LAY HONG BERHAD

(198301011738 (107129-H))
Incorporated in Malaysia

ANNUAL REPORT 2026

OUR MISSIONS

TO PROMOTE

A healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic halal products utilizing the highest quality processing standards.

TO BECOME

An increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.

TO PROVIDE

A caring and rewarding environment for our employees, one which can help fulfill their career goals and inculcate a sense of participation, team spirit and loyalty which will benefit all.

TO WORK

Diligently and consistently to enhance value for our shareholders, to deliver our products fresh on time to our partners and consumers, and to be a responsible corporate citizen.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Yap Hoong Chai
Executive Chairman

Dato' Yap Chor How
Executive Director

Dato' Yeap Weng Hong
Executive Director

Ng Kim Tian
Executive Director

Tan Chee Hau
Independent Non-Executive Director

Wong Soo Thiam
Independent Non-Executive Director

Tham Wei Mei
Independent Non-Executive Director

Yeap Fock Hoong
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Wong Soo Thiam
Chairman

Tan Chee Hau

Tham Wei Mei

NOMINATING COMMITTEE

Tan Chee Hau
Chairman

Wong Soo Thiam

Tham Wei Mei

REMUNERATION COMMITTEE

Tan Chee Hau
Chairman

Wong Soo Thiam

Tham Wei Mei

COMPANY SECRETARY

Wong Yuet Chyn (MAICSA 7047163)
(SSM PC NO. 202008002451)

AUDITORS

Tai, Yapp & Co PLT
Lot 25-04-10 & 25-04-15, 4th Floor, Plaza Prima
Batu 4 1/2, Jalan Kelang Lama
58200 Kuala Lumpur, W. P. Kuala Lumpur
T : 03 7983 0277 / 03 7890 2860

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, W. P. Kuala Lumpur
T : 03 2084 9000 F : 03 2094 9940

PRINCIPAL BANKERS

Hong Leong Bank Bhd
Malayan Banking Bhd
Bank of China (Malaysia) Bhd
AmBank (M) Bhd
Al Rajhi Banking & Investment Corporation (M) Bhd

CORPORATE OFFICE

No. 2, Level 10-12, Wisma Lay Hong
Jalan Empayar Off Persiaran Sultan Ibrahim/KU1
41150 Klang, Selangor Darul Ehsan
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REGISTERED OFFICE

DF2-09-02, Level 9, Persoft Tower
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Tropicana Golf & Country Resort
47410 Petaling Jaya, Selangor Darul Ehsan
T : 03 3008 1123 F : 03 3008 1124

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : LAYHONG
Stock No. : 9385

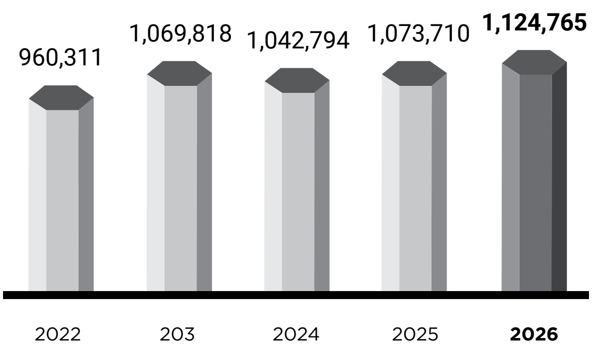
WEBSITE

www.layhong.com.my

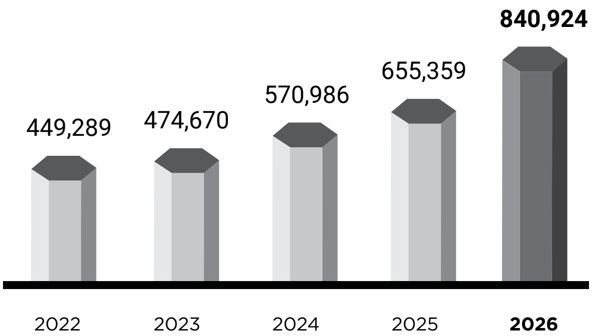
GROUP FINANCIAL HIGHLIGHTS

	2026 RM'000	2025 RM'000	2024 RM'000	2023 RM'000	2022 RM'000
Revenue	**1,124,765**	1,073,710	1,042,794	1,069,818	960,311
Earnings before interest, tax, depreciation and amortisation ("**EBITDA**")	**143,688**	173,285	180,529	98,877	65,125
Net profit/(loss) for the financial year	**64,003**	86,889	90,080	28,242	(2,660)
Profit/(loss) attributable to the owners of the Company	**64,508**	86,830	90,253	28,107	(4,030)
Total assets	**1,313,092**	1,099,236	1,053,569	952,200	947,654
Net assets (NA)	**840,924**	655,359	570,986	474,670	449,289
Share capital	**180,912**	180,337	175,323	173,633	173,633
NA per share attributable to owners of the Company (RM)	**1.09**	0.85	0.75	0.63	0.59
Basic earnings per share (sen)	**8.51**	11.50	12.18	3.80	(0.59)

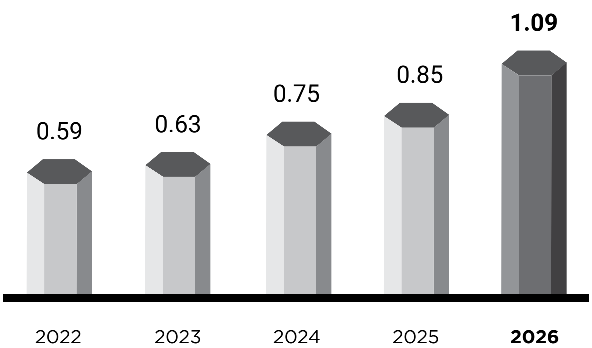
REVENUE
(RM'000)



NET ASSETS
(RM'000)



NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM)



GROUP STRUCTURE AND OPERATIONS

LAY HONG BERHAD

Integrated Livestock Farming

- 100% EMINENT FARM SDN BHD
- 100% HING HONG SDN BHD
- 100% INNOBRID SDN BHD
- 100% EVERGREEN ORGANIC FERTILISERS SDN BHD
- 70% INNOFARM (KLANG) SDN BHD
- 100% SRI TAWAU FARMING SDN BHD
  - 100% STF AGRICULTURE SDN BHD
  - 100% ST FOOD SDN BHD

Food Manufacturing

- 100% LAY HONG LIQUID EGG SDN BHD
- 100% LAY HONG FOOD CORPORATION SDN BHD
- 100% TAKASO SC (THAILAND) LIMITED
- 100% NUTRIPLUS FOOD MANUFACTURING SDN BHD

Retail Operation

- 100% JT TRADING SDN BHD
- 70% G-MART BORNEO RETAIL SDN BHD
- 100% G-MART SG SDN BHD

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS

The Board of Directors of Lay Hong Berhad and its subsidiaries would like to express their gratitude for your continuous trust and support. The Group has been in the integrated poultry farming, food manufacturing and retail business for over six decades. Our operations are located primarily in Peninsular Malaysia and Sabah. This write up is to provide shareholders and stakeholders with an overview of the business operations of Lay Hong Berhad (the "**Company**" and "**Group**"), financial review of financial year ("FY") ended 31st March 2026 and the Group's business expectations for the next FY.

CORE BUSINESS

There has been no change to the Group's core activities in FY2026, namely:

1) Integrated livestock farming (ILF)
2) Food manufacturing (FM)
3) Retail operation (RO)

EXTERNAL FACTORS

The ongoing geopolitical uncertainty especially in the Middle East has caused severe systematic crisis across the globe and the poultry industry and Malaysia had neither excluded nor escaped from its fallout. The uncertainty and inconsistency of the United States in engaging with international trade particularly the imposition of tariffs and the surge in crude oil prices have created much chaos around the world. Operational cost surges are highly expected. While the world economy is bracing for the impending international trade collapse, domestic energy, diesel and haulage cost has experienced a sharp increase during the year. Despite the government's effort to control prices, there is a warning of an impending shortage and high retail prices on poultry products if the geopolitical crisis continues.

The Malaysian economy on the other hand has demonstrated notable resilience compared to its ASEAN peers, which reflected in a stronger Malaysian Ringgit (MYR) that consistently traded within the RM4.00 mark against the US Dollar for a major portion of the year. As a result, the cost of imported raw material especially corn, soya bean and vaccines have substantially eased.

