

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended		Period ended	
		31/03/2022	31/03/2021	31/03/2022	31/03/2021
		RM'000	RM'000	RM'000	RM'000
Revenue		2,087,155	1,676,538	2,087,155	1,676,538
Other income		10,308	16,520	10,308	16,520
Operating expenses		(2,036,362)	(1,562,149)	(2,036,362)	(1,562,149)
Profit from operations		61,101	130,909	61,101	130,909
Finance costs		(29,259)	(25,863)	(29,259)	(25,863)
Share of profits of associates		90	101	90	101
Profit before tax	B5	31,932	105,147	31,932	105,147
Tax expense	B6	(8,042)	(23,191)	(8,042)	(23,191)
Net profit for the financial period		23,890	81,956	23,890	81,956
Other comprehensive income:					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		6,938	23,393	6,938	23,393
Other comprehensive income for the financial period		6,938	23,393	6,938	23,393
Total comprehensive income for the financial period		30,828	105,349	30,828	105,349

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Quarter ended		Period ended		
Note	31/03/2022	31/03/2021	31/03/2022	31/03/2021	
	RM'000	RM'000	RM'000	RM'000	
Profit for the period attributable to:					
Owners of the Company	20,375	70,332	20,375	70,332	
Non-Controlling Interests	3,515	11,624	3,515	11,624	
	<u>23,890</u>	<u>81,956</u>	<u>23,890</u>	<u>81,956</u>	
Total comprehensive income attributable to:					
Owners of the Company	25,905	93,250	25,905	93,250	
Non-Controlling Interests	4,923	12,099	4,923	12,099	
	<u>30,828</u>	<u>105,349</u>	<u>30,828</u>	<u>105,349</u>	
Earning per share (sen)					
Basic	B12	0.56	1.93	0.56	1.93
Diluted	B12	0.56	1.93	0.56	1.93

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 2021 and the accompanying explanatory notes attached in the interim financial report.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2022 RM'000	Audited As at 31/12/2021 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	2,769,073	2,770,319
Investment properties	22,212	22,278
Right-of-use assets	391,775	395,105
Intangible assets	96,430	96,080
Investment in associates	1,698	1,728
Other receivables and deposits	3,545	39,337
Amount owing by Associates	16,191	16,273
Deferred tax assets	70,416	70,120
Total Non-Current Assets	3,371,340	3,411,240
<b>Current Assets</b>		
Biological assets	399,945	406,216
Inventories	905,862	973,519
Trade receivables	630,445	624,707
Other receivables and prepaid expenses	208,085	115,360
Asset held for sale	3,058	2,093
Tax recoverable	39,866	32,058
Cash and bank balances	689,745	764,621
Total Current Assets	2,877,006	2,918,574
<b>TOTAL ASSETS</b>	<b>6,248,346</b>	<b>6,329,814</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1,499,684	1,499,684
Merger reserve	(662,466)	(662,466)
Reserve	995,970	969,842
Equity attributable to owners of the Company	1,833,188	1,807,060
Non-controlling interests	557,703	552,780
<b>TOTAL EQUITY</b>	<b>2,390,891</b>	<b>2,359,840</b>

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(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 31/03/2022 RM'000	Audited As at 31/12/2021 RM'000
	Note		
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		77,087	78,663
Bank borrowings	B8	1,100,623	1,054,562
Lease liabilities		147,566	146,263
Deferred Income		1,543	1,613
Provision for Asset Retirement Obligation		5,616	5,373
Post-employment benefits obligation		36,558	34,961
Total Non-Current Liabilities		1,368,993	1,321,435
<b>Current Liabilities</b>			
Trade payables		291,878	284,246
Other payables and accrued expenses		213,124	250,424
Bank borrowings	B8	1,936,222	2,070,089
Lease liabilities		25,563	26,286
Derivative financial liabilities	B9	152	866
Deferred Income		325	323
Tax payable		21,198	16,305
Total Current Liabilities		2,488,462	2,648,539
<b>TOTAL LIABILITIES</b>		3,857,455	3,969,974
<b>TOTAL EQUITY AND LIABILITIES</b>		6,248,346	6,329,814
<b>Net assets per share attributable to ordinary equity holders (RM)</b>		0.5022	0.4951

