

LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended		Period ended	
	Note	31/3/2024	31/3/2023	31/3/2024	31/3/2023
		RM'000	RM'000	RM'000	RM'000
Revenue		2,410,973	2,196,220	2,410,973	2,196,220
Other income		23,624	62,571	23,624	62,571
Operating expenses		(2,273,508)	(2,183,824)	(2,273,508)	(2,183,824)
Profit from operations		161,089	74,967	161,089	74,967
Share of profits of associates		27	36	27	36
Finance costs		(36,195)	(44,719)	(36,195)	(44,719)
Profit before taxation	B5	124,921	30,284	124,921	30,284
Tax expense	B6	(29,994)	(13,323)	(29,994)	(13,323)
Net profit for the financial period		94,927	16,961	94,927	16,961
Other comprehensive income:					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		8,466	37,242	8,466	37,242
Other comprehensive income for the financial period		8,466	37,242	8,466	37,242
Total comprehensive income for the financial period		103,393	54,203	103,393	54,203

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended		Period ended	
	Note	31/3/2024	31/3/2023	31/3/2024	31/3/2023
		RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to:					
Owners of the Company		56,579	22,142	56,579	22,142
Non-Controlling Interests		38,348	(5,181)	38,348	(5,181)
		<u>94,927</u>	<u>16,961</u>	<u>94,927</u>	<u>16,961</u>
Total comprehensive income attributable to:					
Owners of the Company		65,321	46,768	65,321	46,768
Non-Controlling Interests		38,072	7,435	38,072	7,435
		<u>103,393</u>	<u>54,203</u>	<u>103,393</u>	<u>54,203</u>
Earning per share (sen)					
Basic	B12	1.55	0.61	1.55	0.61
Diluted	B12	1.55	0.61	1.55	0.61

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/3/2024	Audited As at 31/12/2023
Note	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,729,402	2,730,260
Investment properties	40,247	40,245
Right-of-use assets	409,159	409,308
Intangible assets	102,849	102,512
Investment in associates	1,704	1,674
Other receivables and deposits	36,951	18,256
Amount owing by Associates	28,016	20,582
Deferred tax assets	76,960	76,687
Total Non-Current Assets	3,425,288	3,399,524
Current Assets		
Biological assets	513,326	515,453
Inventories	1,044,461	978,837
Trade receivables	727,704	729,404
Other receivables and prepaid expenses	170,321	144,766
Non-current asset held for sale	11,719	11,651
Derivative financial assets	1,172	-
Tax recoverable	47,693	47,444
Cash and bank balances	646,811	699,505
Total Current Assets	3,163,207	3,127,060
TOTAL ASSETS	6,588,495	6,526,584
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,499,684	1,499,684
Merger reserve	(662,966)	(662,966)
Reserve	1,461,554	1,399,988
Equity attributable to owners of the Company	2,298,272	2,236,706
Non-controlling interests	754,497	718,422
TOTAL EQUITY	3,052,769	2,955,128

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 31/3/2024 RM'000	Audited As at 31/12/2023 RM'000
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities		150,550	146,084
Bank borrowings	B8	793,349	870,771
Lease liabilities		151,485	151,196
Deferred Income		1,006	1,091
Provision for Asset Retirement Obligation		4,644	5,086
Post-employment benefits obligation		40,518	38,971
Total Non-Current Liabilities		1,141,552	1,213,199
Current Liabilities			
Trade payables		408,190	359,580
Other payables and accrued expenses		279,942	322,535
Bank borrowings	B8	1,653,691	1,587,305
Lease liabilities		28,261	27,994
Derivative financial liabilities	B9	-	2,485
Deferred Income		366	364
Dividend payable		-	43,800
Tax payable		23,724	14,194
Total Current Liabilities		2,394,174	2,358,257
TOTAL LIABILITIES		3,535,726	3,571,456
TOTAL EQUITY AND LIABILITIES		6,588,495	6,526,584
Net assets per share attributable to ordinary equity holders (RM)		0.6297	0.6128

