

LEONG HUP INTERNATIONAL BERHAD

(Company No. 201401022577) (1098663 – D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended		Period ended	
		30/06/2021	30/06/2020	30/06/2021	30/06/2020
		RM'000	RM'000	RM'000	RM'000
Revenue		1,853,797	1,425,435	3,530,335	2,859,568
Other income		14,827	11,017	31,347	30,094
Operating expenses		(1,804,337)	(1,380,465)	(3,366,486)	(2,766,005)
Profit from operations		64,287	55,987	195,196	123,657
Finance costs		(26,519)	(33,100)	(52,382)	(65,707)
Share of (losses)/profits of associates		(15)	28	86	55
Profit before tax	B5	37,753	22,915	142,900	58,005
Tax expense	B6	(9,805)	(8,616)	(32,996)	(18,387)
Net profit for the financial period		27,948	14,299	109,904	39,618
Other comprehensive income:					
Item that will be subsequently reclassified to profit or loss:					
Currency translation differences		1,078	79,809	24,471	39,958
Other comprehensive income for the financial period		1,078	79,809	24,471	39,958
Total comprehensive income for the financial period		29,026	94,108	134,375	79,576

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Quarter ended		Period ended		
Note	30/06/2021	30/06/2020	30/06/2021	30/06/2020	
	RM'000	RM'000	RM'000	RM'000	
Profit for the period attributable to:					
Owners of the Company	30,502	16,268	100,834	38,058	
Non-Controlling Interests	(2,554)	(1,969)	9,070	1,560	
	<u>27,948</u>	<u>14,299</u>	<u>109,904</u>	<u>39,618</u>	
Total comprehensive income attributable to:					
Owners of the Company	30,700	66,293	123,950	72,272	
Non-Controlling Interests	(1,674)	27,815	10,425	7,304	
	<u>29,026</u>	<u>94,108</u>	<u>134,375</u>	<u>79,576</u>	
Earning per share (sen)					
Basic	B13	0.84	0.45	2.76	1.04
Diluted	B13	0.84	0.45	2.76	1.04

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 2020 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,692,844	2,656,481
Investment properties	22,396	21,797
Right-of-use assets	377,967	373,863
Intangible assets	96,113	95,321
Investment in associates	1,467	1,581
Trade receivables	1,118	1,118
Amount owing by Associates	16,148	16,196
Deferred tax assets	62,820	62,047
Total Non-Current Assets	3,270,873	3,228,404
Current Assets		
Biological assets	390,982	364,634
Inventories	807,074	721,869
Trade receivables	554,433	489,582
Other receivables and prepaid expenses	258,685	110,920
Contract assets	867	-
Derivative financial assets	947	-
Tax recoverable	25,239	21,625
Cash and bank balances	762,089	757,769
Total Current Assets	2,800,316	2,466,399
TOTAL ASSETS	6,071,189	5,694,803
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,499,684	1,499,684
Merger reserve	(662,466)	(662,466)
Reserve	1,001,178	876,223
Equity attributable to owners of the Company	1,838,396	1,713,441
Non-controlling interests	543,355	535,122
TOTAL EQUITY	2,381,751	2,248,563

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 30/06/2021 RM'000	Audited As at 31/12/2020 RM'000
	Note		
LIABILITIES			
Non-Current Liabilities			
Deferred tax liabilities		84,252	92,076
Bank borrowings	B9	969,181	874,478
Lease liabilities		137,386	137,276
Deferred Income		1,775	1,907
Derivative financial liabilities	B10	401	467
Provision for Asset Retirement Obligation		4,103	2,575
Post-employment benefits obligation		49,719	45,689
Total Non-Current Liabilities		1,246,817	1,154,468
Current Liabilities			
Trade payables		252,215	229,394
Other payables and accrued expenses		271,285	260,386
Contract liabilities		1,083	-
Bank borrowings	B9	1,864,231	1,764,835
Lease liabilities		21,611	18,894
Derivative financial liabilities	B10	-	1,982
Provision for Asset Retirement Obligation		11	148
Dividend Payable		-	37
Deferred Income		323	318
Tax payable		31,862	15,778
Total Current Liabilities		2,442,621	2,291,772
TOTAL LIABILITIES		3,689,438	3,446,240
TOTAL EQUITY AND LIABILITIES		6,071,189	5,694,803
Net assets per share attributable to ordinary equity holders (RM)		0.5037	0.4694