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 2021 and the accompanying explanatory notes attached in the interim financial report.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## 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 1/1/2022	1,499,684	(662,466)	5,540	11,272	953,030	1,807,060	552,780	2,359,840
Comprehensive income:								
Net profit for the financial period	-	-	-	-	20,375	20,375	3,515	23,890
Other comprehensive income:								
Currency translation differences	-	-	5,530	-	-	5,530	1,408	6,938
Total other comprehensive income	-	-	5,530	-	-	5,530	1,408	6,938
Total comprehensive Income	-	-	5,530	-	20,375	25,905	4,923	30,828
Transactions with owners:								
Share option expense	-	-	-	223	-	223	-	223
Share options lapsed	-	-	-	(51)	51	-	-	-
	-	-	-	172	51	223	-	223
Balance as at 31/3/2022	1,499,684	(662,466)	11,070	11,444	973,456	1,833,188	557,703	2,390,891

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## 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 1/1/2021	1,499,684	(662,466)	(20,448)	10,088	886,583	1,713,441	535,122	2,248,563
Comprehensive income:								
Net profit for the financial period	-	-	-	-	70,332	70,332	11,624	81,956
Other comprehensive income:								
Currency translation differences	-	-	22,918	-	-	22,918	475	23,393
Total other comprehensive income	-	-	22,918	-	-	22,918	475	23,393
Total comprehensive income	-	-	22,918	-	70,332	93,250	12,099	105,349
Transactions with owners:								
Share options lapsed	-	-	-	514	-	514	-	514
Share option expense	-	-	-	(91)	91	-	-	-
	-	-	-	423	91	514	-	514
Balance as at 31/3/2021	1,499,684	(662,466)	2,470	10,511	957,006	1,807,205	547,221	2,354,426

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 2021 and the accompanying explanatory notes attached in the interim financial report.

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	Period ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	31,932	105,147
Adjustments for: non-cash items	103,583	92,714
Operating profit before working capital changes	135,515	197,861
<u>Net Movement In:</u>		
Inventories	91,315	(17,181)
Biological assets	(3,656)	(11,763)
Receivables	(65,728)	(107,601)
Payables	(34,848)	(28,391)
Net cash from operations	122,598	32,925
Tax paid	(13,413)	(15,905)
Net cash flow from operating activities	109,185	17,020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividend income from associates	120	200
Proceeds from disposal of property, plant and equipment	611	2,364
Proceeds from disposal of right-of-use assets	143	-
Interest income received	2,910	3,706
Addition of property, plant and equipment	(53,711)	(65,435)
Addition of right-of-use assets	(526)	(185)
(Increase)/Decrease in fixed deposit pledged	(1,205)	2,489
Decrease in fixed deposit with maturity more than 3 months	63,728	-
Net cash flow from investing activities	12,070	(56,861)

# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	CUMULATIVE QUARTER	
	Period ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Finance costs paid	(27,706)	(24,987)
Proceeds from term loans	8,812	17,832
Repayments of term loans	(70,285)	(51,153)
Net (repayment)/drawdown of short term borrowings	(149,674)	25,094
Repayment of hire purchase liabilities	(3,657)	(8,395)
Repayment of lease liabilities	(8,192)	(5,385)
Issuance costs of Sukuk Mudharabah	(7)	(983)
Drawdown of Sukuk Mudharabah	100,000	-
Net cash flow from financing activities	(150,709)	(47,977)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(29,454)	(87,818)
Effect of exchange translation differences	3,892	21,333
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	575,140	645,828
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	549,578	579,343
Cash and cash equivalents comprise the following:		
Cash and bank balances	689,745	694,317
Bank overdrafts	(110,128)	(100,176)
	579,617	594,141
Less:		
Fixed deposits pledged as collateral	(14,909)	(14,798)
Fixed deposits of more than 3 months maturity period	(15,130)	-
	549,578	579,343

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 2021 and the accompanying explanatory notes attached in the interim financial report.



# LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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## 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 2021. 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 2021.

### 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 2021, except for the adoption of the following new standards, amendments to standards and interpretations during the current financial period:

- Amendment to MFRS 16 ‘COVID-19-Related Rent Concessions beyond 30 June 2021’
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’
- Amendments to MFRS 116 ‘Proceeds before intended use’
- Annual Improvements to MFRSs 2018 – 2021 Cycle
- Amendments to MFRS 137 ‘Onerous Contracts – Cost of Fulfilling a Contract’

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:

<b>Standards</b>	<b>Effective for annual period beginning on or after</b>
MFRS 17 Insurance Contracts, Amendment to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
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 2021 in their report dated 19 April 2022.

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.

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

There was no dividend paid during the current quarter under review.