GROUP FINANCIAL RESULTS

	FY2026 RM'000	FY2025 RM'000
Revenue	1,124,765	1,073,710
Profit before tax ("**PBT**")	80,083	109,658
Profit after tax ("**PAT**")	64,003	86,889
Total borrowings nett of cash	101,648	127,479
Shareholder funds attributable to owners of the Company	829,790	643,719
Share Capital	180,912	180,337
No. of Shares ('000)	759,473	757,961
Gearing ratio (times)	0.12	0.20
Basic Earnings per share ("**EPS**") (sen)	8.51	11.50
Net asset per share (RM)	1.09	0.85

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For the year under review, the Group delivered another year of positive performance, driving revenue beyond the RM1 billion milestone for the third consecutive year and outperforming previous year's revenue. For this financial year, revenue increased by 4.76% or RM51.06 million from RM1,073.71 million to RM1,124.77 million. The increase in revenue was primarily due to the increase in the quantity of downstream processed chicken products being sold plus higher retail sales from the opening of 10 new outlets branded under G-Mart and MYSHOP banner in Sabah during the year.

PBT has recorded a decrease of 26.97% or RM29.58 million from RM109.66 million in 2025 to RM80.08 million in 2026. The decrease was mainly due to the egg subsidy removal on 1st August 2025 by the government. Higher selling and distribution costs in promoting the above chicken products has also contributed to the decrease in profits.

GROUP FINANCIAL POSITION

Total assets of the Group have grown from RM1,099.24 million in 2025 to RM1,313.09 million in 2026 due to continuing capital investments in our strategic livestock farming and food manufacturing businesses. During the financial year, the Group carried out its once every in five years policy in revaluing its land and buildings. This exercise has resulted in a revaluation surplus of RM159.34 million being taken up during the year. Increasing cash flow derived from continuing business profit has also contributed to this increase.

Total net borrowings for the year under review, registered a reduction of RM9.88 million or 4.86% from RM203.14 million in 2025 to RM193.26 million in 2026 due to repayment expiring fixed term loans. Cash and cash equivalent, short term money market fund and deposits in licensed banks on the other hand, has increased from RM75.66 million to RM91.62 million. After accounting for the additional cash in hand, the Group's gearing improved from 0.20 times to 0.12 times. Earnings per share for the financial year has remained strong at 8.51 cents marginally lower compared to 2025 at 11.50 cents. Likewise, Net Tangible Asset per share has also improved from RM0.85 to RM1.09.

CORPORATE EXERCISE

On 30th January 2024, the Company granted 10% of the issued and paid-up capital of the Company in the form of Employees' Share Scheme ("ESS") which is equivalent to 73,260,000 ordinary shares to its Directors and employees. To date of this report, 19,154,070 new ordinary shares have been exercised.

BUSINESS REVIEW

INTEGRATED LIVESTOCK FARMING

This segment of business consists of the layer and broiler operations as follow:

Layer

Revenue from table eggs has increased to RM235.61 million for FY2026 from RM213.54 million. This was due to higher productivity of table eggs arising from the normalisation on the availability of parent layer breeder stock and better farm management.

Revenue for the functional eggs branded under "NUTRIPLUS" was at RM91.92 million, 3% lower compared to last year. Lower revenue was mainly contributed by lower quantity of eggs being produced and sold.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The number of layer farms (parent stock breeder and layer) owned by the Group in FY2026 has remained status quo as follows:

Parent Stock Breeder Farm and Hatchery

Location		Capacity per month (Day Old Chick)	Avg. age of farm (Years)	Type
1.	Lot 1632 & 1633, Ijok, Selangor	150,000	36	Environment controlled house (ECH)
2.	Lot 1640, Ijok, Selangor	32,000	36	ECH
		182,000		

Layer Farm

Location		Capacity per day (Eggs)	Avg. age of farm (Years)	Type
1.	Lot 4857, Kapar, Selangor	165,000	50	Open house
2.	Lot 1555 & 1868, Jeram, Selangor – partly rebuilt (2024)	480,000	26	ECH
3.	Lot 1821, Jeram, Selangor	240,000	10	ECH
4.	Lot 1822, Jeram, Selangor	480,000	10	ECH
5.	Lot 1847, Jeram, Selangor – partly rebuilt (2024)	240,000	16	ECH
6.	Lot 1954, Jeram, Selangor	240,000	20	ECH
7.	Lot 2809, Jeram, Selangor	480,000	12	ECH
8.	Lot 1717-1720, Jasin, Melaka	390,000	44	ECH / Open House
9.	Lot 4847 & 4848, Kapar, Selangor	180,000	40	Open House
10.	CL No. 045115928, Tuaran, Sabah	78,000	25	Open House
11.	NT No. 043081625, NT No. 043096288, Tamparuli, Sabah	300,000	10	ECH
		3,273,000		

Broiler

In FY2026 this segment sold a total of 17.78 million kilogram (“kg”) of broilers to third parties compared to 23.03 million kg in the previous year. The lower quantity sold was due to higher number of broilers being transferred for internal consumption as part of the raw material input for the production of downstream branded related chicken products which has higher value add. Consistent with the decrease in net quantity sold, revenue had also decreased in tandem by 22.75% from RM105.54 million in FY2025 to RM81.53 million in FY2026.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The number of broiler farms (Parent Stock Breeders and Broilers) owned by the Group are as follows: Almost all the farms in Peninsular Malaysia and Sabah are Environmental Controlled Closed House type (ECH).

Parent Stock Breeder Farm and Hatchery

Location		Capacity per month (Day Old Chick)	Avg. age of farm (Years)	Type
1.	Bukit Belimbing/ Bukit Rotan, Selangor	1,600,000	31	ECH
2.	CL No. 025308043, CL No. 025166714 & CL No. 025166705, Papar, Sabah	900,000	25	ECH
		2,500,000		

Broiler Farm

Location		Capacity per cycle (bird)	Avg. age of farm (Years)	Type
1.	Lot 807, Tanjung Karang, Selangor – rebuilt (2023)	375,000	31	ECH
2.	Lot 681, Tanjung Karang, Selangor – rebuilt (2022)	375,000	31	ECH
3.	Lot 708, Tanjung Karang, Selangor	104,000	31	ECH
4.	Lot 709, Tanjung Karang, Selangor – rebuilt (2025)	375,000	31	ECH
5.	Lot 969, Tanjung Karang, Selangor – rebuilt (2017)	312,500	31	ECH
6.	Lot 683, Tanjung Karang, Selangor	54,000	29	ECH
7.	Lot 684, Tanjung Karang, Selangor	109,000	29	ECH
8.	Lot 685, Tanjung Karang, Selangor	109,000	29	ECH
9.	Lot 832, Tanjung Karang, Selangor	375,000	10	ECH
10.	Lot 849, Tanjung Karang, Selangor	375,000	10	ECH
11	Lot 1677/2356 & 2554/2394 Behrang, Perak	750,000	17	ECH
12.	CL No. 045169248, Kampung Indai, Sabah	70,000	20	ECH

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Location		Capacity per cycle (bird)	Avg. age of farm (Years)	Type
13.	NT No. 043176030, CL No. 045402382, CL No. 045402364, CL No. 045397831& CL No. 045402373, Kampung Serusup, Sabah	300,000	25	ECH
14.	CL No. 105400217, Tawau, Sabah	100,000	20	Open House
15.	CL No. 075320795, Sandakan, Sabah	210,000	20	ECH
16.	NT. No. 173069308, Bongawan, Sabah	50,000	20	ECH
17.	NT No. 133049724, Keningau, Sabah	113,000	8	ECH
18.	CL No. 015083182, CL No. 045086600, CL No.015074352, NT No. 043095843 & NT No. 9549, Tamparuli, Sabah	240,000	13	ECH
		4,396,500		

FOOD MANUFACTURING

The Group's food manufacturing division (downstream division) is divided primarily into two (2) segments, slaughtering and manufacturing of chicken products and processing of pasteurised liquid egg.

Chicken products

The division recorded a higher revenue of RM387.71 million for FY2026 compared to RM357.29 million in FY2025. Revenue increased primarily due to higher productivity and availability of raw material for manufacturing as evident from the higher production of broilers from the above Integrated Farming Segment plus the availability of additional capacity following the successful integration of the Pulau Indah Plant acquired from the Japanese joint venture partner in FY2025.

Currently, the Group operates two large chicken processing/manufacturing plants, one in Pulau Indah Halal Hub and the older plant in Bagan Tengkorak, Tanjung Karang plus 4 smaller regional slaughtering plants in Sabah, located in Kota Kinabalu, Keningau, Tawau and Sandakan. These smaller plants are to overcome logistic issues faced in the Sabah state.

