

LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|--------------------|-------------|--------------------|-------------|
| | | Quarter ended | | Period ended | |
| | | 30/9/2022 | 30/9/2021 | 30/9/2022 | 30/9/2021 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 2,361,415 | 1,809,097 | 6,720,790 | 5,339,432 |
| Other income | | 65,541 | 8,645 | 124,178 | 39,992 |
| Operating expenses | | (2,290,386) | (1,849,468) | (6,571,906) | (5,215,954) |
| Profit/(Loss) from operations | | 136,570 | (31,726) | 273,062 | 163,470 |
| Finance costs | | (36,650) | (28,481) | (97,482) | (80,863) |
| Share of profits of associates | | 155 | 110 | 312 | 196 |
| Profit/(Loss) before tax | B5 | 100,075 | (60,097) | 175,892 | 82,803 |
| Tax expense | B6 | (27,741) | (5,922) | (46,273) | (38,918) |
| Net profit/(loss) for the financial period | | 72,334 | (66,019) | 129,619 | 43,885 |
| Other comprehensive income: | | | | | |
| Item that will be subsequently reclassified to profit or loss: | | | | | |
| Currency translation differences | | 31,824 | 16,656 | 61,001 | 41,127 |
| Other comprehensive income for the financial period | | 31,824 | 16,656 | 61,001 | 41,127 |
| Total comprehensive income/(loss) for the financial period | | 104,158 | (49,363) | 190,620 | 85,012 |

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|------|--------------------|-----------------|--------------------|---------------|
| | | Quarter ended | | Period ended | |
| | Note | 30/9/2022 | 30/9/2021 | 30/9/2022 | 30/9/2021 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(Loss) for the period attributable to: | | | | | |
| Owners of the Company | | 67,312 | (53,418) | 128,185 | 47,416 |
| Non-Controlling Interests | | 5,022 | (12,601) | 1,434 | (3,531) |
| | | <u>72,334</u> | <u>(66,019)</u> | <u>129,619</u> | <u>43,885</u> |
| Total comprehensive income/(expense) | | | | | |
| attributable to: | | | | | |
| Owners of the Company | | 91,134 | (41,935) | 175,478 | 82,015 |
| Non-Controlling Interests | | 13,024 | (7,428) | 15,142 | 2,997 |
| | | <u>104,158</u> | <u>(49,363)</u> | <u>190,620</u> | <u>85,012</u> |
| Earning per share (sen) | | | | | |
| Basic | B12 | 1.84 | (1.46) | 3.51 | 1.30 |
| Diluted | B12 | 1.84 | (1.46) | 3.51 | 1.30 |

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.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | Unaudited As at 30/9/2022 RM'000 | Audited As at 31/12/2021 RM'000 |
|--|----|---|--|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | | 2,839,905 | 2,770,319 |
| Investment properties | | 22,078 | 22,278 |
| Right-of-use assets | | 417,524 | 395,105 |
| Intangible assets | | 98,631 | 96,080 |
| Investment in associates | | 1,916 | 1,728 |
| Other receivables and deposits | | 4,414 | 39,337 |
| Amount owing by Associates | | 17,553 | 16,273 |
| Deferred tax assets | | 80,832 | 70,120 |
| Total Non-Current Assets | | 3,482,853 | 3,411,240 |
| Current Assets | | | |
| Biological assets | | 397,465 | 406,216 |
| Inventories | | 1,105,543 | 973,519 |
| Trade receivables | | 660,795 | 624,707 |
| Other receivables and prepaid expenses | | 184,875 | 115,360 |
| Asset held for sale | | 2,197 | 2,093 |
| Derivative financial assets | B9 | 3,166 | - |
| Tax recoverable | | 52,364 | 32,058 |
| Cash and bank balances | | 750,951 | 764,621 |
| Total Current Assets | | 3,157,356 | 2,918,574 |
| TOTAL ASSETS | | 6,640,209 | 6,329,814 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 1,499,684 | 1,499,684 |
| Merger reserve | | (662,466) | (662,466) |
| Reserve | | 1,145,693 | 969,842 |
| Equity attributable to owners of the Company | | 1,982,911 | 1,807,060 |
| Non-controlling interests | | 567,236 | 552,780 |
| TOTAL EQUITY | | 2,550,147 | 2,359,840 |