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	ESOS Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1/1/2024	1,499,684	(662,966)	27,515	11,097	1,361,376	2,236,706	718,422	2,955,128
Comprehensive income:								
Net profit for the financial year	-	-	-	-	56,579	56,579	38,348	94,927
Other comprehensive income:								
Currency translation differences	-	-	8,870	-	(128)	8,742	(276)	8,466
Total other comprehensive income	-	-	8,870	-	(128)	8,742	(276)	8,466
Total comprehensive Income	-	-	8,870	-	56,451	65,321	38,072	103,393
Transactions with owners:								
Dividend paid	-	-	-	-	-	-	(6,152)	(6,152)
Issuance of share in subsidiary	-	-	-	-	-	-	400	400
Changes in equity interest in subsidiaries	-	-	-	-	(3,755)	(3,755)	3,755	-
Share options lapsed	-	-	-	(48)	48	-	-	-
	-	-	-	(48)	(3,707)	(3,755)	(1,997)	(5,752)
Balance as at 31/3/2024	1,499,684	(662,966)	36,385	11,049	1,414,120	2,298,272	754,497	3,052,769

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share Capital RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	ESOS Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1/1/2023	1,499,684	(662,966)	(11,592)	11,309	1,168,609	2,005,044	584,531	2,589,575
Comprehensive income:								
Net profit for the financial year	-	-	-	-	22,142	22,142	(5,181)	16,961
Other comprehensive income:								
Currency translation differences	-	-	24,722	(96)	-	24,626	12,616	37,242
Total other comprehensive income	-	-	24,722	(96)	-	24,626	12,616	37,242
Total comprehensive income	-	-	24,722	(96)	22,142	46,768	7,435	54,203
Transactions with owners:								
Share options lapsed	-	-	-	(36)	36	-	-	-
	-	-	-	(36)	36	-	-	-
Balance as at 31/3/2023	1,499,684	(662,966)	13,130	11,177	1,190,787	2,051,812	591,966	2,643,778

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	Period ended	
	31/3/2024	31/3/2023
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	124,921	30,284
Adjustments for: non-cash items	115,012	111,486
Operating profit before working capital changes	239,933	141,770
<u>Net Movement In:</u>		
Inventories	(22,686)	48,606
Biological assets	14,857	4,778
Receivables	(52,472)	32,913
Payables	(44,292)	(60,415)
Net cash from operations	135,340	167,652
Tax paid	(16,701)	(21,251)
Net cash flow from operating activities	118,639	146,401
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of property, plant and equipment	260	735
Proceeds from disposal of right-of-use assets	252	-
Interest income received	3,724	3,517
Addition of property, plant and equipment	(63,012)	(40,929)
Addition of investment properties	(31)	-
Addition of right-of-use assets	(83)	(1,280)
Placement of fixed deposit pledged	(5,160)	(16,746)
Withdrawal of fixed deposit with more than 3 months maturity	26,119	18,733
Net cash flow from investing activities	(37,931)	(35,970)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	CUMULATIVE QUARTER	
	Period ended	
	31/3/2024	31/3/2023
	RM'000	RM'000
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Finance costs paid	(35,283)	(43,939)
Proceeds from term loans	7,337	7,061
Repayments of term loans	(38,634)	(67,264)
Net repayment of short term borrowings	(364)	(8,788)
Repayment of hire purchase liabilities	(3,788)	(3,080)
Repayment of lease liabilities	(7,867)	(8,625)
Issuance of shares in subsidiary	400	-
Dividend paid	(49,952)	-
Net cash flow from financing activities	(128,151)	(124,635)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(47,443)	(14,204)
Effect of exchange translation differences	965	(7,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	627,270	556,052
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	580,792	534,380
Cash and cash equivalents comprise the following:		
Cash and bank balances	646,811	819,531
Bank overdrafts	(17,544)	(180,391)
	629,267	639,140
Less:		
Fixed deposits pledged as collateral	(26,921)	(40,627)
Fixed deposits of more than 3 months maturity period	(21,554)	(64,133)
	580,792	534,380

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached in the interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2024

A. SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO. 134 - INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial report of Leong Hup International Berhad (“LHI” or the “Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by International Accounting Standards Board (“IASB”), paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2023. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2023, except for the adoption of the following new standards, amendments to standards and interpretations during the current financial period:

- Amendment to MFRS 16 Leases – Lease Liabilities in a Sale and Leaseback
- Amendments to MFRS 101 – Non-current Liabilities with Covenants
- Amendments to MFRS 7 and MFRS 107 – Supplier Finance Arrangements

The adoption of the above standards and amendments does not have any material financial impact on the financial statements of the Group.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of this interim financial report, the new and revised Standards and Amendments, which were in issue but not yet effective and not early adopted by the Group are as follow:

Standards	Effective for annual period beginning on or after
Amendments to MFRS 121 – Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors have expressed an unqualified opinion on the audited Group's statutory financial statements for the financial year ended 31 December 2023 in their report dated 25 April 2024.

