December 2022.

For the effective and efficient functioning of the ARC, the ARC held a discussion with the External Auditors and Management to review any audit issues and reservations arising from the statutory audit of the Group for the FYE 31 December 2022 including financial reporting issues, significant judgements made by the Management and potential key audit matters identified for the Group.

4. *Related Party Transactions*

The ARC reviewed the related party transactions ("RPTs") including recurrent related party transactions ("RRPTs") arise 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 a quarterly basis normal commercial terms and are not detrimental to the interest of the minority shareholders of the Company.

The ARC also 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 2022.
- b) The ARC had reviewed the Statement on Risk Management and Internal Control, Audit and Risk Committee's Report, Corporate Governance Overview Statement and 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 Recurrent Related Party Transactions of the Group to the Board for approval prior to recommending to the shareholders for approval.

DIRECTORS' RESPONSIBILITY STATEMENT

For the Annual Audited Financial Statements

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 31 December 2022, the Directors have:

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

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