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | | Unaudited As at 30/9/2022 RM'000 | Audited As at 31/12/2021 RM'000 |
|--|------|---|--|
| | Note | | |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Deferred tax liabilities | | 87,795 | 78,663 |
| Bank borrowings | B8 | 1,018,782 | 1,054,562 |
| Lease liabilities | | 152,433 | 146,263 |
| Deferred Income | | 1,439 | 1,613 |
| Provision for Asset Retirement Obligation | | 5,503 | 5,373 |
| Post-employment benefits obligation | | 42,236 | 34,961 |
| Total Non-Current Liabilities | | 1,308,188 | 1,321,435 |
| Current Liabilities | | | |
| Trade payables | | 328,828 | 284,246 |
| Other payables and accrued expenses | | 254,535 | 250,424 |
| Bank borrowings | B8 | 2,158,349 | 2,070,089 |
| Lease liabilities | | 22,788 | 26,286 |
| Derivative financial liabilities | B9 | 4 | 866 |
| Deferred Income | | 339 | 323 |
| Tax payable | | 17,031 | 16,305 |
| Total Current Liabilities | | 2,781,874 | 2,648,539 |
| TOTAL LIABILITIES | | 4,090,062 | 3,969,974 |
| TOTAL EQUITY AND LIABILITIES | | 6,640,209 | 6,329,814 |
| Net assets per share attributable to ordinary equity holders (RM) | | 0.5433 | 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.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 | - | - | - | - | 128,185 | 128,185 | 1,434 | 129,619 |
| Other comprehensive income: | | | | | | | | |
| Currency translation differences | - | - | 47,293 | - | - | 47,293 | 13,708 | 61,001 |
| Total other comprehensive income | - | - | 47,293 | - | - | 47,293 | 13,708 | 61,001 |
| Total comprehensive Income | - | - | 47,293 | - | 128,185 | 175,478 | 15,142 | 190,620 |
| Transactions with owners: | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | (686) | (686) |
| Share option expense | - | - | - | 373 | - | 373 | - | 373 |
| Share options lapsed | - | - | - | (320) | 320 | - | - | - |
| | - | - | - | 53 | 320 | 373 | (686) | (313) |
| Balance as at 30/9/2022 | 1,499,684 | (662,466) | 52,833 | 11,325 | 1,081,535 | 1,982,911 | 567,236 | 2,550,147 |

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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 1/1/2021 | 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 | - | - | - | - | 47,416 | 47,416 | (3,531) | 43,885 |
| Other comprehensive income: | | | | | | | | |
| Currency translation differences | - | - | 34,599 | - | - | 34,599 | 6,528 | 41,127 |
| Total other comprehensive income | - | - | 34,599 | - | - | 34,599 | 6,528 | 41,127 |
| Total comprehensive income | - | - | 34,599 | - | 47,416 | 82,015 | 2,997 | 85,012 |
| Transactions with owners: | | | | | | | | |
| Dividend paid | - | - | - | - | (24,105) | (24,105) | (2,188) | (26,293) |
| Share option expense | - | - | - | 1,248 | - | 1,248 | - | 1,248 |
| Share options lapsed | - | - | - | (306) | 306 | - | - | - |
| Acquisition of non-controlling interests | - | - | - | - | (274) | (274) | 274 | - |
| | - | - | - | 942 | (24,073) | (23,131) | (1,914) | (25,045) |
| Balance as at 30/9/2021 | 1,499,684 | (662,466) | 14,151 | 11,030 | 909,926 | 1,772,325 | 536,205 | 2,308,530 |