A4. SEASONAL AND CYCLICAL FACTORS

The Group's Feedmill business is not subject to seasonal factors, whilst the Group's Livestock business is subject to certain seasonal factors, such as weather, festive seasons and school holidays.

- *Weather* : whilst poultry grown in closed-houses are not affected by variations in the weather, poultry grown in open-houses are. When weather is hotter, poultry tends to grow at a slower rate, thus reducing the supply to the market and increasing prices.
- *Festive seasons* : typically, poultry consumption is higher during the festive seasons such as Ramadan and Christmas, while poultry consumption is the lowest during the period immediately following the month of Ramadan and Hari Raya.
- *School holidays* : during school holidays we typically see an increase in sales in each of the jurisdictions where the Group operates, other than Singapore, where sales are slightly lower.

A5. UNUSUAL ITEMS

There was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the results of the financial period under review.

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A7. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the financial period under review.

A8. DIVIDEND PAID

A second single tier dividend of 1.20 sen per ordinary share amounting to RM43.8 million in respect of financial year ended 31 December 2023 was paid on 29 January 2024.

A9. SEGMENTAL INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the Management Team as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided, as well as geographical segment.

Products and services

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
Quarter ended 31/3/2024				
Revenue from sales of goods:				
- external customers	1,315,764	1,092,275	-	2,408,039
- inter-segment	-	323,091	(323,091)	-
Revenue from sales of goods	1,315,764	1,415,366	(323,091)	2,408,039
Revenue from other sources				2,934
Total revenue				2,410,973
EBITDA	78,946	164,560	(2,885)	240,621
Depreciation and amortisation	(62,396)	(17,670)	534	(79,532)
	16,550	146,890	(2,351)	161,089
Share of profit of associates				27
Finance costs				(36,195)
Profit before taxation				124,921
Tax expense				(29,994)
Profit for the financial period				94,927

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A9. SEGMENTAL INFORMATION (CONTINUED)

Products and services (Continued)

	Livestock and poultry related products RM'000	Feedmill RM'000	Inter segment elimination RM'000	Group RM'000
Quarter ended 31/3/2023				
Revenue from sales of goods:				
- external customers	1,199,385	993,536	-	2,192,921
- inter-segment	-	449,704	(449,704)	-
Revenue from sales of goods	1,199,385	1,443,240	(449,704)	2,192,921
Revenue from other sources				3,299
Total revenue				2,196,220
EBITDA	5,919	149,182	(2,692)	152,409
Depreciation and amortisation	(59,362)	(16,807)	(1,273)	(77,442)
	(53,443)	132,375	(3,965)	74,967
Share of profit of associates				36
Finance costs				(44,719)
Profit before taxation				30,284
Tax expense				(13,323)
Profit for the financial period				16,961

Geographical segment

	Revenue		EBITDA	
	Quarter ended		Quarter ended	
	31/3/2024 RM'000	31/3/2023 RM'000	31/3/2024 RM'000	31/3/2023 RM'000
Malaysia	584,211	594,246	104,627	121,961
Singapore	210,017	204,625	19,742	20,927
Vietnam	471,691	486,908	29,929	24,040
Indonesia	974,856	780,243	65,904	(28,908)
Philippines	167,264	126,899	20,419	14,389
	2,408,039	2,192,921	240,621	152,409

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment (Continued)

	Total non-current assets		Total borrowing	
	as at		as at	
	31/3/2024	31/12/2023	31/3/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,565,644	1,556,076	817,994	798,335
Singapore	322,489	326,168	278,018	266,052
Vietnam	483,792	491,190	475,413	518,203
Indonesia	632,737	642,985	707,436	736,731
Philippines	278,699	267,580	168,179	138,755
	<u>3,283,361</u>	<u>3,283,999</u>	<u>2,447,040</u>	<u>2,458,076</u>

Non-current assets are determined according to the country where the head office is located. The amounts of non-current assets do not include financial instruments, deferred tax and tax recoverable.

A10. PROPERTY, PLANT AND EQUIPMENT

(i) Acquisition and disposal

During the financial period ended 31 March 2024, the Group acquired property, plant and equipment amounting to RM63.9 million (period ended 31 March 2023: RM43.0 million) and disposed property, plant and equipment amounting to RM0.99 million (period ended 31 March 2023: RM0.17 million).