Pasteurised Liquid Egg

The Group currently has two pasteurised liquid egg plants in operation. These plants are located at Meru, Klang and Iskandar Halal Hub, Pasir Gudang, Johor and have a combined capacity to pasteurise up to 1,350 metric tonnes of customized liquid egg products per month running at 20 hours per workday. The products include pasteurised egg white, egg yolk, whole egg, liquid egg with salt or sugar or other ingredients. Currently, approximately 30% of the total eggs produced by the Group are pasteurised into liquid egg and sold to local industrial consumers plus export to Singapore.

In FY2026, this segment produced 9.27 million kg as compared to 8.27 million kg in FY2025. Production had increased due to higher demand from confectioneries, bakeries and restaurants plus higher export sales.

The revenue generated from this segment was RM77.04 million compared to RM68.79 million in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RETAIL OPERATION

The Group's retail business is only operated in Peninsular Malaysia and Sabah. Presently, the Group operates two types of outlets under three brands as follows:

No	Branded under	Type	No. of Stores
1	G-Mart	Supermarket	30
2	MyShop	Retail shop	48
3	JT Trading	Retail shop	4
		Total Stores	**82**

Total revenue generated from the retail business was higher in FY2026 at RM250.95 million compared to RM233.83 in FY2025. The increase in revenue was due to the higher retail sales arising from the higher consumer patronage.

The Group currently operates 30 supermarket outlets branded under "G-Mart". These stores are large with a shopping area of between 20,000 to 40,000 sq ft. The revenue generated from these supermarket outlets continue to be stable.

The Group also operates 48 smaller outlets branded under "MyShop". These are 1 or 2 shop fronts with an area of approximately 3,000-5,000 sq ft and are located in small suburban areas, catering only to the local populace. In the Klang Valley, the group also operates 4 specialised egg shops.

CAPITAL EXPENDITURE

The average age of the Group's chicken coops, plant and equipment are between 5-25 years. Due to age, a large portion of it were inefficient and either they are obsolete or need to be rebuilt or replaced by automation. As a result, during the financial year under review, a total of RM99.52 million was spent on capital expenditure alone. This amount spent comprised of RM81.36 million in the livestock farming business where outdated cages, conveyor belts and egg grading equipment in the older layer farms in certain chicken coops were replaced. Also, 2 aged broiler farms were rebuilt with modern automation. In addition, due to sustainability and environmental issues, an amount of RM3.18 million was spent to build 4 Biogas facilities i.e 3 in Jeram, Selangor and 1 in Tamparuli, Sabah. Two of our major downstream chicken manufacturing plants' rooftops were installed with Solar Panels to address the surging energy cost.

To improve the distribution flow of our raw material, eggs and downstream chicken finished products, RM2.61 million were spent to acquire 9 units of big trucks. Further, due to industry constraints on the availability of cold room facilities in the market, the Group has also built and completed a large cold room facilities amounting to RM22.00 million adjacent to the existing chicken manufacturing plant in Tanjong Karang. This facility will be able to accommodate up to 1,000 tonnes of frozen products at any one time.

The funds for the above were from a combination of bank borrowings and internally generated funds.

ANTICIPATED OR KNOWN RISKS

Credit Risk and Default In Payment By Customers

Generally, the credit terms granted to customers ranges from cash/60 days for eggs and chicken products and up to 180 days for organic fertiliser. All businesses in our retail segment were transacted strictly on cash terms only. Our customers have varying degrees of credit risk profiles which expose the Group to the risk of slow or non-payment. In the event the customers default on their payments, our operating cash flows, financial health and performance would be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

We are aware of our exposure to the above and we mitigate this by putting in place prudent credit management policies in our Group through the application of credit approvals, credit limits and monitoring procedures on an on-going basis. We perform credit evaluation on all our customers, and an appropriate credit limit is then allocated to each customer based on our assessment of their risk profile. In addition, we also emphasize close monitoring and collection of accounts on an on-going or monthly basis to minimize the risk of default. The Group has subscribed to "EXPERIAN Credit' agency for credit references.

Although there has been no material collection problem on trade receivables or material bad debts written off in the past, there is no guarantee that all our customers will be able to fulfil their debt obligations as and when the debts become due or that our Group will not encounter collection problem in the near future. Any default or delay in our collection of debts which lead to impairment loss on trade receivables or bad debts may have an impact on our financial performance.

Foreign Currencies Risk

The Group's raw materials such as corn and soya bean are transacted in USD while approximately less than 1% of our export sales are transacted in Singapore dollars. As such, the Group is exposed to foreign exchange risk primarily on the Group's purchases. Any favourable or unfavourable fluctuation in foreign exchange may have an adverse/ favourable impact to the Group's financial performance and profitability.

The Group does not enter into any financial instruments to hedge against any foreign currency as the sales transactions are deemed insignificant. However, for purchases of corn and soya bean, the Group takes a three (3) to six (6) months position with the local importers who in turn takes the foreign currency risk upon themselves. The Group will pay a small premium on the risk passed to them.

Despite the effort to minimize the foreign exchange risk, there can be no assurance that any future significant fluctuations in foreign currency will not have an impact to our financial performance.

Disease Outbreaks

A significant part of the Group's operations in the livestock industry is exposed to the risk of infectious disease outbreaks such as Newcastle disease, Avian Influenza, Salmonella infections, etc. Therefore, the management has taken precautionary measures such as the implementation of strict bio-security procedures and policies in all farms and diversifying its operations over different geographical areas. Presently, the Group's farm operations are in Perak, Selangor, Melaka and Sabah.

The Group has nearly completed the modernisation of all our farms to environment-controlled houses to minimize the impact of disease transmission, except for two old layer farms which are still open houses.

FORWARD LOOKING STATEMENT

The Group is an integrated poultry farmer cum food manufacturer and retail store operator. This means the Group has almost everything in-house from animal feed production, breeding of both layer and broiler day-old chicks and feed stocks right up to the harvesting of table eggs / broilers to slaughtering and processing of downstream chicken products and the final distribution of all its branded products to the retail market. All the chicken products offered for sale are certified "HALAL" by approved authorities. During the financial year, the Group invested in three (3) biogas plants within the cluster of seven (7) large close house layer farms in Kuala Selangor to generate electricity to power the group's paper egg tray manufacturing operation. With these new facilities now operational, the group is partly able to resolve our chicken waste issue. With a big portion of the waste now being used as raw material for

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

the biogas plant generation, the group is committed to ESG. In addition, as a cost saving measures, the Group has also completed the installation of photovoltaic panels at our downstream chicken manufacturing plant in Tanjong Karang and the newly acquired food manufacturing plant in Pulau Indah. With this installation, the Group has partly addressed the rising cost of energy. Other manufacturing units will follow suit progressively as part of the Group's mission to cut energy cost.

Moving forward, to maintain our status as a leading producer of eggs and chicken products in Malaysia, the Group would continuously seek new farming methods and automation to reduce cost, increase efficiency and also to progressively digitalise the Group's operations. The Group will also enhance our research and development in downstream chicken products to expand the existing range of chicken and egg products.

Since the feedstock (corn and soya bean meal) accounts for 70% of total cost, the management would continuously monitor its prices and seek alternatives to maintain/reduce cost without compromising on quality. To date of this report, the prices of major raw materials like corn and soya bean have been favourable and this will augur well for the Group going forward.

DIVIDEND

The management would take the following factors into consideration before recommending for any dividend payment:-

1) financial results of the Group;
2) cash and cash equivalent position of the Group;
3) projected levels of capital expenditure and other investment plans, if any;
4) prevailing interest rate;
5) gearing ratio of the Group; and
6) continual rise in inflation and commodity prices

Due to the uncertainty of the world economy, conservation of cash flow is the key to survival in the event of a downturn. As a result, the Board of Directors has proposed and recommended to pay a final dividend of 0.4 cents per share. This proposal is pending shareholders' approval at the forthcoming Annual General Meeting of the Company.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to thank you for your continued support of our mission, our leadership and your patience as we strive to achieve our goals.

Finally, and most importantly, we would like to take this opportunity to express our gratitude and thanks to the management and staff of the Group for their enduring commitment and resolve to be the best in the business. Our dedication to deliver value and quality to our customers shall always be our culture.

