



**CHIN HIN GROUP BERHAD**

**INTERIM FINANCIAL REPORT  
THIRD QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2020**

**CHIN HIN GROUP BERHAD**

Registration No. 201401021421 (1097507-W)  
(Incorporated in Malaysia)

Headquarters/Head Office:  
A-1-9, Pusat Perdagangan Kuchai  
No.2, Jalan 1/127  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur

Tel. No.: 03-7981 7878  
Fax. No.: 03-7981 7575  
Email: [info@chinhingroup.com](mailto:info@chinhingroup.com)



## CONTENTS

<b>Unaudited Condensed Consolidated Statement of Comprehensive Income</b>	.....	<b>1-2</b>
<b>Unaudited Condensed Consolidated Statement of Financial Position</b>	.....	<b>3-4</b>
<b>Unaudited Condensed Consolidated Statement of Changes in Equity</b>	.....	<b>5-7</b>
<b>Unaudited Condensed Consolidated Statement of Cash Flows</b>	.....	<b>8-9</b>
<b>Notes To The Interim Financial Report</b>	.....	<b>10-23</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2020**
*(The figures have not been audited)*

	Note	Individual Quarter			Cumulative Quarter		
		30 Sep 2020 RM'000	30 Sep 2019 RM'000	Changes %	30 Sep 2020 RM'000	30 Sep 2019 RM'000	Changes %
Revenue		287,001	283,198	1%	657,523	775,887	-15%
Cost of sales		(266,041)	(255,851)		(615,415)	(701,154)	
Gross profit		20,960	27,347		42,108	74,733	
Other operating income		2,451	2,809		6,236	6,307	
Gain on disposal of investment in associate		-	-		27,788	-	
Impairment on trade receivables		(1,224)	(1,431)		(5,590)	(2,586)	
Administrative expenses		(15,118)	(14,945)		(45,945)	(44,449)	
Operating profit		7,069	13,780	-49%	24,597	34,005	-28%
Finance costs		(4,557)	(6,658)		(16,000)	(19,945)	
Share of results of associates		1,576	1,310		2,627	5,605	
Profit before taxation		4,088	8,432	-52%	11,224	19,665	-43%
Taxation	B5	(1,730)	(1,713)		(2,009)	(4,694)	
Profit after taxation		2,358	6,719	-65%	9,215	14,971	-38%
Other comprehensive income							
Exchange translation differences		(108)	(76)		(23)	(15)	
Total comprehensive income for the financial period		2,250	6,643		9,192	14,956	
<b>PROFIT AFTER TAX</b>							
<b>ATTRIBUTABLE TO:</b>							
Owners of the Company		3,254	7,369	-56%	12,156	16,917	-28%
Non-controlling interests		(896)	(650)		(2,941)	(1,946)	
		2,358	6,719		9,215	14,971	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2020 (Cont'd)**

(The figures have not been audited)

	Note	Individual Quarter			Cumulative Quarter		
		30 Sep 2020 RM'000	30 Sep 2019 RM'000	Changes %	30 Sep 2020 RM'000	30 Sep 2019 RM'000	Changes %
<b>TOTAL COMPREHENSIVE INCOME</b>							
<b>ATTRIBUTABLE TO:</b>							
Owners of the Company		3,146	7,293		12,133	16,902	
Non-controlling interests		(896)	(650)		(2,941)	(1,946)	
		<u>2,250</u>	<u>6,643</u>		<u>9,192</u>	<u>14,956</u>	
Earnings per share attributable to owners of the Company (sen):							
- Basic	B11	<u>0.59</u>	<u>1.34</u>		<u>2.22</u>	<u>3.08</u>	
- Diluted	B11	<u>0.59</u>	<u>1.34</u>		<u>2.22</u>	<u>3.08</u>	
Profit Before Interest and Tax		<u>7,069</u>	<u>13,780</u>	-49%	<u>24,597</u>	<u>34,005</u>	-28%

*Notes:*

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**
*(The figures have not been audited)*