(ii) Revaluation

There were no revaluation of property, plant and equipment for the period ended 31 March 2024 (period ended 31 March 2023: RM Nil).

A11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The announcement dated 5 August 2022, 9 August 2022, 5 September 2022, 14 October 2022, 19 December 2022, 31 January 2023, 22 December 2023 and 9 January 2024 refer. The Board of Directors wishes to inform that on 22 December 2023, Leong Hup Feedmill Malaysia Sdn. Bhd. ("LFM"), a wholly-owned subsidiary of Leong Hup International Berhad ("the Company") received a Notice of Finding of An Infringement under Section 40 of the Competition Act 2010 dated 11 December 2023, together with the Decision of Infringement of Section 4(1) read with Sections 4(2)(a) and 4(3) of the Competition Act 2010 dated 11 December 2023 from MyCC ("Decision").

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A11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES (CONTINUED)

In the Decision, MyCC maintains its finding of price-fixing infringement with imposition of financial penalty of RM157,470,027.02 on LFM.

The Company and LFM strongly believe that the allegation of the aforesaid infringement is without merit. In consultation with its external legal counsels, LFM had on 9 January 2024 appealed the Decision via the filing of the Notice of Appeal with the Competition Appeal Tribunal (“Tribunal”) and applied for a stay of the Decision. The Tribunal has fixed the hearing for the application for stay of the Decision on 12 June 2024.

A12. CAPITAL COMMITMENTS

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

	As at 31/3/2024 RM'000
Acquisition of property, plant and equipment: - approved by Directors and contracted	<u>64,819</u>

A13. CHANGES IN THE COMPOSITION OF THE GROUP

On 7 February 2024, an indirect subsidiary, Ritma Prestasi Sdn. Bhd. (“Ritma Prestasi”) entered into a Joint Venture cum Shareholders Agreement with Shanghai Xiashu Intelligent Technology Co., Ltd. to jointly set up a company in Malaysia, namely Trendata Science Sdn. Bhd. (“Trendata Science”) for research and development, setting up of data server, sales of products and services related to intelligent agricultural machineries, equipment and robotics. Ritma Prestasi holds 65% of Trendata Science's shares.

There were no other significant changes in the composition of the Group in current financial quarter.

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A14. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial quarter and up to the date of this report.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The related party transactions described below were carried out on terms and conditions negotiated amongst the parties. The significant related party transactions are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Associated companies:				
Interest income	409	267	409	267
Companies controlled by Lau family*:				
Sales of goods	172,489	172,296	172,489	172,296
Management fee received/receivable	-	20	-	20
Rental received/receivables	1,024	1,254	1,024	1,254
Interest receivables	56	46	56	46
Purchases of goods	(156,436)	(65,149)	(156,436)	(65,149)
Transportation charges paid/payable	(3,351)	(3,297)	(3,351)	(3,297)
Purchases of sundries paid/payable	(2,675)	(1,712)	(2,675)	(1,712)
Rental paid/payables	(745)	(786)	(745)	(786)
Purchase of property, plant and equipment	(2)	(2)	(2)	(2)
Royalty fee paid/payable	(1,908)	(1,809)	(1,908)	(1,809)
Companies controlled by Nam family^:				
Transportation charges paid/payable	(2,681)	(2,443)	(2,681)	(2,443)

* Lau family refers to family members who, collectively control Emerging Glory Sdn Bhd, the ultimate holding company, and the Company. The following Lau family members are Directors of the Company: Lau Chia Nguang, Tan Sri Dato' Lau Eng Guang, Tan Sri Lau Tuang Nguang, Datuk Lau Joo Hong, Lau Joo Han and Lau Joo Keat collectively.

^ Nam family refers to family members who have significant financial interest in an indirect subsidiary of LHI, Teo Seng Capital Berhad, a company listed on Main Market of Bursa Securities. Nam Hiok Joo from the Nam family is a Director of Teo Seng Capital Berhad.