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 2020 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021

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 1/1/2021	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	-	-	-	-	100,834	100,834	9,070	109,904
Other comprehensive income:								
Currency translation differences	-	-	23,116	-	-	23,116	1,355	24,471
Total other comprehensive income	-	-	23,116	-	-	23,116	1,355	24,471
Total comprehensive Income	-	-	23,116	-	100,834	123,950	10,425	134,375
Transactions with owners:								
Dividend paid	-	-	-	-	-	-	(2,192)	(2,192)
Share option expense	-	-	-	1,005	-	1,005	-	1,005
Share options lapsed	-	-	-	(184)	184	-	-	-
	-	-	-	821	184	1,005	(2,192)	(1,187)
Balance as at 30/6/2021	1,499,684	(662,466)	2,668	10,909	987,601	1,838,396	543,355	2,381,751

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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 1/1/2020	1,499,684	(658,787)	(2,754)	6,486	796,580	1,641,209	539,314	2,180,523
Comprehensive income:								
Net profit for the financial period	-	-	-	-	38,058	38,058	1,560	39,618
Other comprehensive income:								
Currency translation differences	-	-	34,214	-	-	34,214	5,744	39,958
Total other comprehensive income	-	-	34,214	-	-	34,214	5,744	39,958
Total comprehensive income	-	-	34,214	-	38,058	72,272	7,304	79,576
Transactions with owners:								
Share option expense	-	-	-	2,413	24	2,437	-	2,437
Dividends paid	-	-	-	-	-	-	(2,069)	(2,069)
Acquisition of subsidiary	-	(3,227)	-	-	-	(3,227)	-	(3,227)
Disposal to non-controlling interests	-	-	-	-	-	-	9	9
	-	(3,227)	-	2,413	24	(790)	(2,060)	(2,850)
Balance as at 30/6/2020	1,499,684	(662,014)	31,460	8,899	834,662	1,712,691	544,558	2,257,249

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 2020 and the accompanying explanatory notes attached in the interim financial report.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CUMULATIVE QUARTER	
	Period ended	
	30/06/2021	30/06/2020
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	142,900	58,005
Adjustments for: non-cash items	191,224	190,160
Operating profit before working capital changes	334,124	248,165
<u>Net Movement In:</u>		
Inventories	(73,290)	(70,235)
Biological assets	(24,360)	(10,831)
Receivables	(217,558)	(53,385)
Payables	146,031	(76,705)
Net cash from operations	164,947	37,009
Tax paid	(29,333)	(16,756)
Net cash generated from operating activities	135,614	20,253
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Advance to an associate	-	(1,362)
Dividend income from associates	200	-
Proceeds from disposal of property, plant and equipment	4,512	2,488
Proceeds from disposal of right-of-use assets	1,240	12
Interest income received	7,112	7,185
Addition of property, plant and equipment	(138,098)	(227,962)
Addition of right-of-use assets	(3,787)	(3,447)
Proceeds from partial disposal of subsidiary to non controlling interest	-	9
Net cash outflow from acquisition of subsidiary	-	(19,773)
Decrease in fixed deposit pledged	1,508	16,603
Net cash used in investing activities	(127,313)	(226,247)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	CUMULATIVE QUARTER	
	Period ended	
	30/06/2021	30/06/2020
	RM'000	RM'000
<u>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</u>		
Finance costs paid	(48,587)	(66,289)
Proceeds from term loans	65,946	22,251
Repayments of term loans	(67,302)	(167,307)
Net drawdown of short term borrowings	37,968	427,253
Repayment of hire purchase liabilities	(11,912)	(11,772)
Repayment of lease liabilities	(10,948)	(7,681)
Issuance costs of Sukuk Mudharabah	(1,123)	-
Dividend paid	(2,192)	(2,069)
Net cash generated from/(used in) financing activities	(38,150)	194,386
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>		
Effect of exchange translation differences	21,333	16,906
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	645,828	654,232
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	637,312	659,530
Cash and cash equivalents comprise the following:		
Cash and bank balances	762,089	767,049
Bank overdrafts	(108,985)	(86,159)
	653,104	680,890
Less:		
Fixed deposits pledged as collateral	(15,792)	(21,360)
	637,312	659,530

