

LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended		Period ended	
		30/9/2024	30/9/2023	30/9/2024	30/9/2023
		RM'000	RM'000	RM'000	RM'000
Revenue		2,228,283	2,516,396	6,994,325	7,126,479
Other income		40,914	46,285	74,185	157,372
Operating expenses		(2,036,366)	(2,292,695)	(6,455,925)	(6,779,672)
Profit from operations		232,831	269,986	612,585	504,179
Share of profits of associates		31	42	102	216
Finance costs		(31,008)	(42,489)	(101,360)	(132,927)
Profit before taxation	B5	201,854	227,539	511,327	371,468
Tax expense	B6	(16,150)	(50,184)	(86,548)	(86,376)
Net profit for the financial period		185,704	177,355	424,779	285,092
Other comprehensive income:					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		(135,125)	(27,147)	(174,624)	79,654
Other comprehensive income for the financial period		(135,125)	(27,147)	(174,624)	79,654
Total comprehensive income for the financial period		50,579	150,208	250,155	364,746

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Quarter ended		Period ended		
Note	30/9/2024	30/9/2023	30/9/2024	30/9/2023	
	RM'000	RM'000	RM'000	RM'000	
Profit for the period attributable to:					
Owners of the Company	135,016	132,961	288,090	220,136	
Non-Controlling Interests	50,688	44,394	136,689	64,956	
	<u>185,704</u>	<u>177,355</u>	<u>424,779</u>	<u>285,092</u>	
Total comprehensive income attributable to:					
Owners of the Company	23,595	117,774	148,298	283,915	
Non-Controlling Interests	26,984	32,434	101,857	80,831	
	<u>50,579</u>	<u>150,208</u>	<u>250,155</u>	<u>364,746</u>	
Earning per share (sen)					
Basic	B12	3.70	3.64	7.89	6.03
Diluted	B12	3.70	3.64	7.89	6.03

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 THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2024 RM'000	Audited As at 31/12/2023 RM'000
Note		
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,581,077	2,730,260
Investment properties	41,001	40,245
Right-of-use assets	378,265	409,308
Intangible assets	98,221	102,512
Investment in associates	1,750	1,674
Financial assets at fair value through other comprehensive income	4,356	-
Other receivables and deposits	28,460	18,256
Amount owing by Associates	26,468	20,582
Deferred tax assets	69,551	76,687
Total Non-Current Assets	<u>3,229,149</u>	<u>3,399,524</u>
Current Assets		
Biological assets	540,556	515,453
Inventories	892,674	978,837
Trade receivables	651,402	729,404
Other receivables and prepaid expenses	145,600	144,766
Non-current asset held for sale	10,786	11,651
Tax recoverable	34,442	47,444
Cash and bank balances	652,544	699,505
Total Current Assets	<u>2,928,004</u>	<u>3,127,060</u>
TOTAL ASSETS	<u>6,157,153</u>	<u>6,526,584</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,499,684	1,499,684
Merger reserve	(662,966)	(662,966)
Reserve	1,500,572	1,399,988
Equity attributable to owners of the Company	<u>2,337,290</u>	<u>2,236,706</u>
Non-controlling interests	804,193	718,422
TOTAL EQUITY	<u>3,141,483</u>	<u>2,955,128</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 30/9/2024 RM'000	Audited As at 31/12/2023 RM'000
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities		144,550	146,084
Bank borrowings	B8	712,856	870,771
Lease liabilities		138,449	151,196
Deferred Income		758	1,091
Provision for Asset Retirement Obligation		4,795	5,086
Post-employment benefits obligation		39,476	38,971
Total Non-Current Liabilities		1,040,884	1,213,199
Current Liabilities			
Trade payables		324,217	359,580
Other payables and accrued expenses		352,255	322,535
Bank borrowings	B8	1,234,630	1,587,305
Lease liabilities		27,921	27,994
Derivative financial liabilities	B9	1,549	2,485
Deferred Income		337	364
Dividend payable		-	43,800
Tax payable		33,877	14,194
Total Current Liabilities		1,974,786	2,358,257
TOTAL LIABILITIES		3,015,670	3,571,456
TOTAL EQUITY AND LIABILITIES		6,157,153	6,526,584
Net assets per share attributable to ordinary equity holders (RM)		0.6404	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 THIRD QUARTER ENDED 30 SEPTEMBER 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 January 2024	1,499,684	(662,966)	27,515	11,097	1,361,376	2,236,706	718,422	2,955,128
Comprehensive income:								
Net profit for the financial period	-	-	-	-	288,090	288,090	136,689	424,779
Other comprehensive income:								
Currency translation differences	-	-	(141,717)	(94)	2,019	(139,792)	(34,832)	(174,624)
Total other comprehensive income	-	-	(141,717)	(94)	2,019	(139,792)	(34,832)	(174,624)
Total comprehensive Income	-	-	(141,717)	(94)	290,109	148,298	101,857	250,155
Transactions with owners:								
Dividend paid	-	-	-	-	(47,450)	(47,450)	(17,064)	(64,514)
Issuance of share in subsidiary to non-controlling interest	-	-	-	-	-	-	403	403
Changes in equity interest in subsidiaries	-	-	-	-	(3,052)	(3,052)	575	(2,477)
Share options lapsed	-	-	-	(11,105)	11,105	-	-	-
Share options expense	-	-	-	2,788	-	2,788	-	2,788
	-	-	-	(8,317)	(39,397)	(47,714)	(16,086)	(63,800)
Balance as at 30 September 2024	1,499,684	(662,966)	(114,202)	2,686	1,612,088	2,337,290	804,193	3,141,483