	30 September 2020 RM'000	(Audited) 31 December 2019 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	446,263	462,353
Investment properties	25,180	25,180
Investment in an associate	35,999	38,315
Goodwill	39,048	39,048
Other investment	25	25
<b>TOTAL NON-CURRENT ASSETS</b>	<b>546,515</b>	<b>564,921</b>
<b>CURRENT ASSETS</b>		
Contract assets	-	3,337
Inventories	95,065	104,901
Trade receivables	355,742	355,711
Other receivables	28,359	26,474
Net investment in lease	70	78
Tax recoverable	4,686	4,730
Fixed deposits with licensed banks	21	20
Cash and bank balances	42,617	55,928
	526,560	551,179
Assets held for sale	53,956	54,536
<b>TOTAL CURRENT ASSETS</b>	<b>580,516</b>	<b>605,715</b>
<b>TOTAL ASSETS</b>	<b>1,127,031</b>	<b>1,170,636</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	325,796	325,796
Treasury shares	-	(4,992)
Merger reserve	(153,192)	(153,192)
Foreign currency translation reserve	228	251
Revaluation reserve	16,368	16,368
Retained earnings	257,315	238,686
Total equity attributable to Owners of the Company	446,515	422,917
Non-controlling interests	(3,736)	(795)
<b>TOTAL EQUITY</b>	<b>442,779</b>	<b>422,122</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020 (Cont'd)**  
*(The figures have not been audited)*

	30 September 2020 RM'000	(Audited) 31 December 2019 RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	139,508	140,955
Other payables	60,139	60,615
Amount owing to directors	5	15,855
Bank borrowings	392,662	434,432
Lease liabilities	1,427	3,072
Tax payable	578	546
<b>TOTAL CURRENT LIABILITIES</b>	<b>594,319</b>	<b>655,475</b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	76,216	79,321
Lease liabilities	2,655	2,358
Deferred tax liabilities	11,062	11,360
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>89,933</b>	<b>93,039</b>
<b>TOTAL LIABILITIES</b>	<b>684,252</b>	<b>748,514</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,127,031</b>	<b>1,170,636</b>
<b>NET ASSET PER SHARE (RM)</b>	<b>0.81</b>	<b>0.77</b>

**Notes:**

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net asset per share for the current quarter and comparative financial period is calculated based on the total equity divided by the weighted average number of ordinary shares in issue for the quarter and comparative financial period.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2020**
*(The figures have not been audited)*

	<-----Attributable to owners of the parent----->									
	<----- Non-Distributable ----->						Distributable	Non-		Total
	Share	Treasury	Merger	Foreign Currency	Revaluation	Retained	Controlling	Total	Equity	
Capital	Shares	Reserve	Translation Reserve	Reserve	Earnings	Interests	RM'000	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	325,796	(4,992)	(153,192)	235	16,367	231,552	415,766	1,952	417,718	
Prior year adjustment*	-	-	-	-	-	95	95	-	95	
Effect of adoption of MFRS 16	-	-	-	-	-	(44)	(44)	-	(44)	
Balance as at 1 January 2019, restated	325,796	(4,992)	(153,192)	235	16,367	231,603	415,817	1,952	417,769	
Profit for the financial year	-	-	-	-	-	18,050	18,050	(2,747)	15,303	
Foreign exchange translation	-	-	-	16	-	-	16	-	16	
Revaluation of assets, net of tax	-	-	-	-	1	-	1	-	1	
Total comprehensive income	-	-	-	16	1	18,050	18,067	(2,747)	15,320	
<b>Transactions with owners:</b>										
Dividend paid	-	-	-	-	-	(10,967)	(10,967)	-	(10,967)	
Total transactions with owners	-	-	-	-	-	(10,967)	(10,967)	-	(10,967)	
Balance as at 31 December 2019	325,796	(4,992)	(153,192)	251	16,368	238,686	422,917	(795)	422,122	
Effect of adoption of MFRS 16	-	-	-	-	-	10	10	-	10	
<b>Balance as at 31 December 2019, restated</b>	<b>325,796</b>	<b>(4,992)</b>	<b>(153,192)</b>	<b>251</b>	<b>16,368</b>	<b>238,696</b>	<b>422,927</b>	<b>(795)</b>	<b>422,132</b>	
Profit for the financial year	-	-	-	-	-	12,156	12,156	(2,941)	9,215	
Foreign exchange translation	-	-	-	(23)	-	-	(23)	-	(23)	
Revaluation of assets, net of tax	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	(23)	-	12,156	12,133	(2,941)	9,192	
<b>Transactions with owners:</b>										
Shares repurchased	-	(1,995)	-	-	-	-	(1,995)	-	(1,995)	
Proceed from disposal of treasury shares	-	6,987	-	-	-	6,463	13,450	-	13,450	
Total transactions with owners	-	4,992	-	-	-	6,463	11,455	-	11,455	
Balance as at 30 Sep 2020	325,796	-	(153,192)	228	16,368	257,315	446,515	(3,736)	442,779	