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 2020 and the accompanying explanatory notes attached in the interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT

FOR THE SECOND QUARTER ENDED 30 JUNE 2021

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 2020. 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 2020.

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 2020, except for the adoption of the following new standards, amendments to standards and interpretations during the current financial period:

- Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions)
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 (Interest Rate Benchmark Reform—Phase 2)

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

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards and Amendments in issue but not yet effective

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

Standards	Effective for annual period beginning on or after
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)	1 April 2021
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contract – Cost of fulfilling a contract)	1 January 2022
Amendment to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 (Property, Plant and Equipment—Proceeds before Intended Use)	1 January 2022
MFRS 1, MFRS 9, MFRS 141 Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendment to MFRS 17 Insurance Contracts	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 2020 in their report dated 9 April 2021.

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

A single tier dividend of 0.66 sen per ordinary share amounting to RM24.09 million in respect of the financial year ending 31 December 2021 was paid on 9 July 2021.

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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 30/6/2021				
Revenue from sales of goods:				
- external customers	992,463	858,884	-	1,851,347
- inter-segment	-	341,716	(341,716)	-
Revenue from sales of goods	992,463	1,200,600	(341,716)	1,851,347
Revenue from other sources				2,450
Total revenue				<u>1,853,797</u>
EBITDA	108,730	88,374	(62,508)	134,596
Depreciation and amortisation	(54,995)	(14,483)	(831)	(70,309)
	53,735	73,891	(63,339)	64,287
Share of losses of associates				(15)
Finance costs				(26,519)
Profit before taxation				37,753
Tax expense				(9,805)
Profit for the financial period				<u>27,948</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 30/6/2020				
Revenue from sales of goods:				
- external customers	807,276	614,693	-	1,421,969
- inter-segment	-	322,698	(322,698)	-
Revenue from sales of goods	807,276	937,391	(322,698)	1,421,969
Revenue from other sources	-	-	-	3,466
Total revenue				<u>1,425,435</u>
EBITDA	29,285	101,188	(11,101)	119,372
Depreciation and amortisation	(48,282)	(14,390)	(713)	(63,385)
	(18,997)	86,798	(11,814)	55,987
Share of profits of associates				28
Finance costs				(33,100)
Profit before taxation				<u>22,915</u>
Tax expense				(8,616)
Profit for the financial period				<u>14,299</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 30/6/2021				
Revenue from sales of goods:				
- external customers	1,907,625	1,617,236	-	3,524,861
- inter-segment	-	618,030	(618,030)	-
Revenue from sales of goods	1,907,625	2,235,266	(618,030)	3,524,861
Revenue from other sources				5,474
Total revenue				3,530,335
EBITDA	202,974	200,122	(68,442)	334,654
Depreciation and amortisation	(108,430)	(29,267)	(1,761)	(139,458)
	94,544	170,855	(70,203)	195,196
Share of profits of associates				86
Finance costs				(52,382)
Profit before taxation				142,900
Tax expense				(32,996)
Profit for the financial period				109,904