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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 January 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 period	-	-	-	-	220,136	220,136	64,956	285,092
Other comprehensive income:								
Currency translation differences	-	-	63,779	-	-	63,779	15,875	79,654
Total other comprehensive income	-	-	63,779	-	-	63,779	15,875	79,654
Total comprehensive income	-	-	63,779	-	220,136	283,915	80,831	364,746
Transactions with owners:								
Dividend paid	-	-	-	-	(65,700)	(65,700)	(7,138)	(72,838)
Changes in equity interest in subsidiaries	-	-	115	-	-	115	(499)	(384)
Share options lapsed	-	-	-	(196)	196	-	-	-
	-	-	115	(196)	(65,504)	(65,585)	(7,637)	(73,222)
Balance as at 30 September 2023	1,499,684	(662,966)	52,302	11,113	1,323,241	2,223,374	657,725	2,881,099

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 THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	Period ended	
	30/9/2024	30/9/2023
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	511,327	371,468
Adjustments for: non-cash items	331,357	346,838
Operating profit before working capital changes	842,684	718,306
<u>Net Movement In:</u>		
Inventories	51,735	37,726
Biological assets	(14,905)	(66,601)
Receivables	53,891	(19,216)
Payables	(118,408)	52,870
Net cash from operations	814,997	723,085
Tax paid	(52,087)	(58,266)
Net cash flow from operating activities	762,910	664,819
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from disposal of property, plant and equipment	30,560	3,732
Proceeds from disposal of right-of-use assets	275	-
Interest income received	11,568	10,591
Addition of property, plant and equipment	(202,058)	(148,117)
Addition of investment properties	(889)	-
Addition of right-of-use assets	(17,676)	(304)
Purchase of financial assets at fair value through other comprehensive income	(4,356)	-
Additional acquisition of subsidiary from non-controlling interest	(5,859)	(499)
Proceed from partial disposal of equity interest in subsidiaries	5,961	-
Placement of fixed deposit pledged	13,965	1,179
Withdrawal of fixed deposit with more than 3 months maturity	8,742	37,881
Net cash flow from investing activities	(159,767)	(95,537)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	CUMULATIVE QUARTER	
	Period ended	
	30/9/2024	30/9/2023
	RM'000	RM'000
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Finance costs paid	(100,814)	(134,035)
Proceeds from term loans	35,984	53,891
Repayments of term loans	(145,399)	(203,261)
Repayments of sukuk	(34,000)	-
Net repayments of short term borrowings	(229,129)	(155,533)
Repayments of hire purchase liabilities	(8,332)	(8,994)
Repayments of lease liabilities	(22,930)	(27,038)
Issuance of shares in subsidiary to non-controlling interest	403	-
Dividend paid	(108,314)	(72,838)
Net cash flow from financing activities	(612,531)	(547,808)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,388)	21,474
Effect of exchange translation differences	(15,769)	16,471
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	627,270	556,052
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	602,113	593,997
Cash and cash equivalents comprise the following:		
Cash and bank balances	652,544	790,220
Bank overdrafts	(7,685)	(125,794)
	644,859	664,426
Less:		
Fixed deposits pledged as collateral	(7,195)	(23,584)
Fixed deposits of more than 3 months maturity period	(35,551)	(46,845)
	602,113	593,997

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 THIRD QUARTER ENDED 30 SEPTEMBER 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:

- Amendments 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.