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.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | CUMULATIVE QUARTER | |
|---|--------------------|-----------|
| | Period ended | |
| | 30/9/2022 | 30/9/2021 |
| | RM'000 | RM'000 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Profit before tax | 175,892 | 82,803 |
| Adjustments for: non-cash items | 321,894 | 288,400 |
| Operating profit before working capital changes | 497,786 | 371,203 |
| <u>Net Movement In:</u> | | |
| Inventories | (98,974) | (210,918) |
| Biological assets | 26,029 | (43,057) |
| Receivables | (77,509) | (250,211) |
| Payables | 47,163 | 80,115 |
| Net cash from operations | 394,495 | (52,868) |
| Tax paid | (64,608) | (48,782) |
| Net cash flow from operating activities | 329,887 | (101,650) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Dividend income from associates | 120 | 200 |
| Proceeds from disposal of property, plant and equipment | 5,238 | 4,976 |
| Proceeds from disposal of right-of-use assets | 615 | 2,224 |
| Interest income received | 9,321 | 10,911 |
| Addition of property, plant and equipment | (205,777) | (231,781) |
| Addition of right-of-use assets | (22,095) | (4,856) |
| Additional investment in associates company | - | (59) |
| (Placement)/withdrawal of fixed deposit pledged | (3,714) | 1,506 |
| Placement of fixed deposit with more than 3 months maturity | (22,069) | - |
| Net cash flow from investing activities | (238,361) | (216,879) |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

| | CUMULATIVE QUARTER | |
|--|--------------------|-----------|
| | Period ended | |
| | 30/9/2022 | 30/9/2021 |
| | RM'000 | RM'000 |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Finance costs paid | (95,412) | (80,366) |
| Proceeds from term loans | 15,434 | 129,189 |
| Repayments of term loans | (186,192) | (164,477) |
| Net drawdown of short term borrowings | 7,778 | 297,168 |
| Repayment of hire purchase liabilities | (11,044) | (15,618) |
| Repayment of lease liabilities | (22,099) | (18,271) |
| Drawdown of Sukuk Mudharabah | 100,000 | 100,000 |
| Issuance costs of Sukuk Mudharabah | (7) | (1,123) |
| Dividend paid | (686) | (26,293) |
| Net cash flow from financing activities | (192,228) | 220,209 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (100,702) | (98,320) |
| Effect of exchange translation differences | 14,497 | (3,602) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 575,140 | 645,828 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 488,935 | 543,906 |
| Cash and cash equivalents comprise the following: | | |
| Cash and bank balances | 750,951 | 672,800 |
| Bank overdrafts | (137,669) | (113,066) |
| | 613,282 | 559,734 |
| Less: | | |
| Fixed deposits pledged as collateral | (17,908) | (15,828) |
| Fixed deposits of more than 3 months maturity period | (106,439) | - |
| | 488,935 | 543,906 |

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.

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NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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 – 2020 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.

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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 |
|---|--|
| 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 |
| Amendment to MFRS 16 Leases – Lease Liabilities in a Sale and Leaseback | 1 January 2024 |
| 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.

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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.

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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 30/9/2022 | | | | |
| Revenue from sales of goods: | | | | |
| - external customers | 1,295,667 | 1,062,778 | - | 2,358,445 |
| - inter-segment | - | 459,949 | (459,949) | - |
| Revenue from sales of goods | 1,295,667 | 1,522,727 | (459,949) | 2,358,445 |
| Revenue from other sources | | | | 2,970 |
| Total revenue | | | | <u>2,361,415</u> |
| EBITDA | 87,758 | 126,435 | (2,411) | 211,782 |
| Depreciation and amortisation | (58,667) | (15,574) | (971) | (75,212) |
| | 29,091 | 110,861 | (3,382) | 136,570 |
| Share of profit of associates | | | | 155 |
| Finance costs | | | | (36,650) |
| Profit before taxation | | | | <u>100,075</u> |
| Tax expense | | | | (27,741) |
| Profit for the financial period | | | | <u>72,334</u> |