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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 30/6/2020				
Revenue from sales of goods:				
- external customers	1,589,904	1,262,838	-	2,852,742
- inter-segment	-	634,775	(634,775)	-
Revenue from sales of goods	1,589,904	1,897,613	(634,775)	2,852,742
Revenue from other sources	-	-	-	6,826
Total revenue				2,859,568
EBITDA	35,320	220,624	(9,391)	246,553
Depreciation and amortisation	(93,544)	(27,935)	(1,417)	(122,896)
	(58,224)	192,689	(10,808)	123,657
Share of profits of associates				55
Finance costs				(65,707)
Profit before taxation				58,005
Tax expense				(18,387)
Profit for the financial period				39,618

Geographical segment

	Revenue		EBITDA	
	Quarter ended		Quarter ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	479,325	385,522	27,491	38,355
Singapore	197,799	182,681	22,033	29,564
Vietnam	438,530	387,497	31,096	34,226
Indonesia	697,288	447,478	46,540	18,863
Philippines	40,855	22,257	7,436	(1,636)
	1,853,797	1,425,435	134,596	119,372

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment (Continued)

	Revenue		EBITDA	
	Period ended		Period ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	922,652	769,010	91,789	71,480
Singapore	387,664	368,091	48,239	50,611
Vietnam	823,626	743,958	69,095	69,288
Indonesia	1,310,964	931,575	107,386	55,120
Philippines	85,429	46,934	18,145	54
	<u>3,530,335</u>	<u>2,859,568</u>	<u>334,654</u>	<u>246,553</u>
	Total non-current assets		Total borrowing	
	as at		as at	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,507,018	1,489,715	1,112,603	1,041,392
Singapore	383,911	389,533	478,598	463,035
Vietnam	454,737	440,413	576,869	481,617
Indonesia	649,225	658,043	627,740	607,156
Philippines	195,896	171,339	37,602	46,113
	<u>3,190,787</u>	<u>3,149,043</u>	<u>2,833,412</u>	<u>2,639,313</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.

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A10. PROPERTY, PLANT AND EQUIPMENT

(i) Acquisition and disposal

During the period ended 30 June 2021, the Group acquired property, plant and equipment amounting to RM142.96 million (period ended 30 June 2020 : RM230.77 million).

During the period ended 30 June 2021, the Group disposed property, plant and equipment amounting to RM2.32 million (period ended 30 June 2020 : RM1.61 million).

(ii) Revaluation

There were no revaluation of property, plant and equipment for the period ended 30 June 2021 (period ended 30 June 2020 : RM Nil).

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 30/06/2021 RM'000
Acquisition of property, plant and equipment:	
- approved by Directors and contracted	92,597
- approved by Directors but not contracted	68,631
	<hr/>
	161,228
	<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.

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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 30/06/2021	Quarter ended 30/06/2020	Period ended 30/06/2021	Period ended 30/06/2020
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company:				
Consideration for acquisition of subsidiary	-	(17,936)	-	(17,936)
Associated companies:				
Interest income	339	-	507	106
Fellow subsidiaries:				
Sales of goods	-	1,382	-	2,239
Purchases of goods	-	(1,995)	-	(3,222)
Rental paid/payables	-	(487)	-	(819)
Companies controlled by Lau family*:				
Sales of goods	156,423	151,167	295,661	274,085
Management fee received/receivable	192	614	403	1,365
Rental received/receivables	873	745	1,684	1,828
Interest receivables	147	-	259	-
Purchases of goods	(81,982)	(40,954)	(149,271)	(89,106)
Transportation charges paid/payable	(3,663)	(3,380)	(7,174)	(7,200)
Purchases of sundries paid/payable	(1,702)	(60)	(2,850)	(733)
Rental paid/payables	(683)	-	(1,369)	(332)
Purchase of business assets	-	(2,393)	-	(2,393)
Purchase of property, plant and equipment	-	-	(11)	-
Companies controlled by Nam family^:				
Transportation charges paid/payable	(2,004)	(1,938)	(4,182)	(4,124)