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2020 (Cont'd)**

(The figures have not been audited)

	-----Attributable to owners of the parent----->						Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	----- Non-Distributable ----->					Revaluation Reserve RM'000				
	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000						
Balance as at 1 January 2018	325,796	-	(153,192)		313	8,768	217,866	399,551	764	400,315
Effect of adoption of MFRS 9	-	-	-		-	-	(915)	(915)	-	(915)
Balance as at 1 January 2018, restated	325,796	-	(153,192)		313	8,768	216,951	398,636	764	399,400
Profit for the financial year	-	-	-		-	-	22,946	22,946	1,153	24,099
Foreign exchange translation	-	-	-		(78)	-	-	(78)	-	(78)
Revaluation of assets, net of tax	-	-	-		-	7,599	-	7,599	-	7,599
Total comprehensive income	-	-	-		(78)	7,599	22,946	30,467	1,153	31,620
<b>Transactions with owners:</b>										
Share repurchased	-	(4,992)	-		-	-	-	(4,992)	-	(4,992)
Dividend paid	-	-	-		-	-	(8,345)	(8,345)	-	(8,345)
Acquisition of subsidiary companies	-	-	-		-	-	-	-	(1,165)	(1,165)
Non-controlling interests arising from additional subscriptions of shares in subsidiary companies	-	-	-		-	-	-	-	1,200	1,200
Total transactions with owners	-	(4,992)	-		-	-	(8,345)	(13,337)	35	(13,302)
Balance as at 31 December 2018	325,796	(4,992)	(153,192)		235	16,367	231,552	415,766	1,952	417,718
Prior year adjustment*	-	-	-		-	-	95	95	-	95
Effect of adoption of MFRS 16	-	-	-		-	-	(44)	(44)	-	(44)
Balance as at 31 December 2018, restated	325,796	(4,992)	(153,192)		235	16,367	231,603	415,817	1,952	417,769



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2020 (Cont'd)**

*(The figures have not been audited)*

	<-----Attributable to owners of the parent----->						Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	<----- Non-Distributable ----->					Revaluation Reserve RM'000				
	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000					
Balance as at 1 January 2019, restated	325,796	(4,992)	(153,192)		235	16,367	231,603	415,817	1,952	417,769
Profit for the financial year	-	-	-		-	-	16,917	16,917	(1,946)	14,971
Foreign exchange translation	-	-	-		(15)	-	-	(15)	-	(15)
Revaluation of assets, net of tax	-	-	-		-	-	-	-	-	-
	-	-	-		(15)	-	16,917	16,902	(1,946)	14,956
<b>Transactions with owners:</b>										
Dividend paid	-	-	-		-	-	(5,501)	(5,501)	-	(5,501)
	-	-	-		-	-	(5,501)	(5,501)	-	(5,501)
Balance as at 30 Sep 2019	325,796	(4,992)	(153,192)		220	16,367	243,019	427,218	6	427,224

**Notes:**

*The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*

\* Represented prior year adjustment in relation to accrued dividend payable for treasury shareholder who is not entitled to dividend payment.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2020**
*(The figures have not been audited)*