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 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 |
|--------------------------------|--|--------------------|---|------------------|
| Quarter ended 30/9/2021 | | | | |
| Revenue from sales of goods: | | | | |
| - external customers | 947,570 | 858,961 | - | 1,806,531 |
| - inter-segment | - | 379,277 | (379,277) | - |
| Revenue from sales of goods | 947,570 | 1,238,238 | (379,277) | 1,806,531 |
| Revenue from other sources | | | | 2,566 |
| Total revenue | | | | <u>1,809,097</u> |
| EBITDA | (54,516) | 94,304 | (263) | 39,525 |
| Depreciation and amortisation | (55,861) | (14,720) | (670) | (71,251) |
| | (110,377) | 79,584 | (933) | (31,726) |
| Share of profit of associates | | | | 110 |
| Finance costs | | | | (28,481) |
| Loss before taxation | | | | (60,097) |
| Tax expense | | | | (5,922) |
| Loss for the financial period | | | | <u>(66,019)</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 |
|---------------------------------|--|--------------------|---|-----------------|
| Period ended 30/9/2022 | | | | |
| Revenue from sales of goods: | | | | |
| - external customers | 3,717,754 | 2,994,488 | - | 6,712,242 |
| - inter-segment | - | 1,301,484 | (1,301,484) | - |
| Revenue from sales of goods | 3,717,754 | 4,295,972 | (1,301,484) | 6,712,242 |
| Revenue from other sources | | | | 8,548 |
| Total revenue | | | | 6,720,790 |
| EBITDA | 179,742 | 321,062 | (3,726) | 497,078 |
| Depreciation and amortisation | (174,360) | (46,863) | (2,793) | (224,016) |
| | 5,382 | 274,199 | (6,519) | 273,062 |
| Share of profits of associates | | | | 312 |
| Finance costs | | | | (97,482) |
| Profit before taxation | | | | 175,892 |
| Tax expense | | | | (46,273) |
| Profit for the financial period | | | | 129,619 |

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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 30/9/2021 | | | | |
| Revenue from sales of goods: | | | | |
| - external customers | 2,855,195 | 2,476,197 | - | 5,331,392 |
| - inter-segment | - | 997,307 | (997,307) | - |
| Revenue from sales of goods | 2,855,195 | 3,473,504 | (997,307) | 5,331,392 |
| Revenue from other sources | | | | 8,040 |
| Total revenue | | | | 5,339,432 |
| EBITDA | 148,458 | 294,426 | (68,705) | 374,179 |
| Depreciation and amortisation | (164,291) | (43,987) | (2,431) | (210,709) |
| | (15,833) | 250,439 | (71,136) | 163,470 |
| Share of profits of associates | | | | 196 |
| Finance costs | | | | (80,863) |
| Profit before taxation | | | | 82,803 |
| Tax expense | | | | (38,918) |
| Profit for the financial period | | | | 43,885 |

Geographical segment

| | Revenue | | EBITDA | |
|-------------|---------------------|---------------------|---------------------|---------------------|
| | Quarter ended | | Quarter ended | |
| | 30/9/2022 RM'000 | 30/9/2021 RM'000 | 30/9/2022 RM'000 | 30/9/2021 RM'000 |
| Malaysia | 589,749 | 482,449 | 89,222 | 32,076 |
| Singapore | 197,940 | 198,713 | 15,454 | 16,357 |
| Vietnam | 590,322 | 449,084 | 50,625 | (10,730) |
| Indonesia | 865,023 | 623,985 | 38,194 | (6,630) |
| Philippines | 115,411 | 52,300 | 18,287 | 8,452 |
| | 2,358,445 | 1,806,531 | 211,782 | 39,525 |