* 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, 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
	30/06/2021	30/06/2020		30/06/2021	30/06/2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue:						
Livestock and poultry related products	992,463	807,276	22.9%	1,907,625	1,589,904	20.0%
Feedmill	858,884	614,693	39.7%	1,617,236	1,262,838	28.1%
Others	2,450	3,466	(29.3%)	5,474	6,826	(19.8%)
	<u>1,853,797</u>	<u>1,425,435</u>	<u>30.1%</u>	<u>3,530,335</u>	<u>2,859,568</u>	<u>23.5%</u>
EBITDA:						
Livestock and poultry related products	108,730	29,285	271.3%	202,974	35,320	474.7%
Feedmill	88,374	101,188	(12.7%)	200,122	220,624	(9.3%)
Others	(62,508)	(11,101)	(463.1%)	(68,442)	(9,391)	(628.8%)
	<u>134,596</u>	<u>119,372</u>	<u>12.8%</u>	<u>334,654</u>	<u>246,553</u>	<u>35.7%</u>

Livestock and poultry related products

a) Individual Quarter

The Group's revenue from sales of livestock and poultry related products increased by 22.9% from RM807.3 million in the financial quarter ended ("FQE") 30 June 2020 to RM992.5 million in the FQE 30 June 2021.

This was due to higher revenue from Indonesia, Malaysia and Philippines. The increase in revenue from Indonesia was primarily due to favourable average selling price and sales volume of day-old-chicks ("DOC") and broiler chickens. Higher revenue from Malaysia was mainly due to an increase in average selling price and sales volume of DOC and broiler chickens, as well as the expansion of its downstream business-to-consumer channel since June 2020. Revenue from Philippines increased due to higher average selling price and sales volume of broiler chickens.

The EBITDA from livestock and other poultry related products increased by 271.3%. The increase was primarily due to better margins arising from higher average selling price and sales volume of DOC in Indonesia and broiler chickens in Philippines. The EBITDA gains were partially offset by lower average selling price of eggs in Malaysia.

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 20.0% from RM1,589.9 million in the financial period ended ("FPE") 30 June 2020 to RM1,907.6 million in the FPE 30 June 2021.

This was due to higher revenue from Indonesia, Malaysia and Philippines. The increase in revenue from Indonesia was primarily a result of favourable average selling price and sales volume of DOC and broiler chickens. Higher revenue from Malaysia was mainly due to an increase in average selling price and sales volume of broiler chickens, as well as the expansion of its downstream business-to-consumer channel since June 2020. Revenue from Philippines increased due to higher average selling price and sales volume of DOC and broiler chickens.

The EBITDA from livestock and other poultry related products increased by 474.7%. The increase was primarily due to better margins arising from higher average selling price and sales volume of DOC in Indonesia and Malaysia, as well as higher average selling price and sales volume of broiler chickens in Philippines and Malaysia.

Feedmill

a) Individual Quarter

The Group's revenue from feedmill increased by 39.7% from RM614.7 million in the FQE 30 June 2020 to RM858.9 million in the FQE 30 June 2021. The increase was primarily due to higher sales volume and average selling price of livestock feed in Indonesia and Vietnam.

Notwithstanding the increase in total revenue of livestock feed, EBITDA decreased by 12.7%, as the increase in raw material costs outpaced the increase in average selling price.

b) Cumulative Quarter

The Group's revenue from feedmill increased by 28.1% from RM1,262.8 million in the FPE 30 June 2020 to RM1,617.2 million in the FPE 30 June 2021. The increase was primarily due to higher sales volume and average selling price of livestock feed in Indonesia, Vietnam and Malaysia.

Notwithstanding the increase in total revenue of livestock feed, EBITDA decreased by 9.3%, primarily normalisation of margins in Vietnam and Indonesia.