	Cumulative quarter	
	30 September 2020	30 September 2019
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	11,224	19,665
Adjustment for:		
Depreciation of property, plant and equipment	25,068	20,947
Impairment on trade receivables	5,590	2,586
Interest expense	16,000	19,945
Interest income	(2,394)	(755)
Inventories written off	29	27
Gain on disposal of investment in associate	(27,788)	-
Gain on disposal of property, plant and equipment	(148)	(412)
Gain on disposal of investment properties	-	(780)
Property, plant and equipment written-off	159	-
Reversal of impairment on trade receivables	-	(167)
Share of results of associates	(2,396)	(5,246)
Unrealised (gain)/loss on foreign exchange	(124)	(46)
<b>Operating profit before working capital changes</b>	<b>25,220</b>	<b>55,764</b>
<b>Changes in working capital:</b>		
Inventories	9,807	(11,798)
Trade receivables	(5,621)	(20,035)
Other receivables	(14,768)	(689)
Net investment in lease	9	245
Amount due to customers	3,337	(2,115)
Trade payables	(1,448)	1,242
Other payables	(476)	(15,081)
Exchange differences	-	(310)
Amount due to directors	(15,850)	(428)
	<b>(25,010)</b>	<b>(48,969)</b>
Cash generated from operations	210	6,795
Interest paid	(16,000)	(19,945)
Interest received	2,394	755
Tax paid	(2,231)	(5,944)
Tax refund	-	617
<b>Net cash used in operating activities</b>	<b>(15,627)</b>	<b>(17,722)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2020 (Cont'd)**
*(The figures have not been audited)*

	Cumulative Quarter	
	30 September 2020 RM'000	30 September 2019 RM'000
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(9,298)	(34,499)
Purchase of investment properties	-	(520)
Proceeds from disposal of assets held for sales	580	-
Proceeds from disposal of investment in associate	32,500	-
Proceeds from disposal of property, plant and equipment	310	1,076
Proceeds from disposal of investment properties	-	21,220
Net cash from/(used in) investing activities	<u>24,092</u>	<u>(12,723)</u>
<b>Cash Flows From Financing Activities</b>		
Drawdown of bank borrowings	-	2,399
Dividend paid	-	(5,501)
Net changes on bankers' acceptance, trust receipt and revolving credits	(27,874)	27,186
Increase in fixed deposits pledged	-	(1)
Repayment of bank borrowings	(14,621)	(9,396)
Repayment of lease liabilities	(1,337)	(455)
Proceeds from disposal of treasury shares	13,449	-
Shares repurchased	(1,995)	-
Net cash (used in)/from financing activities	<u>(32,378)</u>	<u>14,232</u>
<b>Net decrease in cash and cash equivalents</b>	(23,913)	(16,213)
<b>Cash and cash equivalents at the beginning of the financial period</b>	53,547	29,787
Effect of exchange translation differences on cash and cash equivalents	102	37
<b>Cash and cash equivalents at the end of the financial period</b>	<u>29,736</u>	<u>13,611</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	42,617	16,419
Bank overdrafts	-	(2,808)
Fixed deposits with licensed banks	21	20
	<u>42,638</u>	<u>13,631</u>
Less: Fixed deposits pledged to licensed banks	(21)	(20)
	<u>42,617</u>	<u>13,611</u>

**Notes:**

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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## NOTES TO THE INTERIM FINANCIAL REPORT- THIRD QUARTER ENDED 30 SEPTEMBER 2020

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 2020

## A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134- Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements (“Listing Requirements”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2020:

Amendments to References to the Conceptual Framework in MFRS Standards  
 Amendments to MFRS 3 Definition of a Business  
 Amendments to MFRS 9, Interest Rate Benchmark Reform  
 MFRS 139 and MFRS 7  
 Amendments to MFRS 101 Definition of Material  
 and MFRS 108

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Boards as they have yet to be effective for the Group:

	<b>Effective dates for financial period beginning on and after</b>
<b>MFRSs AND IC Interpretations (Including The Consequential Amendments)</b>	
Amendments to MFRS 16 Leases- Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS4 and MFRS 16 - Interest Rate Benchmark Reform – Phase 2	1 January 2021
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17- Insurance Contracts	1 January 2023
Annual Improvements to MFRS Standards 2018-2020	
– Amendment to MFRS 1	1 January 2022
– Amendment to MFRS 9	1 January 2022
– Amendments to MFRS 16	1 January 2022
– Amendment to MFRS 141	1 January 2022
Amendments to MFRS 3 – Business Combinations (Reference to the Conceptual Framework)	1 January 2022