DATO' YAP HOONG CHAI
EXECUTIVE CHAIRMAN

DIRECTOR'S PROFILE

DATO' YAP HOONG CHAI

Executive Chairman

Nationality	Aged	Gender
Malaysian	**76**	**Male**

Dato' Yap Hoong Chai is a founder of the Lay Hong Berhad Group. Dato' Yap was appointed as a Managing Director on 27 September 1983 and subsequently re-designated as Executive Chairman on 8 September 2015.

Under his stewardship since inception, the Group has grown from a small family business into one of Malaysia's largest and most successful integrated poultry farming and food processing player. He has served as a Past President of the Selangor Livestock Association, Egg Division and a Past Chairman of Layer unit for the Federation of Livestock Farmers' Association of Malaysia.

Dato' Yap is the brother of Dato' Yeap Weng Hong and Mr. Yeap Fock Hoong, and the father of Dato' Yap Chor How, who are also Directors of the Company.

Dato' Yap is a director and shareholder of Innofarm Sdn. Bhd., a major shareholder of the Company.

Dato' Yap has attended all five (5) Board Meetings held during the financial year.

DATO' YAP CHOR HOW

Executive Director

Nationality	Aged	Gender
Malaysian	**49**	**Male**

Dato' Yap Chor How was appointed as an Executive Director on 3 October 2013. Dato' Chor How initially joined in year 2002 as a Production Executive and in 2005 he was promoted to Marketing Director.

Dato' Chor How graduated from University of Melbourne with a Bachelor of Commerce honours degree.

Dato' Chor How is the eldest son of Dato' Yap Hoong Chai, the major shareholder and Executive Chairman of the Company. Dato' Chor How is also a nephew to Dato' Yeap Weng Hong and Mr. Yeap Fock Hoong, who are also Directors of the Company.

Dato' Chor How has attended all five (5) Board Meetings held during the financial year.

DIRECTOR'S PROFILE (CONTINUED)

DATO' YEAP WENG HONG
Executive Director

Nationality	Aged	Gender
Malaysian	**68**	**Male**

Dato' Yeap Weng Hong was appointed as an Executive Director on 18 April 1986.

Dato' Yeap has more than 30 years of experience in integrated poultry farming and is currently in-charge of the Group's farm activities and new projects in the Group.

Dato' Yeap is the brother of Dato' Yap Hoong Chai, the Executive Chairman of the Company and Mr. Yeap Fock Hoong, the Non-Independent Non-Executive Director of the Company.

Dato' Yeap is a director and shareholder of Innofarm Sdn. Bhd., a major shareholder of the Company.

Dato' Yeap has attended all five (5) Board Meetings held during the financial year.

NG KIM TIAN
Executive Director

Nationality	Aged	Gender
Malaysian	**72**	**Male**

Mr. Ng Kim Tian was appointed as an Executive Director on 3 October 2013. Mr. Ng initially joined on 1 September 2000 as General Manager – Finance and in year 2002, promoted to Finance Director. Mr. Ng is responsible for the Group's corporate services function inter-alia, treasury, accounting, finance, human resources and information technology.

Mr. Ng is a certified public accountant by training. Prior to joining the Company, Mr. Ng was the Chief Financial Officer of a diversified public listed group that has three listed companies in their stable namely Olympia Industries Bhd, DutaLand Berhad (previously known as Mycom Berhad) and Ayer Itam Tin Berhad. From 1986 to 1994, Mr. Ng served as a Group Financial Controller in Lion Land Berhad. From 1976 to 1994, Mr. Ng has served in various capacities in the field of auditing and finance. Mr. Ng started his initial career as an Audit Trainee with an accounting practice.

Mr. Ng has attended all five (5) Board Meetings held during the financial year.

DIRECTOR'S PROFILE (CONTINUED)

TAN CHEE HAU

Independent Non-Executive Director

Nationality	Aged	Gender
Malaysian	**58**	**Male**

Mr. Tan Chee Hau was appointed as an Independent Non-Executive Director on 15 June 2017.

Mr. Tan is currently the chairman of Remuneration Committee, Nominating Committee and member of Audit Committee.

Mr. Tan graduated from RMIT University, Melbourne, Australia with a Bachelor of Business (Accountancy & Finance) with Distinction in 1991, and he obtained his Chartered Accountant (CA) membership and Certified Practising Accountant (CPA) membership from Malaysian Institute of Accountants (MIA) and CPA Australia respectively in 1995.

Mr. Tan has more than 29 years of experience in Corporate and Debt Restructuring, Corporate Finance, Private Equity and Accounting, and has worked for many companies/firms including as Director & Co-Head of Corporate Finance of an Investment Bank, Head of Corporate Finance in several listed and private companies, Investment Director in a Private Equity company, and Auditor in an International Accounting Firm. Mr. Tan has advised many companies on listings, restructuring, mergers and acquisitions, equity and debt issuance, fund raising, etc. Mr. Tan is presently involved in corporate finance advisory works.

Presently, Mr. Tan sits on the Board of Perak Corporation Berhad and Luminor Assets Berhad as Independent Director.

Mr. Tan has attended all five (5) Board Meetings held during the financial year.

WONG SOO THIAM

Independent Non-Executive Director

Nationality	Aged	Gender
Malaysian	**70**	**Male**

Mr. Wong Soo Thiam was appointed as an Independent Non-Executive Director on 30 November 2022.

Mr. Wong is currently the chairman of Audit Committee, member of Remuneration Committee and Nominating Committee.

Mr. Wong is a Chartered Accountant of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants.

Mr. Wong was trained and qualified as a Chartered Accountant with Price Waterhouse, Kuala Lumpur (now PricewaterhouseCoopers). Mr. Wong subsequently joined Ong Boon Bah & Co as a partner and is now the managing partner. In practice for over three decades, Mr. Wong has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work. In the course of his work, Mr. Wong has extensive exposure and experience over various industries including financial services, manufacturing, trading, construction, property development, retailing and biological.

Mr. Wong has attended all five (5) Board Meetings held during the financial year.

DIRECTOR'S PROFILE (CONTINUED)

THAM WEI MEI

Independent Non-Executive Director

Nationality	Aged	Gender
Malaysian	**59**	**Female**

Madam Tham Wei Mei was appointed as an Independent Non-Executive Director on 31 May 2023.

She is currently a member of the Audit, Remuneration and Nominating Committees.

With a Degree in Mass Communications from Universiti Sains Malaysia, Madam Tham has over 30 years of experience in the fields of mass media, communications, journalism, marketing, publishing and public relations, having served companies locally and abroad. Her career started in Jakarta before she headed to Phnom Penh in Cambodia where she was a journalist and Assistant Bureau Chief for The Cambodia Times newspaper.

While in Cambodia, Madam Tham was also the principal writer in the publication of a United Nations newsletter, called The Peacekeeper. She returned to Malaysia to serve in a US telco services company with clients in Hong Kong, Singapore, Indonesia and Thailand. Madam Tham left to set up Alpha Platform Sdn Bhd, a public relations consultancy where she served GLCs, MNCs and government agencies, working on national issues, crisis, lobbying, mergers and acquisitions as well as other corporate exercises. She is also actively involved in social media campaigns.

Madam Tham is a qualified nutritional therapist and a member of the Association of Nutritional Medicine Practitioners, Malaysia. She is currently an Independent Non-Executive Director with Protasco Berhad and CPE Berhad.

Madam Tham has attended all five (5) Board Meetings held during the financial year.

YEAP FOCK HOONG

Non-Independent Non-Executive Director

Nationality	Aged	Gender
Singaporean	**72**	**Male**

Mr. Yeap Fock Hoong was appointed as a Non-Independent Non-Executive Director on 18 January 1994. Presently Mr. Yeap is working as a consultant on pilot training and business strategy in an aviation centre. Mr. Yeap also sits on the Board of Directors of several private limited companies.

Mr. Yeap is the brother of Dato' Yap Hoong Chai and Dato' Yeap Weng Hong, who are also Directors of the Company.

Mr. Yeap is a director and shareholder of Innofarm Sdn. Bhd. which is the major shareholder of the Company.

Mr. Yeap has attended all five (5) Board Meetings held during the financial year.

DIRECTOR'S PROFILE (CONTINUED)

Notes to Director's Profile:

(1) ***Family Relationships***

Save for Dato' Yap Hoong Chai, Dato' Yap Chor How, Dato' Yeap Weng Hong and Mr. Yeap Fock Hoong, none of the Directors have any family relationship with any director and/or any major shareholder of the Company.