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment (Continued)

| | Revenue | | EBITDA | |
|-------------|--------------------------|------------------|------------------|------------------|
| | Period ended | | Period ended | |
| | 30/9/2022 | 30/9/2021 | 30/9/2022 | 30/9/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 1,723,546 | 1,405,101 | 234,370 | 123,865 |
| Singapore | 602,595 | 580,903 | 39,296 | 64,596 |
| Vietnam | 1,623,000 | 1,272,710 | 101,830 | 58,365 |
| Indonesia | 2,493,001 | 1,934,949 | 78,616 | 100,756 |
| Philippines | 270,100 | 137,729 | 42,966 | 26,597 |
| | <u>6,712,242</u> | <u>5,331,392</u> | <u>497,078</u> | <u>374,179</u> |
| | Total non-current assets | | Total borrowing | |
| | as at | | as at | |
| | 30/9/2022 | 31/12/2021 | 30/9/2022 | 31/12/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 1,552,449 | 1,554,349 | 1,026,557 | 1,188,742 |
| Singapore | 375,551 | 373,771 | 503,125 | 454,941 |
| Vietnam | 509,679 | 478,087 | 698,272 | 638,957 |
| Indonesia | 709,284 | 671,930 | 863,757 | 798,125 |
| Philippines | 233,091 | 207,373 | 85,420 | 43,886 |
| | <u>3,380,054</u> | <u>3,285,510</u> | <u>3,177,131</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 30 September 2022, the Group acquired property, plant and equipment amounting to RM217.4 million (period ended 30 September 2021 : RM242.86 million).

During the period ended 30 September 2022, the Group disposed property, plant and equipment amounting to RM4.91 million (period ended 30 September 2021: RM2.71 million).

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A10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(ii) Revaluation

There were no revaluation of property, plant and equipment for the period ended 30 September 2022 (period ended 30 September 2021: RM Nil).

A11. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The announcement dated 9 August 2022 and Note A14 below refer. In the event that Leong Hup Feedmill Malaysia Sdn Bhd (“LFM”) is found to be infringing the Competition Act 2020, Malaysia Competition Commission (“MyCC”) proposed to impose a financial penalty of RM157,470,027.02 on LFM.

A12. CAPITAL COMMITMENTS

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

| | As at 30/9/2022 RM'000 |
|---|------------------------------|
| Acquisition of property, plant and equipment: | |
| - approved by Directors and contracted | 71,231 |
| - approved by Directors but not contracted | 10,759 |
| | <hr/> |
| | 81,990 |
| | <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

LFM, a wholly-owned subsidiary of the Company, had on 5 August 2022, received a Notice of Proposed Decision issued by the MyCC pursuant to Section 36 of the Competition Act 2010 (“the Act”) (“Proposed Decision”). The Proposed Decision is premised primarily on the allegation that LFM had engaged in agreements and/or concerted practices to fix the quantum of poultry feed price which is in breach of Section 4(1) read together with Section 4(2)(a) and 4(3) of the Act.

The Company would like to clarify that at this juncture, the Proposed Decision including the proposed financial penalty and proposed directions are not final.

The Company and LFM strongly believe that the allegation of the aforesaid infringement is without merit and intend to defend such allegation vigorously. The Company and LFM will review the matter with the external legal counsel and submit written representations within the specified period and make an oral representation before the MyCC.

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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 | |
| | 30/9/2022 | 30/9/2021 | 30/9/2022 | 30/9/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Associated companies: | | | | |
| Interest income | 254 | 248 | 772 | 755 |
| Companies controlled by Lau family*: | | | | |
| Sales of goods | 187,185 | 180,580 | 527,840 | 476,241 |
| Management fee received/receivable | 17 | 1,594 | 46 | 1,997 |
| Rental received/receivables | 2,141 | 942 | 5,424 | 2,626 |
| Interest receivables | 192 | 150 | 908 | 409 |
| Purchases of goods | (109,032) | (82,961) | (312,042) | (232,232) |
| Transportation charges paid/payable | (3,585) | (3,471) | (10,442) | (10,645) |
| Purchases of sundries paid/payable | (1,680) | (1,424) | (4,950) | (4,274) |
| Rental paid/payables | (743) | (674) | (2,195) | (2,043) |
| Purchase of property, plant and equipment | (1) | (266) | (281) | (277) |
| Royalty fee paid/payable | - | - | (1,431) | (1,208) |
| Companies controlled by Nam family^: | | | | |
| Transportation charges paid/payable | (2,691) | (2,211) | (6,700) | (6,393) |