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020 (CONT'D)

### A1. Basis of preparation (Cont'd)

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Boards as they have yet to be effective for the Group: (Cont'd)

<b>MFRSs AND IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective dates for financial period beginning on and after</b>
Amendments to MFRS 116 – Property, Plant and Equipment– Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 – Onerous Contracts (Cost of Fulfilling a Contract)	1 January 2022
Amendments to MFRS 101 – Classification of Liabilities as Current or Non-Current	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 until further notice

### A2. Auditors' report of preceding annual audited financial statements

The auditors' report on the preceding year's audited financial statements of the Company and of the Group was not subject to any qualification.

### A3. Seasonal or cyclical factors

The businesses of the Group were not affected by seasonal or cyclical factors during the current financial quarter and financial period-to-date.

### A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

### A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter and financial period-to-date as compared to the audited financial statements of the Group for the financial year ended 31 December 2019.

### A6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

During the financial period ended 30.9.2020, the Company has repurchased 3,460,000 ordinary shares of its issued share capital from the open market, at an average price of RM0.577 per share. Total consideration paid for the share buy-back and the transaction costs amounted to RM1,995,125 and RM1,656 respectively. The purchase was financed by internally generated funds.

**A6. Debt and equity securities (Cont'd)**

During the financial period ended 30.9.2020, the Company disposed of 9,780,000 ordinary shares through open market, at an average price of RM1.38 per share. Total consideration received from the disposal and the transaction costs were approximately RM13,459,321 and RM9,906 respectively. Net gain on disposal of the said shares which amounting to RM6.46 was credited to the retained-earning during the current financial quarter. The shares repurchased are held as treasury shares in accordance with Section 127 (6) of the Companies Act 2016.

During the financial period ended 30.9.2020, none of the treasury shares is distributed as share dividend to the shareholders. As at 30 September 2020, the Company did not held any treasury shares.

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**A7. Segmental information**

The Group's operating activities were derived from five (5) main business segments, namely the following:-

	<b>Unaudited Individual quarter 30 September 2020 RM'000</b>	<b>Unaudited Individual quarter 30 September 2019 RM'000</b>	<b>Unaudited Cumulative quarter 30 September 2020 RM'000</b>	<b>Unaudited Cumulative quarter 30 September 2019 RM'000</b>
<b>Revenue</b>				
• Investment holding and management services	1,487	1,402	4,147	4,259
• Distribution of building materials and logistics services	164,246	163,247	374,851	430,007
• Ready-mixed concrete	16,585	14,466	40,701	47,371
• Manufacturing of fire-rated and wooden door	9,274	9,055	22,952	32,479
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	78,170	89,194	190,999	245,654
• Manufacturing of wire mesh and metal roofing systems	36,263	37,186	77,701	103,807
• Modular building Solutions	101	2,223	353	5,813
	<u>306,126</u>	<u>316,773</u>	<u>711,704</u>	<u>869,390</u>
Adjustments and eliminations	(19,125)	(33,575)	(54,181)	(93,503)
	<u>287,001</u>	<u>283,198</u>	<u>657,523</u>	<u>775,887</u>
<b>Profit/(Loss) before taxation</b>				
• Investment holding and management services	(398)	(22)	26,848	5,923
• Distribution of building materials and logistics services	2,898	2,300	(1,881)	4,410
• Ready-mixed concrete	(541)	(896)	(2,857)	(2,228)
• Manufacturing of fire-rated and wooden door	(398)	(825)	(2,328)	22
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	(92)	7,486	(8,536)	20,578
• Manufacturing of wire mesh and metal roofing systems	1,550	160	340	954
• Modular building Solutions	(584)	257	(2,541)	964
	<u>2,435</u>	<u>8,460</u>	<u>9,045</u>	<u>30,623</u>
Share of results of associates	1,576	1,311	2,627	5,605
	<u>4,011</u>	<u>9,771</u>	<u>11,672</u>	<u>36,228</u>
Adjustments and eliminations	77	(1,339)	(448)	(16,563)
	<u>4,088</u>	<u>8,432</u>	<u>11,224</u>	<u>19,665</u>

No other segmental information such as segment assets and liabilities are presented as the Group is principally engaged in one industry that is the building material industry.