(2) ***Conviction of Offences***

None of the Directors have been convicted of any offences other than traffic offences, if any, within the past 5 years and there were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

(3) ***Conflict of Interest***

None of the Directors have any conflict of interest or potential conflict of interests; including any interest in any competing business with the Company and its subsidiaries.

(4) ***Directorship in other Public Companies***

Save for Mr. Tan Chee Hau and Madam Tham Wei Mei, none of the Directors hold any directorships in other public listed companies.

KEY SENIOR MANAGEMENT

ONG YONG THYE

Senior Manager - Purchasing & Feedmill / Lay Hong Berhad

Nationality	Aged	Gender
Malaysian	**63**	**Male**

Date of Appointment

- 15 October 1990

Academic/Professional Qualifications

- The Association of Accounting Technicians
- The Chartered Association of Certified Accountants
- The Association of International Accountants

Working Experience

- 1989 – Joined Sri Ternak Wilayah Sdn. Bhd. as Accounts Supervisor
- 1990 – Joined Lay Hong Sdn. Bhd. as Assistant Accountant
- 1997 – Redesignated to Manager - Purchasing
- 2004 – Promoted to Senior Manager - Purchasing & Feedmill

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

KUAN YIK VERN

Head, Group Financial Reporting / Lay Hong Berhad

Nationality	Aged	Gender
Malaysian	**39**	**Male**

Date of Appointment

- 17 April 2023

Academic/Professional Qualifications

- Bachelor's Degree in Accountancy (University Malaya)
- FCCA Fellow of the Association of Chartered Certified Accountants

Working Experience

- 2010 – Joined PricewaterhouseCoopers Malaysia and was last promoted to Audit Manager
- 2018 – Joined Genting Malaysia Berhad as Finance Manager
- 2020 – Joined U Mobile as Group Finance Manager

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

KEY SENIOR MANAGEMENT (CONTINUED)

YAP CHOR WEN

Director of Operation / Lay Hong Food Corporation Sdn. Bhd.

Nationality	Aged	Gender
Malaysian	**46**	**Male**

Date of Appointment

- 24 January 2005

Academic/Professional Qualifications

- Bachelor of Science (University of Melbourne, Australia)
- Bachelor of Commerce (University of Melbourne, Australia)

Working Experience

- 2004 – Joined Optus (telco) as Sales & Marketing Trainee
- 2005 – Joined Lay Hong Berhad as Management Trainee
- 2006 – Promoted to Production Manager
- 2009 – Promoted to Operation Manager
- 2011 – Promoted to Head of Operation
- 2015 – Promoted to Director of Operation

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

Family Relationship

- Mr. Yap is the son of Dato' Yap Hoong Chai, the major shareholder and Executive Director of the Company.
- Mr. Yap is the brother of Dato' Yap Chor How, a nephew to Dato' Yeap Weng Hong and Mr. Yeap Fock Hoong who are presently Directors of the Company.

CHEAH CHANG SHUOH

Plant Manager / Lay Hong Food Corporation Sdn. Bhd.

Nationality	Aged	Gender
Malaysian	**61**	**Male**

Date of Appointment

- 1 September 2006

Academic/Professional Qualifications

- Bachelor of Food Technology (Hons)

Working Experience

- 1990 – Joined Ayamas Food Corporation Bhd (Formerly known as KFC Poultry Processing Sdn. Bhd.) as Production Executive
- 1996 – Joined Bakels Sdn. Bhd. as Production Manager
- 1997 – Joined Universal NutriBeverage Sdn. Bhd. as Factory Manager
- 2006 – Joined Lay Hong Food Corporation Sdn. Bhd. as Plant Manager

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

KEY SENIOR MANAGEMENT (CONTINUED)

CHANG PIK YEEN

Senior Plant Manager / Lay Hong Liquid Egg Sdn. Bhd.

Nationality	Aged	Gender
Malaysian	**46**	**Female**

Date of Appointment

- 20 May 2014

Academic/Professional Qualifications

- Master of Business Administration (Finance)
- Bachelor of Food Science and Technology

Working Experience

- 2004 – Joined Cocoa House Sdn. Bhd. as Chemist
- 2006 – Promoted to Quality Manager at Cocoa House Sdn. Bhd.
- 2008 – Promoted to Production and Quality Manager at Cocoa House Sdn. Bhd.
- 2013 – Joined Sri Nona Food Industries Sdn. Bhd. as Factory Manager
- 2014 – Joined Lay Hong Liquid Egg Sdn. Bhd. as Plant Manager
- 2018 – Promoted to Senior Plant Manager at Lay Hong Liquid Egg Sdn. Bhd.

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

BONG KIM FUI

General Manager, Operation / STF Agriculture Sdn. Bhd.

Nationality	Aged	Gender
Malaysian	**51**	**Female**

Date of Appointment

- 6 October 2003

Academic/Professional Qualifications

- Bachelor in Accountancy (University of Otago, New Zealand)
- Member of Malaysian Institute of Accountants (MIA)

Working Experience

- 1997 – Joined Law & Co as Auditor
- 2001 – Joined Brake Master Industries Sdn. Bhd. as Accounts Executive
- 2003 – Joined Sri Tawau Farming Sdn. Bhd. as Accountant
- 2006 – Re-designated to Finance & Administration Manager
- 2009 – Promoted to Operation Manager in STF Agriculture Sdn. Bhd.
- 2012 – Promoted to General Manager, Operation

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

KEY SENIOR MANAGEMENT (CONTINUED)

WONG YEN TIEN

General Manager, Operation / G-mart Borneo Retail Sdn. Bhd.

Nationality	Aged	Gender
Malaysian	**58**	**Male**

Date of Appointment

- 1 August 2014

Academic/Professional Qualifications

- Diploma in Retail

Working Experience

- 1992 – Joined IMM Megamart Singapore as Retail Supervisor
- 1997 – Joined Carrefour Singapore as Asst. Department Head
- 1999 – Joined Dairyfarm Singapore as Asst. Division Head
- 2000 – Transferred to Dairyfarm Malaysia as Category Manager
- 2003 – Joined Lotus Shanghai as Asst. Operation Head
- 2006 – Joined Giant Retail Sdn. Bhd. as Senior Manager
- 2014 – Joined ST Food Sdn. Bhd. as Senior Manager, Operations – 99 Wholesales Business, Sabah
- 2016 – Transferred to G-mart Borneo Retail Sdn. Bhd. and promoted as General Manager, Operation

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

Notes:

(1) ***<u>Family Relationships</u>***

Save for Mr. Yap Chor Wen, none of the key senior management have family relationship with any director and/or major shareholder of the Company.

(2) ***<u>Conviction of Offences</u>***

Other than traffic offences, if any, the key senior management has not been convicted of any offence within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

(3) ***<u>Conflict of Interest</u>***

None of the key senior management have any conflict of interest or potential conflict of interest in any competing business with the Company and its subsidiaries.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Lay Hong Berhad ("**Lay Hong**" or "**the Company**"), together with its subsidiaries (collectively referred to as "**the Group**"), is pleased to present its Sustainability Report for the financial year ended 31 March ("**FYE**") 2026.

This Report outlines the Group's sustainability strategy, guiding principles, key initiatives, and performance for FYE 2026. It addresses the material sustainability issues identified through our materiality assessment, which are most relevant to our stakeholders. The Report also provides updates on the Group's ongoing sustainability efforts across core business units and operations, demonstrating the progress made toward fulfilling our sustainability commitments. These efforts reflect our continued focus on integrating sustainable practices and generating long-term value for all stakeholders.

Our approach to sustainability continues to evolve in response to emerging challenges and opportunities. Recognising that sustainability is a continuous journey, we remain committed to enhancing our strategies to ensure meaningful contributions to both society and the environment.

REPORTING FRAMEWORKS AND STANDARDS

This Report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition) as a key framework. Additionally, this Report has been prepared with reference to the United Nations Sustainable Development Goals ("**UN SDGs**").

REPORTING SCOPE AND BOUNDARIES

This Report covers the reporting period from 1 April 2025 to 31 March 2026, and it includes comparative historical data where relevant and available to provide context and continuity in our disclosure.

The scope of this Report encompasses the sustainability performance and progress of Lay Hong and its subsidiaries, including the Group's headquarters and all operations in Malaysia. For operations in Thailand, the Group is committed to extending coverage within the next two years.

INDEPENDENT ASSURANCE

While independent assurance has not been conducted on the information provided in this Report, we remain committed to disclosing accurate and transparent data. Moving forward, we are dedicated to enhancing the accuracy and quality of our disclosures. To achieve this, we intend to progressively subject the indicators to independent assurance within the next three years.