* 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 % |
| | 30/9/2022 RM'000 | 30/9/2021 RM'000 | | 30/9/2022 RM'000 | 30/9/2021 RM'000 | |
| Revenue: | | | | | | |
| Livestock and poultry related products | | | | | | |
| | 1,295,667 | 947,570 | 36.7% | 3,717,754 | 2,855,195 | 30.2% |
| Feedmill | 1,062,778 | 858,961 | 23.7% | 2,994,488 | 2,476,197 | 20.9% |
| Others | 2,970 | 2,566 | 15.7% | 8,548 | 8,040 | 6.3% |
| | <u>2,361,415</u> | <u>1,809,097</u> | <u>30.5%</u> | <u>6,720,790</u> | <u>5,339,432</u> | <u>25.9%</u> |
| EBITDA: | | | | | | |
| Livestock and poultry related products | | | | | | |
| | 87,758 | (54,516) | 261.0% | 179,742 | 148,458 | 21.1% |
| Feedmill | 126,435 | 94,304 | 34.1% | 321,062 | 294,426 | 9.0% |
| Others | (2,411) | (263) | (816.7%) | (3,726) | (68,705) | 94.6% |
| | <u>211,782</u> | <u>39,525</u> | <u>435.8%</u> | <u>497,078</u> | <u>374,179</u> | <u>32.8%</u> |

Livestock and poultry related products

a) Individual Quarter

The Group's revenue from sales of livestock and poultry related products increased by 36.7% from RM947.6 million in the financial quarter ended ("FQE") 30 September 2021 to RM1,295.7 million in the FQE 30 September 2022.

All operating countries contributed to the higher revenue in the current quarter except Singapore. The main contributor was Vietnam which was primarily due to higher average selling price and sales volume of broiler chickens, followed by Indonesia due to higher average selling price and sales volume of broiler chickens and DOC, while Philippines's increase was mainly from higher average selling price and sales volume of broiler chickens.

EBITDA increased by 261.0%, due primarily to better margin from higher average selling price and sales volume of broiler chickens in Vietnam and higher average selling price of DOC and broiler chickens in Malaysia. Government subsidies and grant on livestock of RM51.5 million recognised by the Group also contributed to the improved EBITDA.

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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 30.2% from RM2,855.2 million in the financial period ended ("FPE") 30 September 2021 to RM3,717.8 million in the FPE 30 September 2022.

All operating countries contributed to the higher revenue with Vietnam as the main contributor followed by Indonesia due to higher average selling price and sales volume of broiler chickens. In Malaysia the higher revenue was generated mainly from higher average selling price and sales volume of DOC and higher selling price of eggs, while Philippines revenue growth was the result of higher average selling price and sales volume of broiler chickens.

EBITDA increased by 21.1%, due primarily to government subsidies and grant on livestock of RM68.1 million recognised by the Group. Higher average selling price and volume growth in Vietnam also contributed to the higher EBITDA.

Feedmill

a) Individual Quarter

The Group's revenue from feedmill increased by 23.7% from RM859.0 million in the FQE 30 September 2021 to RM1,062.8 million in the FQE 30 September 2022. The increase was due primarily to higher average selling price and sales volume in Indonesia and Malaysia.

EBITDA increased by 34.1%, due primarily to better margin from higher average selling price and sales volume in Indonesia.

b) Cumulative Quarter

The Group's revenue from feedmill increased by 20.9% from RM2,476.2 million in the FPE 30 September 2021 to RM2,994.5 million in the FPE 30 September 2022. The increase was due primarily to higher average selling price and sales volume in Indonesia and Malaysia.

EBITDA increased by 9.0%, due primarily to better margin from higher average selling price and sales volume in Indonesia.