**A8. Dividend paid**

A single-tier first interim dividend of RM0.010 per ordinary share totalling RM5,466,080 in respect of the financial year ending 31 December 2020 was paid on 14 October 2020.

**A9. Valuation of property, plant and equipment**

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter and financial quarter period to date.

**A10. Valuation of investment properties**

The Group has not carried out any valuation on its investment properties in the current financial quarter and financial period to-date.

**A11. Capital commitments**

The capital commitments of the Group were as follows:-

	Unaudited 30 September 2020	Audited 31 December 2019
	RM'000	RM'000
Authorised and contracted for:		
-acquisition of property, plant and equipment	4,566	4,034

**A12. Changes in the composition of the Group**

Save as disclosed in Note B6(i) on the Status of Corporate Proposal Announced, there were no material changes in the composition of the Group for the current quarter ended 30 September 2020.

**A13. Contingent liabilities and contingent assets**

There were no contingent assets as at the date of this interim financial report. Contingent liabilities of the Group were as follows:-

	Unaudited 30 September 2020	Audited 31 December 2019
	RM'000	RM'000
<b>Unsecured</b>		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	476,857	525,936
Bank guarantee issued to third parties	4,059	4,120

**A14. Material events subsequent to the end of the quarter**

There were no other material events subsequent to the end of current quarter and financial period-to-date that have not been reflected in this interim financial report.



### A15. Related party transactions

- (1) Our Group's transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 30 September 2020 were as follows:-

	<b>Unaudited RM'000</b>
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	3,371
-Sales of goods	407
-Purchase of goods	5,278
-Rental received/receivables	468
-Rental paid/payables	175
-Insurance and road tax received	162
-Hotel accommodation paid	1
	<hr/>

These transactions have been entered into in the normal course of business.

## B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

### B1. Review of performance

#### Comparison with Corresponding results of Last Quarter

For the current financial quarter under review, the Group reported a revenue of RM287.00 million, a slight increase of RM3.80 million or 1.34% as compared to RM283.20 million in the preceding year corresponding quarter. Although there was a minor increase in revenue however the gross profit has declined considerably by RM6.39 million. The decline was mainly due to the drop in revenue in the manufacturing of autoclaved aerate concrete ("AAC") and precast concrete sector as a result of export sales for panel, block and polymer concrete pipe to Singapore have suspended due the lockdown in Singapore as a result of Covid-19 pandemic. The Building and Construction Authority has only allowed construction work in Singapore to resume in a controlled manner in phases after the Covid-19 circuit breaker period ended on 1 June 2020. Besides, the decline in gross profit also caused by the reduction in selling price for block and reinforced concrete product as a result of excess capacity due to subdued property and infrastructure market. Moreover, it also caused by the gross losses sustained by G-Cast UHPC Sdn Bhd ("G-Cast UHPC") resultant from cost over-run due to the imposition of Conditional Movement Control Order ("CMCO") and complexity of installation work attributable to site condition for the design and build project, Bukit Jalil Pavilion 2 Shopping Mall.

Other operating income was higher by RM0.36 million in the preceding year corresponding quarter due to the RM0.78 million disposal gain recognised on shop offices in Rawang, Gunung Indah and Mergong sold to Chin Hin Building Materials Supply (JB) Sdn Bhd for a total cash consideration of RM21.15 million. The transaction was completed in the third quarter of 2019.

**B1. Review of performance (Cont'd)****Comparison with Corresponding results of Last Quarter (Cont'd)**

The slight decrease in the impairment on trade receivables of RM0.21 million principally due to the improvement in collection in the current quarter. Administration expenses has increased slightly by RM0.17 million as compared to the preceding year corresponding quarter due to retrenchment exercise taken placed as a result of digitalisation and the new recruits in our group marketing and digitalisation cum automation department.