SUSTAINABILITY REPORT (CONTINUED)

FEEDBACK ON THE REPORT

As part of our ongoing commitment to continuous improvement, we aim to enhance the depth, accuracy, and transparency of our sustainability reporting with each annual cycle. We greatly value the perspectives of our stakeholders and welcome any questions, feedback, or suggestions that may contribute to the refinement of our sustainability practices and disclosures. Stakeholders are encouraged to share their input via email at info@layhong.com.my.

ABOUT US

Lay Hong is one of Malaysia's leading integrated poultry and food production companies, with operations spanning layer farming, broiler farming, food processing, and retail distribution. Established in 1983 and listed on Bursa Malaysia since 1994, the Group has built a strong presence across Peninsular Malaysia and Sabah through its integrated "farm-to-table" business model. Lay Hong is committed to delivering high-quality and safe food products to consumers while maintaining responsible business practices, operational excellence, and sustainable growth. Through continuous improvements in food safety, animal welfare, environmental management, and employee development, the Group strives to create long-term value for its stakeholders and contribute positively to the communities in which it operates.

LAY HONG BERHAD

Integrated Livestock Farming

- Commercial layers
- Broilers
- Breeders

Food Manufacturing

- Chicken related products
- Egg related products

Retail Business

- Supermarkets
- Retail stores
- Distribution centres

SUSTAINABILITY REPORT (CONTINUED)

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY FRAMEWORK

Our sustainability framework is structured around four core pillars: Economic, Environmental, Social and Governance, and is closely aligned with the Company's identified material matters. This holistic approach enables us to consistently address our key sustainability priorities in a balanced and integrated manner. As we deepen our understanding of how best to align our business objectives with the broader global sustainability agenda, the framework will be regularly reviewed and refined to ensure its continued relevance, effectiveness, and responsiveness to emerging challenges and opportunities.

Our Vision:

To become one of the leaders in Integrated Livestock Farming and Food Manufacturing in Malaysia

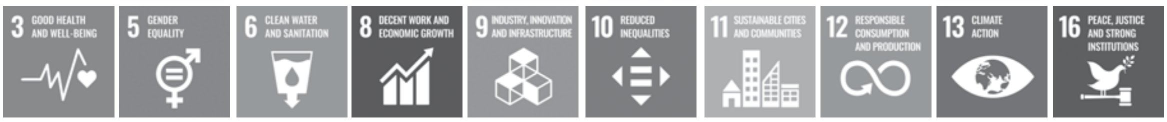
Our Mission:

- To promote a healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilising the highest quality processing standards.
- To become an increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.
- To provide a caring and rewarding environment for our employees, that helps fulfil their goals and fosters a sense of participation, team spirit and loyalty for the benefit of all.
- To work diligently and consistently to enhance value for our shareholders, deliver fresh products on time to our partners and customers, and act as a responsible corporate citizen.

Our Focus Areas

ECONOMIC SUSTAINABILITY	ENVIRONMENTAL SUSTAINABILITY	SOCIAL SUSTAINABILITY	GOVERNANCE SUSTAINABILITY
• Economic Performance • Customer Satisfaction • Anti-Corruption • Supply Chain Management	• Climate Action • Water Management • Waste Management	• Human Rights • Health & Safety • Employee Management • Diversity, Equity & Inclusion • Community Investment	• Policy & Regulatory Compliance • Cybersecurity & Data Protection

In alignment with the United Nations Sustainable Development Goals



SUSTAINABILITY REPORT (CONTINUED)

COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Lay Hong is committed to advancing the UN SDGs as part of our broader sustainability agenda. We recognise the importance of these global goals in addressing critical economic, environmental, and social challenges, and have taken deliberate steps to align our strategies and operations with selected SDGs that are most relevant to our business and stakeholders. Through our initiatives and performance across our key sustainability pillars, we aim to contribute meaningfully to the achievement of these goals while fostering long-term value for society and the environment.

SUSTAINABILITY POLICY

As Lay Hong continues to grow, our commitment to sustainability remains unwavering. We have established a clear and purposeful sustainability philosophy that guides economic, strategic, and operational decision-making across the Group.

Sustainability is deeply embedded in our corporate culture and is a key driver of our long-term value creation. We are committed to operating in a manner that is safe, responsible, and sustainable, ensuring that our growth does not come at the expense of environmental or social wellbeing.

SUSTAINABILITY REPORT (CONTINUED)

SUSTAINABILITY REPORT (CONTINUED)

SUSTAINABILITY GOVERNANCE

Lay Hong's governance structure is designed to ensure effective oversight and execution of the Group's sustainability responsibilities through clearly defined roles, accountability mechanisms, and performance monitoring. To support our sustainability agenda, the Group has established a robust three-tiered sustainability governance framework.

1. **Board of Directors**

   At the highest level, the Board provides strategic oversight of the Group's overall sustainability direction, including the management of material sustainability matters and performance outcomes. The Board is responsible for embedding sustainability into the Group's core business strategy and is assisted by the respective Board Committees in overseeing the implementation and effectiveness of sustainability management. Key areas under the Board's purview include:

   - Engagement with key stakeholders
   - Materiality assessment processes
   - Identification and management of sustainability-related risks and opportunities
   - Communication of sustainability strategies, priorities, and targets, as well as performance against these targets, to both internal and external stakeholders

2. **Key Senior Management**

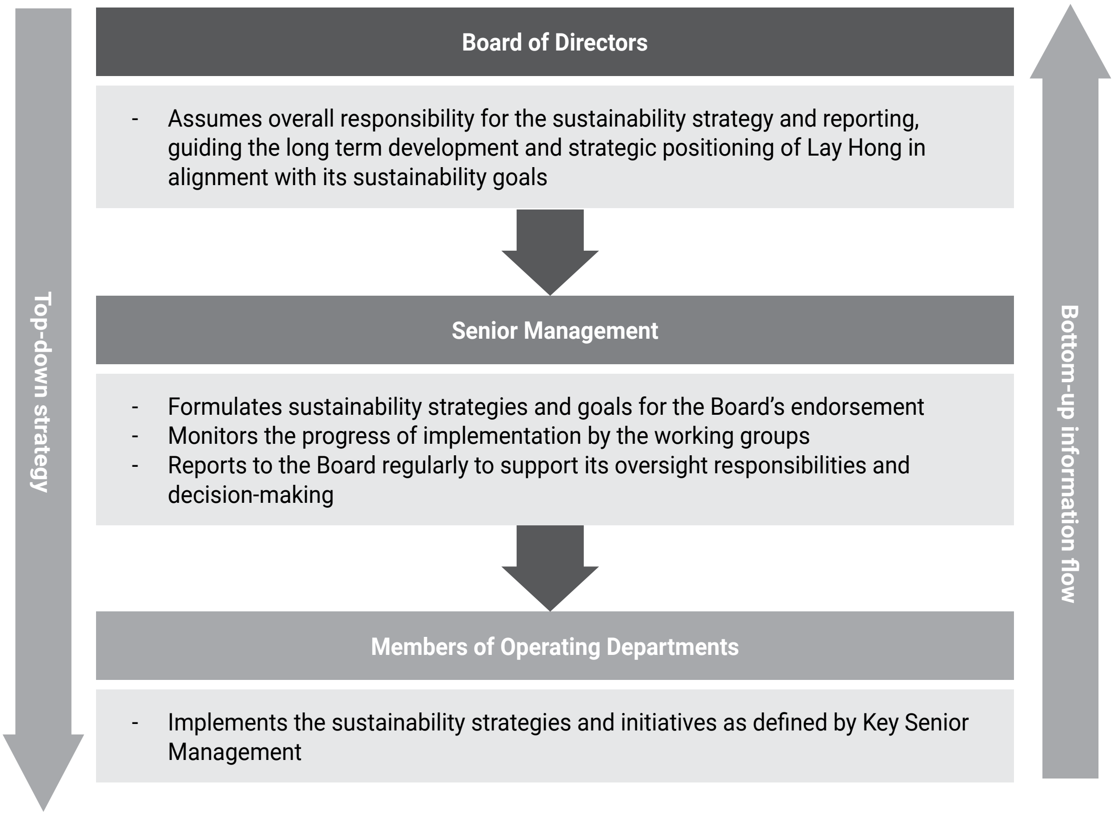
   The second tier is the Key Senior Management. This team supports the Board by:

   - Formulating sustainability strategies and goals for the Board's endorsement
   - Reviewing and advising on ongoing sustainability initiatives
   - Monitoring and evaluating progress against strategic sustainability targets
   - Reporting on the Group's sustainability performance to the Board on a regular basis

3. **Members of Operating Departments**

   The third tier consists of representatives from relevant departments across the Group. This team is responsible for the implementation of sustainability strategies and initiatives. Their involvement reflects our collective commitment to embedding sustainability into day-to-day operations and decision-making processes.