**LEONG HUP INTERNATIONAL BERHAD**  
 (Company No. 201401022577) (1098663 – D)  
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 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

**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
<b>Quarter ended 31/3/2022</b>				
Revenue from sales of goods:				
- external customers	1,152,021	931,762	-	2,083,783
- inter-segment	-	374,449	(374,449)	-
Revenue from sales of goods	1,152,021	1,306,211	(374,449)	2,083,783
Revenue from other sources				3,372
Total revenue				<u>2,087,155</u>
EBITDA	34,845	100,740	(620)	134,965
Depreciation and amortisation	(57,480)	(15,311)	(1,073)	(73,864)
	(22,635)	85,429	(1,693)	61,101
Share of profit of associates				90
Finance costs				(29,259)
Profit before taxation				31,932
Tax expense				(8,042)
Profit for the financial period				<u>23,890</u>

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(Company No. 201401022577) (1098663 – D)  
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NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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
<b>Quarter ended 31/3/2021</b>				
Revenue from sales of goods:				
- external customers	915,162	758,352	-	1,673,514
- inter-segment	-	276,314	(276,314)	-
Revenue from sales of goods	915,162	1,034,666	(276,314)	1,673,514
Revenue from other sources				3,024
Total revenue				<u>1,676,538</u>
EBITDA	94,244	111,748	(5,934)	200,058
Depreciation and amortisation	(53,435)	(14,784)	(930)	(69,149)
	40,809	96,964	(6,864)	130,909
Share of profits of associates				101
Finance costs				(25,863)
Profit before taxation				105,147
Tax expense				(23,191)
Profit for the financial period				<u>81,956</u>

**Geographical segment**

	Revenue		EBITDA	
	Quarter ended 31/03/2022 RM'000	Quarter ended 31/03/2021 RM'000	Quarter ended 31/03/2022 RM'000	Quarter ended 31/03/2021 RM'000
Malaysia	552,127	443,327	68,368	64,298
Singapore	197,861	186,841	5,795	26,206
Vietnam	468,771	385,096	15,719	37,999
Indonesia	804,783	613,676	35,643	60,846
Philippines	60,241	44,574	9,440	10,709
	<u>2,083,783</u>	<u>1,673,514</u>	<u>134,965</u>	<u>200,058</u>

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 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

A9. SEGMENTAL INFORMATION (CONTINUED)

**Geographical segment (Continued)**

	Total non-current assets		Total borrowing	
	as at		as at	
	31/03/2022	31/12/2021	31/03/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,548,143	1,554,349	1,175,048	1,188,742
Singapore	375,069	373,771	457,834	454,941
Vietnam	481,310	478,087	603,008	638,957
Indonesia	662,704	671,930	740,924	798,125
Philippines	213,962	207,373	60,031	43,886
	<u>3,281,188</u>	<u>3,285,510</u>	<u>3,036,845</u>	<u>3,124,651</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 period ended 31 March 2022, the Group acquired property, plant and equipment amounting to RM54.20 million (period ended 31 March 2021 : RM67.54 million).

During the period ended 31 March 2022, the Group disposed property, plant and equipment amounting to RM0.16 million (period ended 31 March 2021: RM1.76 million).

(ii) Revaluation

There were no revaluation of property, plant and equipment for the period ended 31 March 2022 (period ended 31 March 2021: RM Nil).

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(Company No. 201401022577) (1098663 – D)  
(Incorporated in Malaysia)  
NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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**A11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There were no contingent assets and liabilities as at the end of the current financial quarter and up to the date of this report.

**A12. CAPITAL COMMITMENTS**

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

	As at 31/03/2022 RM'000
Acquisition of property, plant and equipment:	
- approved by Directors and contracted	59,176
- approved by Directors but not contracted	18,233
	<hr/>
	77,409
	<hr/>

**A13. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group in 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.

**LEONG HUP INTERNATIONAL BERHAD**  
 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

**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	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Associated companies:				
Interest income	256	168	256	168
Companies controlled by Lau family*:				
Sales of goods	169,180	139,238	169,180	139,238
Management fee received/receivable	12	211	12	211
Rental received/receivables	608	811	608	811
Interest receivables	347	112	347	112
Purchases of goods	(97,202)	(67,289)	(97,202)	(67,289)
Transportation charges paid/payable	(3,361)	(3,511)	(3,361)	(3,511)
Purchases of sundries paid/payable	(1,021)	(1,148)	(1,021)	(1,148)
Rental paid/payables	(709)	(686)	(709)	(686)
Purchase of property, plant and equipment	(154)	(11)	(154)	(11)
Royalty fee paid/payable	(1,431)	-	(1,431)	-
Companies controlled by Nam family^:				
Transportation charges paid/payable	(1,917)	(2,178)	(1,917)	(2,178)

\* 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.



