



Press Release

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LEONG HUP INTERNATIONAL BERHAD ENCOUNTERS PRICE DECLINES BUT REGISTERS OVERALL GROWTH IN SALES VOLUME

KUALA LUMPUR, 09 AUGUST 2019 – Leong Hup International Berhad (“LHI” or the “Company”), which was listed on the Main Market of Bursa Malaysia Securities Berhad in May 2019, is one of the largest fully integrated producers of poultry, eggs and livestock feed in Southeast Asia. It operates in Malaysia, Singapore, Indonesia, Vietnam and the Philippines.

As disclosed in LHI’s Prospectus dated 25 April 2019, a number of factors affect the Company’s financial condition and results of operations which include, among others, the selling prices of LHI’s products sold on the open market.

For the second quarter which ended 30 June 2019 (“**2Q2019**”), the average selling prices (“**ASP**”) of most of the products sold by the Company and its subsidiaries (collectively “**Group**”) were significantly lower in comparison with the ASP of the products sold by the Group in the second quarter which ended 30 June 2018 (“**2Q2018**”), particularly in Malaysia, as follows:

- the ASP of the Group’s broiler day-old-chicks (“**DOC**”) in Malaysia in 2Q2019 was RM1.21 per DOC, representing a decline of 38.6% from RM1.97 per DOC in 2Q2018. The selling price of the Group’s broiler DOC in Malaysia declined to as low as RM0.90 per DOC in 2Q2019. In comparison, the lowest selling price of the Group’s broiler DOC in 2Q2018 was RM1.60 per DOC; and
- the ASP of the Group’s broiler chicken in Malaysia in 2Q2019 was RM3.99 per kg, representing a decline of 14.7% from RM4.68 per kg in 2Q2018. The selling price of the Group’s broiler chicken in Malaysia declined to as low as RM2.60 per kg in 2Q2019. In comparison, the lowest selling price of the Group’s broiler chicken in 2Q2018 was RM3.90 per kg.



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Executive Director / Group Chief Executive Officer of LHI, Tan Sri Lau Tuang Nguang (“Tan Sri Francis Lau”) said, “Our sales volume is still growing well despite the lower ASP in 2Q2019. Wide price fluctuation is inherent in our industry, particularly in Malaysia which saw our broiler DOC and broiler chicken prices declining to as low as RM0.90 per DOC on 17 June 2019 and RM2.60 per kg on 6 April 2019 respectively. Given that the Group’s operating costs are relatively stable, the weaker ASP in 2Q2019 will affect the Group’s margins and profitability. However, as at 5 August 2019, the market prices of broiler DOC and broiler chicken were RM2.00 per DOC and RM5.00 per kg respectively.

The Group’s overall sales volume which grew across its key product categories sold where:

- total sales volume of livestock feed increased in 2Q2019 by 13.9% to 583,665 metric tonnes as compared to the corresponding period in 2018;
- total sales volume of broiler DOC increased in 2Q2019 by 8.1% to 123 million as compared to the corresponding period in 2018; and
- total sales volume of broiler chickens increased in 2Q2019 by 10.7% to 31 million as compared to the corresponding period in 2018.

In addition, total number of eggs sold increased in 2Q2019 by 5.9% to 430 million as compared to the corresponding period in 2018.

Despite the volume growth, the group’s profits were affected as a result of the significant decrease in the ASP.

“We expect our sales volume growth to continue across our key product categories and in most of the markets that we sell to. We will continue to execute our plans and strategies in all the five markets where we operate. We believe that the strength of our geographical diversification as a fully integrated producer of poultry, eggs and livestock feed, together with strict cost control policy will position us well for long term growth,” **Tan Sri Francis Lau** added.



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ABOUT LEONG HUP INTERNATIONAL BERHAD

LHI Group, one of the largest fully integrated producers of poultry, eggs and livestock feed in Southeast Asia, was incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016 on 23 June 2014 as a private limited company under the name of Octagon Bliss Sdn Bhd. On 10 July 2014, LHI changed its name to Leong Hup International Sdn Bhd and was converted into a public company on 17 August 2018.

LHI Group operates in Malaysia, Singapore, Indonesia, Vietnam and the Philippines, all of which are attractive consumer markets with significant growth potential. The operations consist of feedmill and livestock businesses.

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