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 follows:

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A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and Amendments in issue but not yet effective (Continued)

Standards	Effective for annual period beginning on or after
Amendments to MFRS 121 – Lack of Exchangeability	1 January 2025
Amendments to MFRS 7 and MFRS 9 - Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to MFRS Accounting Standards-Volume 11	1 January 2026
MFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
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 is 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.

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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.

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

Dividend paid during the financial period are as follows :

	<u>Financial Year</u> <u>End</u>	<u>Payment date</u>	<u>Total Dividend</u> <u>(RM' million)</u>
1. A second interim single-tier dividend of 1.2 sen per ordinary shares	2023	29 Jan 2024	43.8
2. A first interim single-tier dividend of 1.3 sen per ordinary shares	2024	27 May 2024	47.5
			<hr/>
			91.3
			<hr/>

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NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 2024				
Revenue from sales of goods:				
- external customers	1,311,716	913,773	-	2,225,489
- inter-segment	-	306,156	(306,156)	-
Revenue from sales of goods	1,311,716	1,219,929	(306,156)	2,225,489
Revenue from other sources				2,794
Total revenue				<u>2,228,283</u>
EBITDA	163,855	140,440	4,962	309,257
Depreciation and amortisation	(54,013)	(16,655)	(5,758)	(76,426)
	109,842	123,785	(796)	232,831
Share of profit of associates				31
Finance costs				(31,008)
Profit before taxation				201,854
Tax expense				(16,150)
Profit for the financial period				<u>185,704</u>

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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 30 September 2023				
Revenue from sales of goods:				
- external customers	1,369,420	1,143,811	-	2,513,231
- inter-segment	-	450,263	(450,263)	-
Revenue from sales of goods	1,369,420	1,594,074	(450,263)	2,513,231
Revenue from other sources				3,165
Total revenue				2,516,396
EBITDA	167,285	187,508	(5,892)	348,901
Depreciation and amortisation	(66,286)	(16,431)	3,802	(78,915)
	100,999	171,077	(2,090)	269,986
Share of profit of associates				42
Finance costs				(42,489)
Profit before taxation				227,539
Tax expense				(50,184)
Profit for the financial period				177,355

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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
Period ended 30 September 2024				
Revenue from sales of goods:				
- external customers	3,995,473	2,990,225	-	6,985,698
- inter-segment	-	935,034	(935,034)	-
Revenue from sales of goods	3,995,473	3,925,259	(935,034)	6,985,698
Revenue from other sources				8,627
Total revenue				6,994,325
EBITDA	388,112	456,911	1,300	846,323
Depreciation and amortisation	(177,307)	(51,734)	(4,697)	(233,738)
	210,805	405,177	(3,397)	612,585
Share of profits of associates				102
Finance costs				(101,360)
Profit before taxation				511,327
Tax expense				(86,548)
Profit for the financial period				424,779

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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
Period ended 30 September 2023				
Revenue from sales of goods:				
- external customers	3,891,926	3,224,842	-	7,116,768
- inter-segment	-	1,334,380	(1,334,380)	-
Revenue from sales of goods	3,891,926	4,559,222	(1,334,380)	7,116,768
Revenue from other sources				9,711
Total revenue				7,126,479
EBITDA	258,015	479,209	2,757	739,981
Depreciation and amortisation	(181,707)	(50,266)	(3,829)	(235,802)
	76,308	428,943	(1,072)	504,179
Share of profits of associates				216
Finance costs				(132,927)
Profit before taxation				371,468
Tax expense				(86,376)
Profit for the financial period				285,092

Geographical segment

	Revenue		EBITDA	
	Quarter ended		Quarter ended	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Malaysia	567,240	617,179	141,791	152,093
Singapore	209,017	209,417	13,521	12,693
Vietnam	451,226	531,308	63,803	51,619
Indonesia	816,710	1,003,976	46,224	114,268
Philippines	181,296	151,351	43,918	18,228
	2,225,489	2,513,231	309,257	348,901