SUSTAINABILITY REPORT (CONTINUED)



STAKEHOLDER ENGAGEMENT

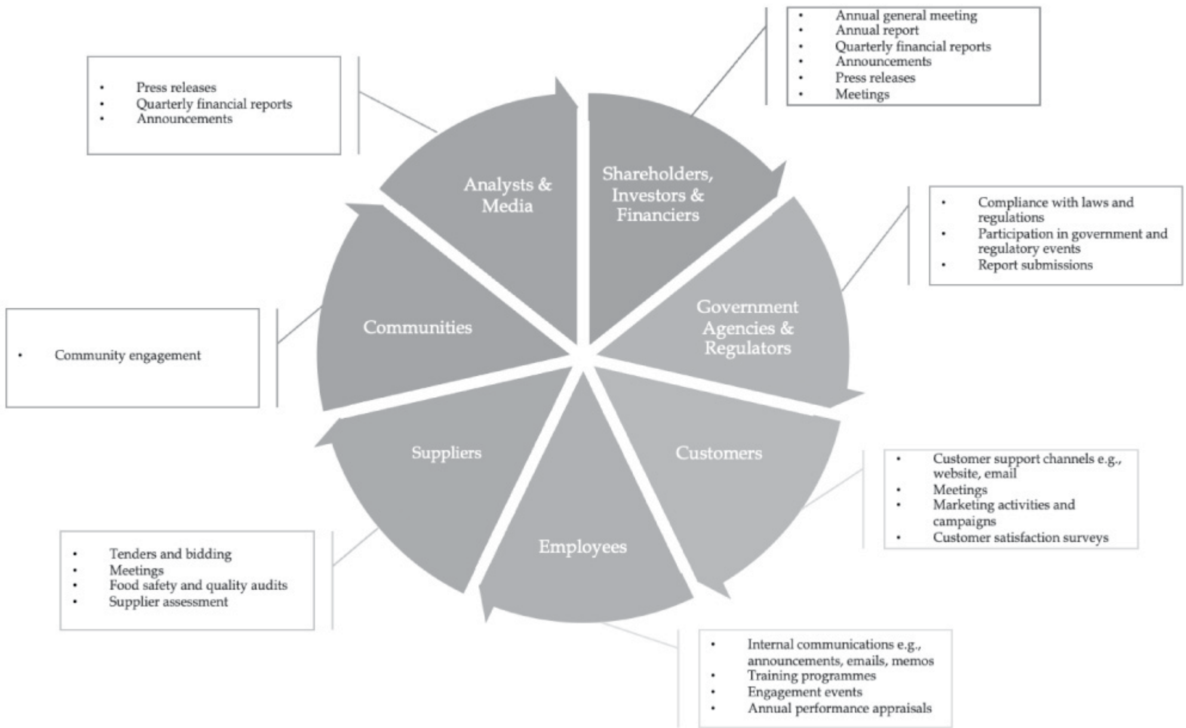
Stakeholder engagement remains a fundamental component of Lay Hong's sustainability strategy and business operations. By actively considering the perspectives, expectations, and concerns of its stakeholders, Lay Hong ensures that its activities, performance, and value creation efforts are aligned with stakeholder priorities.

Lay Hong is committed to building an inclusive organisation that proactively addresses the diverse needs of its stakeholders. We recognise that meaningful engagement is essential to achieving long-term, sustainable growth. In identifying stakeholders, Lay Hong focuses on individuals or groups who are significantly affected by or have considerable influence over the Group's operations and presence. These stakeholders are recognised as key contributors in shaping material matters related to the Group's sustainability priorities.

Through consistent engagement, Lay Hong has gained valuable insights into stakeholder concerns and expectations, fostering a deeper understanding of their needs. This ongoing dialogue conducted through both formal and informal channels continues to inform leadership decisions, influence business strategies, and enhance the Group's ability to deliver sustainable value.

Stakeholder feedback plays a vital role in identifying topics of material importance and clarifying stakeholder expectations. As there have been no changes to the Group's key stakeholder groups, the stakeholder engagement table presented for FYE 2026 is a continuation from the previous financial year.

SUSTAINABILITY REPORT (CONTINUED)



Stakeholders	Areas of Interest	Our Response	Related Material Matters
Shareholders, Investors & Financiers	• Business strategies and future plans • Return on investment • Financial and operational performance • Strong management and corporate governance • Sustainability initiatives	• Provide timely updates on the Group's strategy and financial performance through official announcements • Uphold sound governance practices across the Group • Monitor and report sustainability performance and targets via Bursa Malaysia Environment, Social and Governance Reporting Platform	• Economic Performance • Customer Satisfaction • Anti-Corruption • Cybersecurity & Data Protection • Supply Chain Management • Policy & Regulatory Compliance • Climate Action • Human Rights • Health & Safety

SUSTAINABILITY REPORT (CONTINUED)

Stakeholders	Areas of Interest	Our Response	Related Material Matters
Government Agencies & Regulators	• Regulatory compliance • Corporate governance practices	• Regularly review and monitor operations to ensure full compliance with applicable regulations i.e. Food Act 1983 & Food Regulations 1985, Food Hygiene Regulations 2009, Department of Islamic Development Malaysia (JAKIM), Department of Environment (DOE) • Implement strict food safety controls including Makanan Selamat Tanggungjawab Industri (MeSTI), Veterinary Health Mark (VHM), Hazard Analysis and Critical Control Point (HACCP), and Good Manufacturing Practices (GMP) certification • Maintain required certifications such as Sijil Pendaftaran Pembuat Makanan Haiwan for feedmill, Malaysian Good Agricultural Practices (myGAP) for farms and Lesen Unggas for farms under Department of Veterinary Services (DVS) • Adopt best practices in accordance with the Malaysian Code on Corporate Governance	• Economic Performance • Policy & Regulatory Compliance • Anti-Corruption • Climate Action • Waste Management • Human Rights • Health & Safety
Customers	• Customer satisfaction i.e. affordable pricing, food safety, and high-quality products • Customer experience i.e. speed of service response, on-time delivery • Innovative products • Data privacy	• Deliver affordable, high-quality products • Maintain adherence to strict food safety and quality standards • Comply with the Personal Data Protection Act 2010 to safeguard customer information	• Customer Satisfaction • Anti-Corruption • Cybersecurity & Data Protection • Policy & Regulatory Compliance • Climate Action • Waste Management • Human Rights • Health & Safety

SUSTAINABILITY REPORT (CONTINUED)

Stakeholders	Areas of Interest	Our Response	Related Material Matters
Employees	• Business growth and strategic direction • Inclusive and supportive workplace • Remuneration and benefits • Career development and upskilling opportunities • Occupational safety and health	• Promote transparent and consistent communication across all levels • Provide equal employment opportunities and a non-discriminatory work environment • Offer competitive remuneration and benefits packages • Support career growth through • relevant upskilling and training • programmes • Ensure full compliance with the Occupational Safety and Health Act (OSHA)	• Human Rights • Health & Safety • Employee Management • Diversity, Equity & Inclusion • Economic Performance • Cybersecurity & Data Protection • Policy & Regulatory Compliance
Suppliers	• Transparency in procurement processes • Business growth opportunities • Timely payment	• Ensure transparent and fair procurement practices • Make timely payments in accordance with agreed credit terms	• Supply Chain Management • Anti-Corruption • Cybersecurity & Data Protection • Economic Performance
Communities	• Community welfare and long-term livelihood	• Invest in initiatives that enhance community well-being	• Climate Action • Water Management • Waste Management • Community Investment • Human Rights • Health & Safety
Analysts & Media	• Transparent communication of business performance and key initiatives	• Ensure clear and timely communication through official announcements and media engagement	• Economic Performance • Customer Satisfaction • Anti-Corruption • Cybersecurity & Data Protection • Supply Chain Management • Policy & Regulatory Compliance • Climate Action • Human Rights • Health & Safety

SUSTAINABILITY REPORT (CONTINUED)