**LEONG HUP INTERNATIONAL BERHAD**  
 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

**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
	31/03/2022	31/03/2021		31/03/2022	31/03/2021	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue:</b>						
<b>Livestock and poultry related products</b>						
	1,152,021	915,162	25.9%	1,152,021	915,162	25.9%
Feedmill	931,762	758,352	22.9%	931,762	758,352	22.9%
Others	3,372	3,024	11.5%	3,372	3,024	11.5%
	<u>2,087,155</u>	<u>1,676,538</u>	24.5%	<u>2,087,155</u>	<u>1,676,538</u>	24.5%
<b>EBITDA:</b>						
<b>Livestock and poultry related products</b>						
	34,845	94,244	(63.0%)	34,845	94,244	(63.0%)
Feedmill	100,740	111,748	(9.9%)	100,740	111,748	(9.9%)
Others	(620)	(5,934)	89.6%	(620)	(5,934)	89.6%
	<u>134,965</u>	<u>200,058</u>	(32.5%)	<u>134,965</u>	<u>200,058</u>	(32.5%)

*Livestock and poultry related products*

The Group's revenue from sales of livestock and poultry related products increased by 25.9% from RM915.2 million in the financial quarter ended ("FQE") 31 March 2021 to RM1,152.0 million in the FQE 31 March 2022.

The higher revenue was mainly due to stronger contribution from Vietnam, Indonesia and Malaysia. The higher revenue in Vietnam was primarily due to higher sales volume of broiler chickens. The increase in revenue from Indonesia was from higher sales volume and average selling price of broiler chickens, while Malaysia recorded higher average selling price of eggs as well as higher revenue from its downstream business-to-consumer channel.

Notwithstanding the increase in total revenue of livestock and poultry related products, EBITDA decreased by 63.0%. The decrease was mainly due to margin compression stemming from the elevated input costs of feed

**LEONG HUP INTERNATIONAL BERHAD**  
 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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**B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER (CONTINUED)**

*Feedmill*

The Group's revenue from feedmill increased by 22.9% from RM758.4 million in the FQE 31 March 2021 to RM931.8 million in the FQE 31 March 2022. The increase was primarily due to higher average selling price and sales volume in Indonesia and Malaysia.

Notwithstanding the increase in total revenue from feedmill, EBITDA decreased by 9.9%, as margins were compressed due to the rapid rise in cost of commodities as a results of conflicts in Europe.

**B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

	INDIVIDUAL QUARTER		
	Quarter ended		Changes %
	31/03/2022 RM'000	31/12/2021 RM'000	
Revenue	2,087,155	1,814,088	15.1%
Profit from operations	61,101	88,856	(31.2%)
Profit before taxation	31,932	57,512	(44.5%)

The Group's revenue increased by 15.1% from RM1,814.1 million to RM2,087.2 million in comparison with the immediate preceding quarter. The increase in revenue mainly attributed to higher sales volume and average selling price of broiler chickens and DOC, as well as higher sales volume of livestock feed in Indonesia.

The Group's profit before taxation decreased by 44.5% from RM57.5 million in FQE 31 December 2021 to RM31.9 million in FQE 31 March 2022, primarily due to an increase in raw material costs of livestock feed production.

**B3. PROSPECTS**

As Covid-19 becomes endemic, all countries that the Group operates in have resumed economic activities with minimal restrictions. Demand has improved but the high cost of raw materials and the attempts by governments to manage food inflation has created uncertainties for our financial performance. The Group shall remain vigilant as we navigate the challenges ahead.

**LEONG HUP INTERNATIONAL BERHAD**  
(Company No. 201401022577) (1098663 – D)  
(Incorporated in Malaysia)  
NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

**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.

**B5. PROFIT BEFORE TAXATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of right-of-use assets	10,182	8,116	10,182	8,116
Bad debt recovered	(542)	-	(542)	-
Depreciation of :				
-investment properties	66	76	66	76
-property, plant and equipment	63,616	60,957	63,616	60,957
Expense recognised in respect of defined benefit plan	2,103	2,580	2,103	2,580
Farmer incentives and contract grower	26,110	15,906	26,110	15,906
Fair value gain on derivative financial instruments	(714)	(2,770)	(714)	(2,770)
Foreign exchange loss/(gain)	93	(1,591)	93	(1,591)
(Gain)/loss on disposal of :				
-property, plant and equipment	(447)	(600)	(447)	(600)
-right-of-use assets	27	-	27	-
Government grant	(1,265)	(2,377)	(1,265)	(2,377)
Impairment loss on receivables	2,534	1,739	2,534	1,739
Interest expense	29,259	25,863	29,259	25,863
Interest income	(2,911)	(3,706)	(2,911)	(3,706)
Packing materials	6,623	5,888	6,623	5,888
Promotional and marketing expenses	2,323	2,796	2,323	2,796
Rental expense	2,331	5,363	2,331	5,363
Rental income	(1,142)	(1,397)	(1,142)	(1,397)
Share option expense	223	514	223	514
Travelling expenses	2,039	2,330	2,039	2,330
Written off :				
-bad debts	-	182	-	182
-property, plant and equipment	514	22	514	22
-right-of-use assets	284	-	284	-