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment (Continued)

	Revenue		EBITDA	
	Period ended		Period ended	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,723,069	1,798,818	347,722	399,212
Singapore	623,365	624,164	48,885	61,043
Vietnam	1,390,096	1,579,679	137,579	97,393
Indonesia	2,734,277	2,696,446	220,698	136,601
Philippines	514,891	417,661	91,439	45,732
	<u>6,985,698</u>	<u>7,116,768</u>	<u>846,323</u>	<u>739,981</u>
	Total non-current assets		Total borrowing	
	as at		as at	
	30/9/2024	31/12/2023	30/9/2024	31/12/2023
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,563,505	1,556,076	712,392	798,335
Singapore	298,557	326,168	218,210	266,052
Vietnam	420,322	491,190	373,331	518,203
Indonesia	558,474	642,985	517,798	736,731
Philippines	259,456	267,580	125,755	138,755
	<u>3,100,314</u>	<u>3,283,999</u>	<u>1,947,486</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 30 September 2024, the Group acquired property, plant and equipment amounting to RM204.6 million (period ended 30 September 2023: RM100.3 million) and disposed property, plant and equipment amounting to RM24.1 million (period ended 30 September 2023: RM0.4 million).

(ii) Revaluation

There were no revaluation of property, plant and equipment for the period ended 30 September 2024 (period ended 30 September 2023: RM Nil).

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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. 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”).

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 Company is awaiting decision on the application for stay from the Tribunal after the hearing on 12 June 2024.

A12. CAPITAL COMMITMENTS

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

	As at 30/9/2024 RM'000
Acquisition of property, plant and equipment:	
- approved by Directors and contracted	41,181

A13. CHANGES IN THE COMPOSITION OF THE GROUP

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

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.

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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	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Associated companies:				
Interest income	431	275	1,298	815
Companies controlled by Lau family*:				
Sales of goods	153,676	173,037	512,044	531,041
Management fee received/receivable	-	12	-	49
Rental received/receivables	1,168	1,716	4,571	4,718
Interest receivables	-	21	63	134
Purchases of goods	(124,263)	(84,143)	(378,506)	(210,076)
Transportation charges paid/payable	(3,505)	(3,719)	(10,213)	(10,790)
Purchases of sundries paid/payable	(1,691)	(1,202)	(6,798)	(4,120)
Rental paid/payables	(617)	(920)	(2,204)	(2,435)
Purchase of property, plant and equipment	(101)	(292)	(147)	(298)
Royalty fee paid/payable	-	-	(1,908)	(1,809)
Companies controlled by Nam family^:				
Transportation charges paid/payable	(2,861)	(2,535)	(8,011)	(7,271)

* 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 %
	30/9/2024 RM'000	30/9/2023 RM'000		30/9/2024 RM'000	30/9/2023 RM'000	
Revenue:						
Livestock and poultry related products						
	1,311,716	1,369,420	(4.2%)	3,995,473	3,891,926	2.7%
Feedmill	913,773	1,143,811	(20.1%)	2,990,225	3,224,842	(7.3%)
Others	2,794	3,165	(11.7%)	8,627	9,711	(11.2%)
	<u>2,228,283</u>	<u>2,516,396</u>	<u>(11.4%)</u>	<u>6,994,325</u>	<u>7,126,479</u>	<u>(1.9%)</u>
EBITDA:						
Livestock and poultry related products						
	163,855	167,285	(2.1%)	388,112	258,015	50.4%
Feedmill	140,440	187,508	(25.1%)	456,911	479,209	(4.7%)
Others	4,962	(5,892)	184.2%	1,300	2,757	(52.8%)
	<u>309,257</u>	<u>348,901</u>	<u>(11.4%)</u>	<u>846,323</u>	<u>739,981</u>	<u>14.4%</u>

Livestock and poultry related products

a) Individual Quarter

The Group's revenue from sales of livestock and poultry related products decreased by 4.2% from RM1,369.4 million in the financial quarter ended ("FQE") 30 September 2023 to RM1,311.7 million in the FQE 30 September 2024.