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B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

| | INDIVIDUAL QUARTER | | |
|------------------------|---------------------|---------------------|--------------|
| | Quarter ended | | Changes % |
| | 30/9/2022 RM'000 | 30/6/2022 RM'000 | |
| Revenue | 2,361,415 | 2,272,220 | 3.9% |
| Profit from operations | 136,570 | 75,391 | 81.1% |
| Profit before taxation | 100,075 | 43,885 | 128.0% |

The Group's revenue increased by 3.9% from RM2,272.2 million to RM2,361.4 million in comparison with the immediate preceding quarter. The revenue growth was due mainly to higher average selling price and sales volume of livestock feed in Vietnam as well as higher average selling price in Indonesia and Malaysia. The higher average selling price of DOC in Indonesia also contributed to the revenue growth.

The group's profit before taxation improved by 128.0% from RM43.9 million in FQE 30 June 2022 to RM100.1 million in FQE 30 September 2022.

B3. PROSPECTS

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.

Barring unforeseen circumstances, the Group expects to achieve a satisfactory performance for the remaining months of the 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/(LOSS) BEFORE TAXATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------|-----------|--------------------|-----------|
| | Quarter ended | | Period ended | |
| | 30/9/2022 | 30/9/2021 | 30/9/2022 | 30/9/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(Loss) before taxation is arrived at after charging/(crediting): | | | | |
| Amortisation of right-of-use assets | 10,136 | 9,084 | 30,157 | 26,274 |
| Bad debt recovered | (167) | (922) | (620) | (1,187) |
| Depreciation of : | | | | |
| -investment properties | 66 | 75 | 200 | 225 |
| -property, plant and equipment | 65,010 | 62,092 | 193,659 | 184,210 |
| Dividend from associates | (120) | (200) | (120) | (200) |
| Expense recognised in respect of defined benefit plan | 2,243 | 2,526 | 6,585 | 7,432 |
| Farmer incentives and contract grower | 29,545 | 22,469 | 85,645 | 56,440 |
| Fair value gain/(loss) on derivative financial instruments | (1,140) | 977 | (3,977) | (2,019) |
| Foreign exchange gain | (3,982) | (2,643) | (4,072) | (3,803) |
| (Gain)/loss on disposal of : | | | | |
| -property, plant and equipment | 370 | (69) | (331) | (2,264) |
| -right-of-use assets | (169) | - | (100) | - |
| Government grant/subsidies | (51,496) | (615) | (68,079) | (4,269) |
| Impairment loss on receivables | 2,336 | 3,127 | 3,455 | 7,069 |
| Interest expense | 36,650 | 28,481 | 97,482 | 80,863 |
| Interest income | (3,467) | (3,799) | (9,321) | (10,911) |
| Packing materials | 6,305 | 7,454 | 20,455 | 20,826 |
| Promotional and marketing expenses | 2,905 | 3,465 | 8,257 | 9,806 |
| Rental expense | 2,681 | 4,438 | 7,166 | 13,955 |
| Rental income | (2,688) | (1,469) | (7,166) | (4,278) |
| Share option expense | (21) | 243 | 373 | 1,248 |
| Travelling expenses | 3,483 | 984 | 7,945 | 6,859 |
| Write off/(Write back) : | | | | |
| -bad debts | - | (6) | - | 14 |
| -property, plant and equipment | 151 | 342 | 2,350 | 466 |
| -right-of-use assets | 1,008 | - | 2,852 | - |

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

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B6. TAXATION

| | INDIVIDUAL QUARTER 30/9/2022 RM'000 | CUMULATIVE QUARTER 30/9/2022 RM'000 |
|---|--|--|
| Current tax recognised in profit or loss: | | |
| - Malaysian income tax | 7,976 | 23,241 |
| - Foreign tax | 10,176 | 21,423 |
| - Underprovision in prior years | 11 | 966 |
| | <hr/> 18,163 | <hr/> 45,630 |
| Deferred taxation recognised in profit or loss | | |
| - Origination and reversal of temporary differences | 10,986 | 2,786 |
| - Overprovision in prior years | (1,408) | (2,164) |
| | <hr/> 27,741 | <hr/> 46,252 |
| Real property gain tax | - | 21 |
| Tax expense | <hr/> 27,741 | <hr/> 46,273 |