The Group's finance cost for the current quarter has decreased by RM2.10 million as compared to the preceding year corresponding quarter principally due to the pare down of term loan, bankers' acceptance and bank overdraft.

Share of profit from our associate companies have increased by RM0.27 million or 20.31% as compared to the preceding year corresponding quarter primarily due to increase in solar EPCC income mainly from the commercial and industries sector despite the reduction in our shareholding in Solarvest Holdings Berhad ("Solarvest") from 45% to 27.21%, after Solarvest Initial Public Offering in 26 November 2019 and the disposal of 25,000,000 units of the said shares.

Given the abovementioned decreased in the gross profit and other operating income coupled with the increase in the administration expenses, offset partially by the increase in share of results of associates and reduction in the finance cost as well as impairment of trade receivables, the Group reported a 51.52% drop in profit before tax ("PBT") for this quarter which is from RM8.43 million in the preceding year corresponding quarter to RM4.09 million in this quarter.

The high effective tax rate of 42.32% was distorted by the losses sustained in the investment holding and management services provider, ready-mix concrete business, manufacturing of fire-rated and wooden door segment, Starken AAC 2 Sdn Bhd ("Starken AAC 2"), G-Cast UHPC and the modular building solutions sector.

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**B2. Comparison with immediate preceding quarter's results****CURRENT QUARTER vs. PRECEDING QUARTER**

	Unaudited Individual quarter 30 September 2020 RM'000	Unaudited Individual quarter 30 June 2020 RM'000	Changes %
Revenue	287,001	114,217	151%
Operating Profit	7,069	11,196	-37%
Profit Before Interest and Tax	8,645	11,311	-24%
Profit Before Tax	4,088	5,802	-30%
Profit After Tax	2,358	6,199	-62%
Profit Attributable to Ordinary Equity Holders of the Parent	2,358	6,199	-62%

For the quarter under review, the Group posted a revenue of RM287.00 million as compared to RM114.22 million in the preceding quarter, an increase of RM172.78 million or 151.28% due to the recovery after Movement Control Order ("MCO") ended. The Group reported a lower profit before tax ("PBT") of RM4.09 million, a reduction of RM1.71 million as compared to the preceding quarter's PBT of RM5.80 million. The higher PBT in the last quarter was solely contributed by the huge gain on disposal of investment in associate of RM27.79 million which offset by the massive operation losses sustained amounted to RM21.99 million due to the enforcement of MCO and impairment of trade receivables.

**B3. Prospects**

The operating environment in Malaysia is foreseen to remain extremely challenging in the remaining months of 2020 in view of the imposition of CMCO effective 14 October 2020 in the district of Kuala Lumpur, Selangor and Putrajaya, the main cities of Malaysia.

The management has initiated some cost cutting measures via digitalisation and automation across plantwide and officewide to lower down its operation cost and to stay competitive in the market. The Company has also reviewed its loss-making businesses and devise measures to improvise their performances. The businesses' performance is on track of recovery. Besides, the Company has further pared down its bank borrowings by RM39.80 million, from RM508.68 million in the preceding quarter to RM468.88 million in the current quarter. We expect the finance cost to further decline in the last quarter of 2020 by paring down another RM30.00 million bank loans. This is the Company move to strengthen its balance sheet.

G-Cast Concrete Sdn Bhd is following up closely on the East Coast Rail Link ("ECRL") Project and other infrastructure projects in the overseas market. The Company will continuously bid for new contracts to replenish its order book.

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**B3. Prospects (Cont'd)**

Starcken Drymix Solutions Sdn Bhd has managed to beef up its production utilisation rate to 57% as at end of October 2020 by running extended shift to cater for the increase in demand, amid challenging business outlook during the CMCO period. Moving forward, the company shall be embarking on product portfolio expansion i.e. construction chemicals and grouts and continuous market development initiatives to broaden its coverage on various construction needs.