The lower revenue was due mainly to decreases in average selling price and sales volume of Day-Old-Chick ("DOC") in Indonesia and Malaysia. The reduction in revenue was also due to lower average selling price of broiler in Indonesia and eggs in Malaysia. The former were moderated by favourable sales volume and average selling price of DOC and broiler in The Philippines.

EBITDA decreased by 2.1%, due primarily to margins compression from lower average selling price of DOC in Indonesia and Malaysia.

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B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER (CONTINUED)

Livestock and poultry related products (Continued)

b) Cumulative Quarter

The Group's revenue from sales of livestock and poultry related products increased by 2.7% from RM3,891.9 million in the financial period ended ("FPE") 30 September 2023 to RM3,995.5 million in the FPE 30 September 2024.

The higher revenue was due mainly to higher average selling price and sales volume of DOC and broiler chickens in Indonesia and the Philippines.

EBITDA increased by 50.4%, due primarily to improved margins in Indonesia from higher selling prices of broiler chickens and lower feed costs in Vietnam. Government subsidy of RM46.3 million from Malaysia also contributed to the improved EBITDA.

Feedmill

a) Individual Quarter

The Group's revenue from Feedmill decreased by 20.1% from RM1,143.8 million in the FQE 30 September 2023 to RM913.8 million in the FQE 30 September 2024. The decrease was due primarily to lower average selling price and sales volume in Indonesia, Vietnam and Malaysia.

EBITDA declined by 25.1% due primarily to lower sales volume in current quarter.

b) Cumulative Quarter

The Group's revenue from feedmill decreased by 7.3% from RM3,224.8 million in the FPE 30 September 2023 to RM2,990.2 million in the FPE 30 September 2024. The decrease was due primarily to lower average selling price and sales volume in Vietnam and Malaysia as well as lower sales volume in Indonesia.

EBITDA declined by 4.7% due primarily to lower sales volume in current period.

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B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Quarter ended		Changes %
	30/9/2024 RM'000	30/6/2024 RM'000	
Revenue	2,228,283	2,355,069	(5.4%)
Profit from operations	232,831	218,665	6.5%
Profit before taxation	201,854	184,552	9.4%

The Group's revenue declined by 5.4% in comparison with the immediate preceding quarter, due primarily to lower average selling price in Indonesia for most products and lower selling price of feed in Vietnam.

Notwithstanding the decrease in Group revenue, the Group's profit before taxation increased by 9.4% from RM184.6 million in FQE 30 June 2024 to RM201.9 million in FQE 30 September 2024, mainly from Malaysia's government subsidies of RM37.1 million higher compared to preceding quarter.

B3. PROSPECTS

The unexpected weakening of USD against the currencies of countries that LHI operates in during 2024 Q3 resulted in lower feed costs. This has benefited both Feedmill and livestock segments as margin improved. Although recent foreign exchange rate reversals have reduced this benefit, barring unforeseen circumstances, the Group expects the financial performance for the year 2024 to be better than prior year.

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	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of right-of-use assets	11,181	11,157	31,998	32,601
Bad debt write off/(recovered)	279	(268)	528	(1,086)
Depreciation of :				
-investment properties	52	67	133	185
-property, plant and equipment	65,193	67,691	201,607	203,016
Expense recognised in respect of defined benefit plan	1,773	2,123	5,538	5,797
Farmer incentives and contract grower	27,219	24,811	86,120	79,258
Fair value losses/(gains) on derivative financial instruments	1,821	(739)	(521)	(9,240)
Losses/(Gains) on foreign exchange	9,058	(2,451)	6,078	945
Losses/(Gains) on disposal of :				
-property, plant and equipment	(6,779)	(819)	(6,493)	(1,634)
-right-of-use assets	33	191	-	191
Gain on termination of leases	(3,209)	-	(3,233)	-
Government grant	(263)	(255)	(1,824)	(1,599)
Government subsidies	(37,082)	(14,481)	(46,259)	(58,374)
Impairment losses/(Reversal of impairment):				
-trade receivables	(1,345)	112	1,522	548
-other receivables	2	(68)	4	(541)
-inventories	494	-	641	-
Interest expense	31,008	42,489	101,360	132,927
Interest income	(4,091)	(3,309)	(11,569)	(10,591)
Packing materials	5,513	5,547	16,748	15,257
Property, plant and equipment written off	522	188	1,783	808
Promotional and marketing expenses	3,457	1,715	7,783	5,958
Rental expense	1,703	2,591	5,038	5,053
Rental income	(760)	(608)	(2,139)	(1,777)
Travelling expenses	3,838	3,265	10,435	9,727