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B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA SECURITIES MAIN LISTING REQUIREMENTS (APPENDIX 9B)

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarter ended		Changes	Period ended		Changes
	31/3/2024	31/3/2023		31/3/2024	31/3/2023	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:						
Livestock and poultry related products						
	1,315,764	1,199,385	9.7%	1,315,764	1,199,385	9.7%
Feedmill	1,092,275	993,536	9.9%	1,092,275	993,536	9.9%
Others	2,934	3,299	(11.1%)	2,934	3,299	(11.1%)
	<u>2,410,973</u>	<u>2,196,220</u>	9.8%	<u>2,410,973</u>	<u>2,196,220</u>	9.8%
EBITDA:						
Livestock and poultry related products						
	78,946	5,919	1,233.8%	78,946	5,919	1,233.8%
Feedmill	164,560	149,182	10.3%	164,560	149,182	10.3%
Others	(2,885)	(2,692)	(7.2%)	(2,885)	(2,692)	(7.2%)
	<u>240,621</u>	<u>152,409</u>	57.9%	<u>240,621</u>	<u>152,409</u>	57.9%

Livestock and poultry related products

The Group's revenue from sales of livestock and poultry related products increased by 9.7% from RM1,199.4 million in the financial quarter ended ("FQE") 31 March 2023 to RM1,315.8 million in the FQE 31 March 2024.

The higher revenue was due mainly to significant increases in average selling price and sales volume of DOC and increase in average selling price of boiler chickens in Indonesia. The higher revenue was also contributed by higher average selling price of broiler chickens in Vietnam and higher sales volume of broiler chickens in Philippines.

EBITDA increased by 1,233.8%, due primarily to improved margins in Indonesia due to higher selling prices of DOC and broiler chickens as well as higher selling price of broiler chickens in Vietnam.

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B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER (CONTINUED)

Feedmill

The Group's revenue from Feedmill increased by 9.9% from RM993.5 million in the FQE 31 March 2023 to RM1,092.3 million in the FQE 31 March 2024. The increase was due primarily to higher average selling price and sales volume in Indonesia and higher sales volume in Philippines.

EBITDA improved by 10.3%. Contributed by the increase in average selling price in Indonesia and lower costs in Philippines.

B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Quarter ended		Changes %
	31/3/2024 RM'000	31/12/2023 RM'000	
Revenue	2,410,973	2,413,033	(0.1%)
Profit from operations	161,089	219,826	(26.7%)
Profit before taxation	124,921	183,277	(31.8%)

There is no major fluctuation in the Group's revenue in comparison with the immediate preceding quarter.

The group's profit before taxation dropped by 31.8% from RM183.3 million in FQE 31 December 2023 to RM124.9 million in FQE 31 March 2024 due primarily to lower government subsidies of RM9.2 million recognised in current quarter compared to last quarter of RM103.0 million.

B3. PROSPECTS

While Malaysian Operation's result normalise from the prior quarter's outstanding performance, Indonesia Operations turned around from negative EBITDA to contribute positively. Vietnam and Philippines performance continues to improve. Barring unforeseen circumstances, the Group expects to achieve a satisfactory performance for financial year 2024.

B4. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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B5. PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of right-of-use assets	9,991	10,819	9,991	10,819
Bad debt write off/(recovered)	38	(585)	38	(585)
Depreciation of :				
-investment properties	28	51	28	51
-property, plant and equipment	69,514	66,572	69,514	66,572
Expense recognised in respect of defined benefit plan	1,889	1,671	1,889	1,671
Farmer incentives and contract grower	29,253	24,221	29,253	24,221
Fair value gains on derivative financial instruments	(2,528)	(3,631)	(2,528)	(3,631)
Foreign exchange (gains)/losses	(1,815)	3,536	(1,815)	3,536
Losses/(Gains) on disposal of :				
-property, plant and equipment	732	(564)	732	(564)
-right-of-use assets	(22)	-	(22)	-
Gain on termination of leases	(9)	-	(9)	-
Government grant	(1,008)	(1,093)	(1,008)	(1,093)
Government subsidies	(9,177)	(28,602)	(9,177)	(28,602)
Impairment losses/(Reversal of impairment):				
-trade receivables	2,268	806	2,268	806
-other receivables	(1)	(287)	(1)	(287)
-inventories	(20)	-	(20)	-
Interest expense	36,195	44,719	36,195	44,719
Interest income	(3,724)	(3,517)	(3,724)	(3,517)
Packing materials	5,085	4,626	5,085	4,626
Property, plant and equipment written off	679	198	679	198
Promotional and marketing expenses	2,135	2,173	2,135	2,173
Rental expense	1,309	1,911	1,309	1,911
Rental income	(703)	(620)	(703)	(620)
Travelling expenses	3,077	3,165	3,077	3,165

Note: Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

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B6. TAX EXPENSE

	INDIVIDUAL QUARTER 31/3/2024 RM'000	CUMULATIVE QUARTER 31/3/2024 RM'000
Current tax recognised in profit or loss:		
- Malaysian income tax	11,109	11,109
- Foreign tax	15,018	15,018
- Overprovision in prior years	(238)	(238)
	25,889	25,889
Deferred taxation recognised in profit or loss		
- Origination and reversal of temporary differences	4,536	4,536
- Overprovision in prior years	(431)	(431)
Tax expense	29,994	29,994

B7. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal as at the date of this report.