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

**LEONG HUP INTERNATIONAL BERHAD**  
 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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**B6. TAXATION**

	INDIVIDUAL QUARTER 31/03/2022 RM'000	CUMULATIVE QUARTER 31/03/2022 RM'000
Current tax recognised in profit or loss:		
- Malaysian income tax	8,007	8,007
- Foreign tax	2,438	2,438
- Overprovision in prior years	(740)	(740)
	9,705	9,705
Deferred taxation recognised in profit or loss		
- Origination and reversal of temporary differences	477	477
- Underprovision in prior years	(2,161)	(2,161)
	8,021	8,021
Real property gain tax	21	21
	8,042	8,042

The group effective tax rate for the current quarter is higher than the statutory tax rate of 24% mainly due to non-deductible expense.

**B7. STATUS OF CORPORATE PROPOSAL**

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

LEONG HUP INTERNATIONAL BERHAD  
(Company No. 201401022577) (1098663 – D)  
(Incorporated in Malaysia)  
NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

B8. BORROWINGS

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Current		
<u>Secured:</u>		
Bankers' acceptances	2,801	2,700
Bank overdrafts	95,856	84,519
Term loans	188,495	190,371
Revolving credits	332,927	368,129
Hire purchase liabilities	11,929	12,970
	632,008	658,689
<u>Unsecured:</u>		
Bankers' acceptances	485,888	546,842
Bank overdrafts	14,272	12,475
Term loans	79,009	73,931
Revolving credits	185,695	233,021
Trust receipts	539,350	538,564
Sukuk Mudharabah	-	6,567
	1,304,214	1,411,400
Total Current	1,936,222	2,070,089
Non current		
<u>Secured:</u>		
Term loans	665,696	718,048
Hire purchase liabilities	9,419	11,544
<u>Unsecured:</u>		
Term loans	125,751	132,443
Sukuk Mudharabah	299,757	192,527
Total non current	1,100,623	1,054,562
Total borrowings	3,036,845	3,124,651

LEONG HUP INTERNATIONAL BERHAD  
 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

B8. BORROWINGS (CONTINUED)

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Total borrowings		
Bankers' acceptances	488,689	549,542
Bank overdrafts	110,128	96,994
Term loans	1,058,951	1,114,793
Revolving credits	518,622	601,150
Trust receipts	539,350	538,564
Hire purchase liabilities	21,348	24,514
Sukuk Mudharabah	299,757	199,094
	3,036,845	3,124,651

The currency profile of borrowings is as follows:

Ringgit Malaysia	1,175,008	1,181,905
Singapore Dollar	464,292	468,940
Indonesia Rupiah	709,392	766,875
US Dollar	61,130	72,762
Vietnamese Dong	566,992	590,283
Philippines Peso	60,031	43,886
	3,036,845	3,124,651

B9. DERIVATIVES

	As at 31/03/2022		As at 31/12/2021	
	Contract/ Notional Amount RM'000	Fair Value Amount RM'000	Contract/ Notional Amount RM'000	Fair Value Amount RM'000
<b>Current liabilities</b>				
Forward foreign exchange contracts	114,931	(57)	104,285	(492)
Foreign currency swap contracts	31,452	19	31,406	(179)
Interest rate swap contracts	11,820	(114)	15,388	(195)
Derivative financial liabilities	158,203	(152)	151,079	(866)

**LEONG HUP INTERNATIONAL BERHAD**  
 (Company No. 201401022577) (1098663 – D)  
 (Incorporated in Malaysia)  
 NOTES TO THE INTERIM FINANCIAL REPORT  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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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**

No dividend was proposed for the quarter ended 31 March 2022.

**B12. EARNING PER SHARES (“EPS”)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Profit attributable to equity holders of the Company (RM'000)	20,375	70,332	20,375	70,332
Number of ordinary shares in issue ('000)	3,650,000	3,650,000	3,650,000	3,650,000
Basic and diluted EPS (sen)	0.56	1.93	0.56	1.93

*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 24 May 2022.