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B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Quarter ended		Changes %
	30/06/2021 RM'000	31/03/2021 RM'000	
Revenue	1,853,797	1,676,538	10.6%
Profit from operations	64,287	130,909	-50.9%
Profit before taxation	37,753	105,147	-64.1%

The Group's revenue increased by 10.6% from RM1,676.6 million to RM1,853.8 million in comparison with the immediate preceding quarter. The increase in revenue attributed to Malaysia was due to higher average selling price of broiler chickens, higher sales in downstream business, higher sales volume of livestock feed and eggs and higher average selling price and sales volume of DOC. Revenue from Indonesia and Vietnam increased mainly due to higher average selling price of livestock feed.

The Group's profit before taxation decreased by 50.9% from RM130.9million in FQE 31 March 2021 to RM64.3 million in FQE 30 June 2021, primarily due to an increase in raw material costs of livestock feed production.

B3. PROSPECTS

Due to the recent surge in Covid-19 cases in most of the countries in which the Group operates, the respective governments have had to re-impose lockdown measures or additional movement restrictions. This has adversely affected the economic activities, income levels and domestic consumption patterns. The resultant fluctuations in demand and adjustments in supply have given rise to volatility in the average selling prices of DOC and broiler chickens.

The performance of the Group in the next 6 months will depend on, among others, the extent to which the Covid-19 pandemic is effectively controlled and restrictions are eased in each of the Group's operating markets.

The Group has adequate liquidity for operations and is well-positioned to capture opportunities when the market recovers.

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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of right-of-use assets	9,074	6,231	17,190	11,798
Bad debt recovered	(103)	-	(265)	(21)
Depreciation of :				
-investment properties	74	64	150	127
-property, plant and equipment	61,161	57,090	122,118	110,971
Expense recognised in respect of defined benefit plan	2,326	3,025	4,906	5,600
Farmer incentives and contract grower	18,065	19,397	33,971	33,750
Fair value loss/(gain) on derivative financial instruments	(225)	10,525	(2,996)	(224)
Foreign exchange (gain)/loss	431	(6,589)	(1,160)	(4,153)
(Gain)/Loss on disposal of:				
-property, plant and equipment	(1,595)	(271)	(2,195)	(870)
-right-of-use assets	-	5	-	-
Government grant	(1,277)	(8,902)	(3,654)	(9,672)
Impairment loss on:				
-property, plant and equipment	-	-	-	46
-receivables	2,203	803	3,942	1,550
Interest expense	26,519	33,100	52,382	65,707
Interest income	(3,406)	(3,034)	(7,112)	(7,185)
Packing materials	7,484	6,974	13,372	11,979
Promotional and marketing expenses	3,545	2,146	6,341	5,081
Rental expense	4,154	5,422	9,517	5,754
Rental income	(1,412)	(1,241)	(2,809)	(2,808)
Share option expense	491	1,102	1,005	2,437
Travelling expenses	3,545	2,521	5,875	6,204
Written off :				
-bad debts	-	208	20	244
-property, plant and equipment	102	146	124	209

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 30/06/2021 RM'000	CUMULATIVE QUARTER 30/06/2021 RM'000
Current tax recognised in profit or loss:		
- Malaysian income tax	7,058	15,246
- Foreign tax	10,139	26,357
- Over provision in prior years	(258)	(382)
	<u>16,939</u>	<u>41,221</u>
Deferred taxation recognised in profit or loss		
- Origination and reversal of temporary differences	(6,806)	(6,895)
- Over provision in prior years	(328)	(1,330)
	<u>9,805</u>	<u>32,996</u>
Tax expense		
	<u>9,805</u>	<u>32,996</u>
Effective tax rate	26.0%	23.1%

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

B7. STATUS OF CORPORATE PROPOSAL

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

B8. UTILISATION OF PROCEEDS FROM IPO

The utilisation of proceeds from IPO as at 30 June 2021 is as follow:

Purposes	Proposed utilisation RM'000	Actual utilisation as at 30 June 2021 RM'000	Balance unutilised RM'000	Revised timeframe for utilisation from the date of listing
Capital expenditure	142,733	(127,926)	14,807	within 42 months
Working capital	97,959	(97,959)	-	within 30 months
Defray fees and expenses for IPO and listing	34,308	(34,308)	-	within 3 months
Total	<u>275,000</u>	<u>(260,193)</u>	<u>14,807</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 25 April 2019 and announcement dated 20 May 2021 on the variation and extension of timeframe for the IPO proceeds utilisation.

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B9. BORROWINGS

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Current		
<u>Secured:</u>		
Bankers' acceptances	2,905	2,742
Bank overdrafts	108,985	82,042
Term loans	163,225	154,890
Revolving credits	295,928	291,945
Hire purchase liabilities	12,462	14,852
Trust receipts	47,669	-
	631,174	546,471
<u>Unsecured:</u>		
Bankers' acceptances	467,487	469,138
Bank overdrafts	-	12,879
Term loans	82,172	71,511
Revolving credits	226,667	255,892
Trust receipts	456,731	408,944
	1,233,057	1,218,364
Total Current	1,864,231	1,764,835
Non current		
<u>Secured:</u>		
Term loans	602,891	589,621
Hire purchase liabilities	13,737	18,381
<u>Unsecured:</u>		
Term loans	153,483	166,476
Sukuk Mudharabah	199,070	100,000
Total non current	969,181	874,478
Total borrowings	2,833,412	2,639,313

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B9. BORROWINGS (CONTINUED)

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Total borrowings		
Bankers' acceptances	470,392	471,880
Bank overdrafts	108,985	94,921
Term loans	1,001,771	982,498
Revolving credits	522,595	547,837
Trust receipts	504,400	408,944
Hire purchase liabilities	26,199	33,233
Sukuk Mudharabah	199,070	100,000
	<u>2,833,412</u>	<u>2,639,313</u>

The currency profile of borrowings is as follows:

Ringgit Malaysia	1,104,915	1,033,005
Singapore Dollar	495,366	482,161
Indonesia Rupiah	596,646	576,901
US Dollar	99,338	95,322
Vietnamese Dong	499,545	405,811
Philippines Peso	37,602	46,113
	<u>2,833,412</u>	<u>2,639,313</u>

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B10. DERIVATIVES

	As at 30/06/2021		As at 31/12/2020	
	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				
- less than 1 year	79,537	947	-	-
Derivative financial assets	79,537	947	-	-
Non-current liabilities				
Interest rate swap contracts				
- 1 to 3 years	22,039	(401)	29,006	(467)
Current liabilities				
Forward foreign exchange contracts	-	-	86,096	(1,710)
Foreign currency swap contracts	-	-	30,425	(272)
Derivative financial liabilities	22,039	(401)	145,527	(2,449)

B11. MATERIAL LITIGATION

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

B12. DIVIDEND PROPOSED

The Board had declared a single tier first interim dividend of 0.66 sen per ordinary share amounting to RM24.09 million in respect of the financial year ending 31 December 2021, paid on 9 July 2021 to depositors registered in the Records of Depositors at close of business on 18 June 2021. (Previous corresponding period : The Directors of the Company had on 25 August 2020 declared an interim single tier dividend of 0.55 sen per ordinary share amounting to RM20.075 million)

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B13. EARNING PER SHARES (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Profit attributable to equity holders of the Company (RM'000)	30,502	16,268	100,834	38,058
Number of ordinary shares in issue ('000)	3,650,000	3,650,000	3,650,000	3,650,000
Basic and diluted EPS (sen)	0.84	0.45	2.76	1.04

Note:

As the exercise price of the ESOS options exceeded the average market price of the ordinary shares during the current financial quarter, therefore there has been no dilutive impact from ESOS options.

B14. 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 August 2021.