B8. BORROWINGS

	As at 31/3/2024 RM'000	As at 31/12/2023 RM'000
Current		
<u>Secured:</u>		
Bankers' acceptances	-	-
Bank overdrafts	13,801	1,541
Term loans	162,943	159,050
Revolving credits	413,019	441,908
Hire purchase liabilities	6,889	8,090
	596,652	610,589

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B8. BORROWINGS (CONTINUED)

	As at 31/3/2024 RM'000	As at 31/12/2023 RM'000
Current		
<u>Unsecured:</u>		
Bankers' acceptances	273,195	237,062
Bank overdrafts	3,743	1,879
Term loans	53,241	59,450
Revolving credits	175,683	157,007
Trust receipts	487,177	487,318
Sukuk Mudharabah	64,000	34,000
	1,057,039	976,716
Total Current	1,653,691	1,587,305
Non current		
<u>Secured:</u>		
Term loans	482,099	522,379
Hire purchase liabilities	5,652	7,340
<u>Unsecured:</u>		
Term loans	69,346	74,797
Sukuk Mudharabah	236,252	266,255
Total non current	793,349	870,771
Total borrowings	2,447,040	2,458,076
Total borrowings		
Bankers' acceptances	273,195	237,062
Bank overdrafts	17,544	3,420
Term loans	767,629	815,676
Revolving credits	588,702	598,915
Trust receipts	487,177	487,318
Hire purchase liabilities	12,541	15,430
Sukuk Mudharabah	300,252	300,255
	2,447,040	2,458,076

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B8. BORROWINGS (CONTINUED)

	As at 31/3/2024 RM'000	As at 31/12/2023 RM'000
The currency profile of borrowings is as follows:		
Ringgit Malaysia	817,994	798,335
Singapore Dollar	278,018	266,052
Indonesia Rupiah	674,367	704,573
US Dollar	49,355	48,682
Vietnamese Dong	459,127	501,679
Philippines Peso	168,179	138,755
	2,447,040	2,458,076

B9. DERIVATIVES

As at 31 March 2024, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	As at 31/3/2024		As at 31/12/2023	
	Contract/ Notional Amount RM'000	Fair Value Amount RM'000	Contract/ Notional Amount RM'000	Fair Value Amount RM'000
Current asset				
Forward foreign exchange contracts	123,742	1,172	-	-
Derivative financial assets	123,742	1,172	-	-
Current liabilities				
Forward foreign exchange contracts	-	-	179,848	(2,485)
Derivative financial liabilities	-	-	179,848	(2,485)

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B9. DERIVATIVES (CONTINUED)

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2023:

- (a) the credit risk, market risk and liquidity risk associated with these financial derivatives;
- (b) the cash requirements of the financial derivatives;
- (c) the policy in place for mitigating or controlling the risks associated with these financial derivatives; and
- (d) the related accounting policies.

B10. MATERIAL LITIGATION

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group.

B11. DIVIDEND PROPOSED

On 25 April 2024, the Board had declared a single-tier dividend of 1.30 sen per ordinary share amounting to RM47.45 million in respect of the financial year ending 31 December 2024, paid on 27 May 2024 to depositors registered in the Records of Depositors at close of business on 15 May 2024. (Previous corresponding period ended 31 March 2023: No dividend was declared for the financial quarter ended 31 March 2023)

B12. EARNING PER SHARES (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
Profit attributable to equity holders of the Company (RM'000)	56,579	22,142	56,579	22,142
Number of ordinary shares in issue ('000)	3,650,000	3,650,000	3,650,000	3,650,000
Basic and diluted EPS (sen)	1.55	0.61	1.55	0.61

Note:

The potential conversion of ESOS options is anti-dilutive as their exercise prices were higher than the average market price ('out of the money') of the Company's ordinary shares during the current financial quarter.

Accordingly, the exercise of ESOS had been ignored in the calculation of dilutive earnings per share and the diluted earnings per ordinary share is the same as the basic earnings per ordinary share.

B13. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report as set out above was approved by the Board in accordance with their resolution dated 30 May 2024.