B7. STATUS OF CORPORATE PROPOSAL

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

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B8. BORROWINGS

| | As at 30/9/2022 RM'000 | As at 31/12/2021 RM'000 |
|---------------------------|------------------------------|-------------------------------|
| Current | | |
| <u>Secured:</u> | | |
| Bankers' acceptances | 3,074 | 2,700 |
| Bank overdrafts | 106,083 | 84,519 |
| Term loans | 197,438 | 190,371 |
| Revolving credits | 490,405 | 368,129 |
| Hire purchase liabilities | 10,789 | 12,970 |
| | 807,789 | 658,689 |
| <u>Unsecured:</u> | | |
| Bankers' acceptances | 431,527 | 546,842 |
| Bank overdrafts | 31,586 | 12,475 |
| Term loans | 69,179 | 73,931 |
| Revolving credits | 120,320 | 233,021 |
| Trust receipts | 697,948 | 538,564 |
| Sukuk Mudharabah | - | 6,567 |
| | 1,350,560 | 1,411,400 |
| Total Current | 2,158,349 | 2,070,089 |
| Non current | | |
| <u>Secured:</u> | | |
| Term loans | 608,831 | 718,048 |
| Hire purchase liabilities | 8,573 | 11,544 |
| <u>Unsecured:</u> | | |
| Term loans | 101,426 | 132,443 |
| Sukuk Mudharabah | 299,952 | 192,527 |
| | 1,018,782 | 1,054,562 |
| Total non current | 1,018,782 | 1,054,562 |
| Total borrowings | 3,177,131 | 3,124,651 |

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B8. BORROWINGS (CONTINUED)

| | As at 30/9/2022 RM'000 | As at 31/12/2021 RM'000 |
|---|------------------------------|-------------------------------|
| Total borrowings | | |
| Bankers' acceptances | 434,601 | 549,542 |
| Bank overdrafts | 137,669 | 96,994 |
| Term loans | 976,874 | 1,114,793 |
| Revolving credits | 610,725 | 601,150 |
| Trust receipts | 697,948 | 538,564 |
| Hire purchase liabilities | 19,362 | 24,514 |
| Sukuk Mudharabah | 299,952 | 199,094 |
| | <u>3,177,131</u> | <u>3,124,651</u> |
| The currency profile of borrowings is as follows: | | |
| Ringgit Malaysia | 1,026,553 | 1,181,905 |
| Singapore Dollar | 507,762 | 468,940 |
| Indonesia Rupiah | 831,311 | 766,875 |
| US Dollar | 41,453 | 72,762 |
| Vietnamese Dong | 684,632 | 590,283 |
| Philippines Peso | 85,420 | 43,886 |
| | <u>3,177,131</u> | <u>3,124,651</u> |

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B9. DERIVATIVES

| | As at 30/9/2022 | | 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 |
| Current asset | | | | |
| Forward foreign exchange contracts | 137,778 | 2,415 | - | - |
| Foreign currency swap contracts | 31,663 | 751 | - | - |
| Derivative financial assets | 169,441 | 3,166 | - | - |
| Current liabilities | | | | |
| Forward foreign exchange contracts | - | - | 104,285 | (492) |
| Foreign currency swap contracts | - | - | 31,406 | (179) |
| Interest rate swap contracts | 1,572 | (4) | 15,388 | (195) |
| Derivative financial liabilities | 1,572 | (4) | 151,079 | (866) |

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 30 September 2022.

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B12. EARNING PER SHARES (“EPS”)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|-----------|--------------------|-----------|
| | Quarter ended | | Period ended | |
| | 30/9/2022 | 30/9/2021 | 30/9/2022 | 30/9/2021 |
| Profit/(Loss) attributable to equity holders of the Company (RM'000) | 67,312 | (53,418) | 128,185 | 47,416 |
| Number of ordinary shares in issue ('000) | 3,650,000 | 3,650,000 | 3,650,000 | 3,650,000 |
| Basic and diluted EPS (sen) | 1.84 | (1.46) | 3.51 | 1.30 |

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 29 November 2022.