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 30/9/2024 RM'000	CUMULATIVE QUARTER 30/9/2024 RM'000
Current tax recognised in profit or loss:		
- Malaysian income tax	7,655	32,542
- Foreign tax	14,369	55,763
- Overprovision in prior years	(1,282)	(3,368)
	20,742	84,937
Deferred taxation recognised in profit or loss:		
- Origination and reversal of temporary differences	(4,239)	96
- Over provision in prior years	(402)	(566)
	16,101	84,467
Real Property Gain Tax	49	122
Withholding tax	-	1,959
Tax expense	16,150	86,548

B7. STATUS OF CORPORATE PROPOSAL

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

B8. BORROWINGS

	As at 30/9/2024 RM'000	As at 31/12/2023 RM'000
Current		
<u>Secured:</u>		
Bankers' acceptances	1,215	-
Bank overdrafts	7,685	1,541
Term loans	106,663	159,050
Revolving credits	278,800	441,908
Hire purchase liabilities	5,590	8,090
	399,953	610,589

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B8. BORROWINGS (CONTINUED)

	As at 30/9/2024 RM'000	As at 31/12/2023 RM'000
Current		
<u>Unsecured:</u>		
Bankers' acceptances	234,162	237,062
Bank overdrafts	-	1,879
Term loans	39,797	59,450
Revolving credits	134,930	157,007
Trust receipts	362,788	487,318
Sukuk Mudharabah	63,000	34,000
	<u>834,677</u>	<u>976,716</u>
Total Current	<u>1,234,630</u>	<u>1,587,305</u>
Non current		
<u>Secured:</u>		
Term loans	450,287	522,379
Hire purchase liabilities	3,827	7,340
<u>Unsecured:</u>		
Term loans	55,619	74,797
Sukuk Mudharabah	203,123	266,255
Total non current	<u>712,856</u>	<u>870,771</u>
Total borrowings	<u>1,947,486</u>	<u>2,458,076</u>
Total borrowings		
Bankers' acceptances	235,377	237,062
Bank overdrafts	7,685	3,420
Term loans	652,366	815,676
Revolving credits	413,730	598,915
Trust receipts	362,788	487,318
Hire purchase liabilities	9,417	15,430
Sukuk Mudharabah	266,123	300,255
	<u>1,947,486</u>	<u>2,458,076</u>

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B8. BORROWINGS (CONTINUED)

	As at 30/9/2024 RM'000	As at 31/12/2023 RM'000
The currency profile of borrowings is as follows:		
Ringgit Malaysia	712,392	798,335
Singapore Dollar	218,210	266,052
Indonesia Rupiah	517,798	704,573
US Dollar	-	48,682
Vietnamese Dong	373,332	501,679
Philippines Peso	125,754	138,755
	<u>1,947,486</u>	<u>2,458,076</u>

B9. DERIVATIVES

As at 30 September 2024, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	As at 30/9/2024		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 liabilities				
Forward foreign exchange contracts	139,852	(1,549)	179,848	(2,485)
Derivative financial liabilities	<u>139,852</u>	<u>(1,549)</u>	<u>179,848</u>	<u>(2,485)</u>

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

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

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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 26 November 2024, the Board had declared a second interim single-tier dividend of 1.45 sen per ordinary share amounting to RM52.9 million in respect of the financial year ending 31 December 2024, payable on 30 December 2024 to depositors registered in the Records of Depositors at close of business on 11 December 2024. (Previous corresponding period ended 30 September 2023: a second interim single-tier dividend of 1.2 sen per ordinary share amounting to RM43.8 million in respect of the financial year ended 31 December 2023.)

B12. EARNING PER SHARE (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
Profit attributable to equity holders of the Company (RM'000)	135,016	132,961	288,090	220,136
Number of ordinary shares in issue ('000)	3,650,000	3,650,000	3,650,000	3,650,000
Basic and diluted EPS (sen)	3.70	3.64	7.89	6.03

Note:

The potential conversion of ESOS options is anti-dilutive as their exercise prices threshold were higher than the average market price ('out of the money') of the Company's ordinary shares during the financial period. 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 26 November 2024.