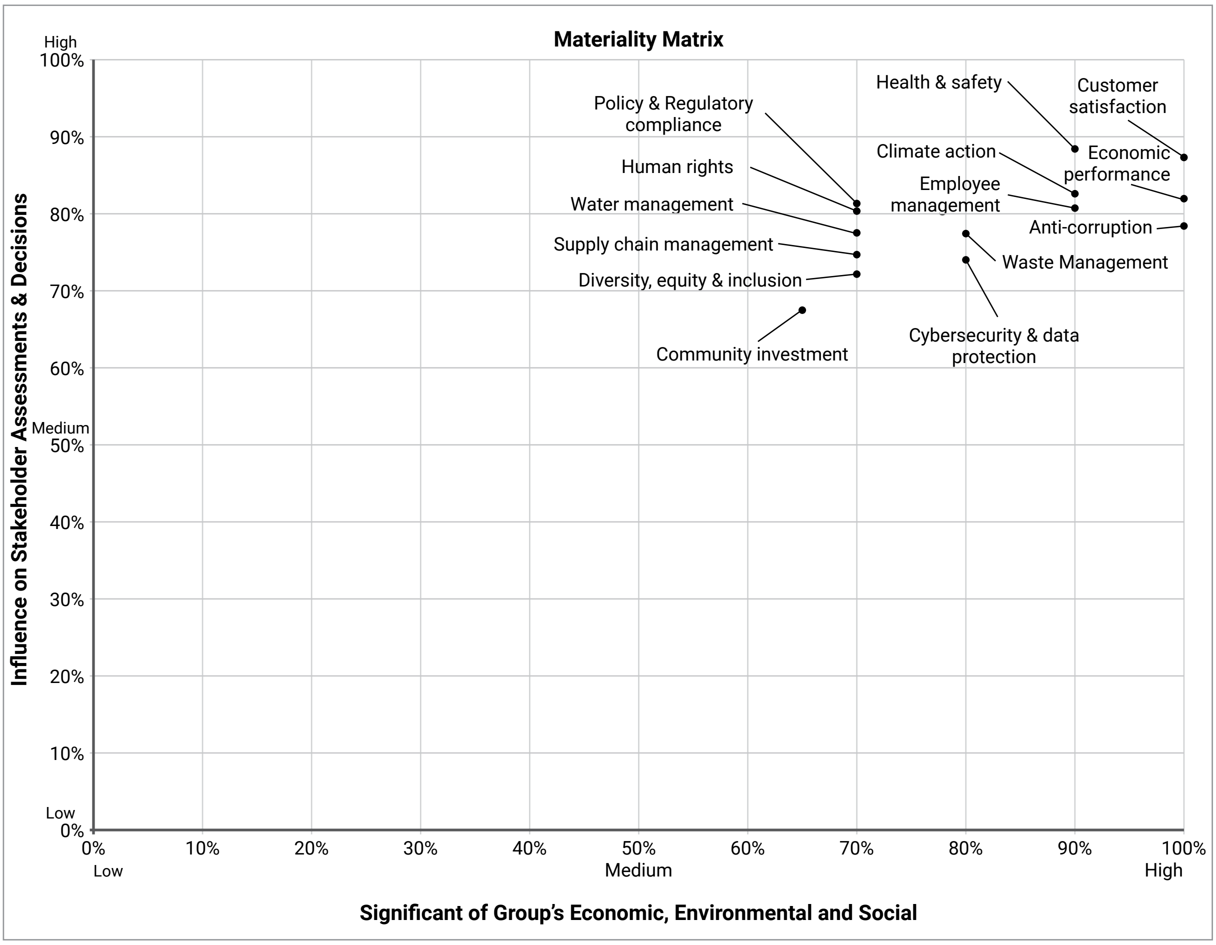
MATERIAL MATTERS

Materiality assessment remains a core component of our sustainability agenda, enabling us to align business planning, strategic direction, and performance management with the Group's key sustainability priorities.

In FYE 2026, we conducted an internal review of our material matters, building on the limited-scale assessment completed in the prior year. This review incorporated insights from key internal stakeholders who regularly engage with our primary stakeholder groups, helping us to better identify and prioritise the economic, environmental, social, and governance issues most relevant to our business and stakeholders. Notably, there were no changes to the top 14 material matters identified in FYE 2026.

Looking ahead, under the National Sustainability Reporting Framework ("NSRF"), all listed issuers and large non-listed companies will be required to adopt the International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB"), namely IFRS S1 and IFRS S2. These standards are designed to improve the consistency and reliability of sustainability and climate-related disclosures, thereby enhancing investor confidence and Malaysia's global competitiveness. To ensure continued relevance and regulatory compliance, we will revisit and update our materiality matrix in FYE 2027 to align with the evolving disclosure requirements.

MATERIALITY MATRIX



SUSTAINABILITY REPORT (CONTINUED)

RISK MANAGEMENT

At Lay Hong, our unwavering commitment to effective risk management is fundamental to ensuring long-term resilience, enhancing stakeholder confidence, and delivering sustainable value.

We have established a robust and comprehensive system of risk management and internal control that extends beyond financial oversight to encompass operational and compliance-related risks. This integrated approach is part of an ongoing and coordinated effort to manage, rather than eliminate, the risks that could impede the achievement of our business objectives. It also serves to minimise the potential for fraud, error, and other disruptions across the organisation.

The Group identifies and assesses sustainability-related risks and opportunities across short-term, medium-term and long-term time horizons, aligned with its strategic planning cycles. This assessment considers the potential impact on the Group's business model, operations, financial performance and long-term value creation.

- short-term (0-2 years)
- medium-term (3-5 years)
- long-term (>5 years)

Short-term risks primarily relate to regulatory compliance and operational efficiency, while medium- to long-term risks include climate-related physical and transition risks, changing stakeholder expectations and evolving market demands. Correspondingly, the Group identifies opportunities to enhance operational resilience, develop sustainable offerings and strengthen its competitive position over time.

Material Matters	Time Horizon	Risks	Opportunities
Economic Performance	Short-term & Medium-term	Volatility in poultry prices, feed costs, and market demand may affect profitability and business stability.	Strong cost management, operational efficiency, and integrated business operations enhance profitability and support long-term growth.
Customer Satisfaction	Short-term & Medium-term	Failure to meet customer expectations in terms of product quality, freshness, pricing, or delivery reliability may reduce customer loyalty and market competitiveness.	Delivering high-quality and safe poultry products consistently strengthens customer relationships and encourages repeat purchases.
Anti-Corruption	Short-term	Unethical conduct or corruption may lead to reputational damage, financial losses, and regulatory penalties.	Strong governance and ethical practices enhance credibility and stakeholder trust.
Supply Chain Management	Short-term & Medium-term	Disruptions in feed supply, raw material sourcing, logistics, or chick supply may affect production efficiency and product availability.	Building resilient supplier relationships and strengthening procurement practices improve supply chain stability and operational efficiency.

Material Matters	Time Horizon	Risks	Opportunities
Climate Action	Medium-term & Long-term	Climate-related risks such as extreme weather events, rising temperatures, and regulatory changes may affect poultry farming conditions and operational costs.	Adopting sustainable farming practices and energy-efficient technologies strengthens environmental stewardship and operational resilience.
Waste Management	Medium-term & Long-term	Improper handling of organic waste or wastewater may lead to environmental pollution and regulatory penalties.	Effective manure recovery, wastewater treatment, and recycling practices support circular economy initiatives and reduce environmental impact.
Water Management	Medium-term & Long-term	Water supply disruptions or inefficient water usage may affect farm operations and poultry processing activities.	Implementing water conservation and efficient water management practices improves resource efficiency and sustainability.
Human Rights	Short-term	Poor labour practices or unsafe working conditions may result in reputational risks, employee dissatisfaction, and regulatory consequences.	Upholding fair labour practices strengthens employee trust and enhances the organisation’s reputation as a responsible employer.
Health & Safety	Short-term	Workplace accidents, injuries, or exposure to biological hazards in farms or food processing facilities may disrupt operations and lead to legal liabilities.	Strong health and safety practices improve employee well-being, productivity, and operational reliability.
Employee Management	Medium-term	Challenges in attracting and retaining skilled workers, particularly in farming and food processing operations, may impact operational efficiency.	Investing in workforce development and employee engagement supports productivity and long-term organisational growth.
Diversity, Equity & Inclusion	Medium-term	Lack of diversity and inclusive workplace practices may reduce employee engagement and limit innovation.	An inclusive workplace fosters collaboration, innovation, and stronger team performance.