Our Starcken AAC 2's autoclaved aerated concrete ("AAC") production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor still cannot sustain its production utilisation rate at 30% level during this CMCO period as the demand from construction material industry is still remained soft. Furthermore, the export sales for panel and block to Singapore has just resumed back lately as the Building and Construction Authority only allowed the construction work in Singapore to recommence in a controlled manner in phases after the Covid-19 circuit breaker period ended on 1 June 2020. The export to the Philippines market has also resumed back in August 2020. The Company will continue to penetrate and expand overseas market to fill up the excess capacity in Starcken AAC 2.

The outlook remains positive for the renewable energy ("RE") sector despite growth being temporarily halted by stalled business activities resulting from the Covid-19 pandemic. However, the long-term drivers for RE investment remain strong in view of the rising pressure for corporates to comply with environment, social and governance ("ESG"). The Malaysian government is committed fully to support the growth of PV solar industry by setting a target for electricity generated from RE at 20% of its generation mix by 2025. The recent rolled out of Renewable Energy Investment (LSS@MenTARI) programme which offer 1,000MWp of solar quota via competitive bidding process under the Large Scale Solar ("LSS") clearly reflected the government's strong commitment to revive and stimulate the RE sector following the Covid-19 outbreak.

**B4. Estimates/Forecast**

The Group has not provided any revenue or profit guidance in any public documents.

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## B5. Taxation

The applicable income tax rate is 24% except for the Group's subsidiary companies, PP Chin Hin Pte Ltd and MI Polymer Concrete Pipes Pte Ltd which are subject to the statutory rate of 17% based on Singapore's tax regime.

	Individual Quarter		Cumulative Quarter	
	Unaudited		Unaudited	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Income tax expense				
- Current financial period	925	680	2,189	3,368
- (Over)/Under provision in prior year	118	176	(26)	176
	<u>1,043</u>	<u>856</u>	<u>2,163</u>	<u>3,544</u>
Deferred tax				
- Current financial period	511	311	(112)	604
- (Over)/Underprovision in prior year	176	546	(42)	546
Total tax expense	<u>1,730</u>	<u>1,713</u>	<u>2,009</u>	<u>4,694</u>

## B6. Status of corporate proposals and utilisation of proceeds

### I. Status of corporate proposal

Saved as disclosed below, there were no other corporate proposals which had been announced by the Company and are pending for completion as of to date:

- (a) Starken AAC Sdn Bhd ("Starken Malaysia"), a wholly-owned subsidiary of the Company, had on 19 June 2019 entered into a subscription agreement with Starken Philippines Inc. to subscribe for thirty percent (30%) equity in Starken Philippines Inc. ("Proposed Subscription"). The Proposed Subscription is expected to be completed by fourth quarter of 2020;
- (b) Metex Steel Sdn Bhd, a wholly-owned subsidiary of the Company, has on 8 November 2019 entered into a conditional share sale agreement with PP Chin Hin Realty Sdn Bhd ("PP CH Realty") for the disposal of 100% equity interest in Ace Logistic Sdn Bhd to PP Chin Hin Realty for a cash consideration of RM20,800,000 ("Proposed Disposal of Ace Logistic"). The Proposed Disposal of Ace Logistic is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. On 15 July 2020, The Proposed Disposal of Ace Logistic has been approved in the Company's Extraordinary General Meeting.

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**B6. Status of corporate proposals and utilisation of proceeds (Cont'd)**

**I. Status of corporate proposal (Cont'd)**

- (c) PP Chin Hin Sdn Bhd ("PP Chin Hin"), a wholly-owned subsidiary of the Company, has on 8 November 2019 entered into 35 conditional sale and purchase agreements ("Properties SPAs") with Midas Signature Sdn Bhd ("Midas") for the disposal of properties to Midas for a total cash consideration of RM55,650,000 ("Proposed Disposal of Properties"). The Proposed Disposal of Properties are deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. On 15 July 2020, the Proposed Disposal of Properties have been approved in the Company's Extraordinary General Meeting.
  
- (d) In conjunction with the Proposed Disposal of Properties, PP Chin Hin will enter into 14 tenancy agreements with Midas for the proposed tenancies of 5 units of shop offices at Kuala Lumpur, 7 units of shop offices at Alor Setar, Kedah and 89 units of car parks at Kuala Lumpur ("Proposed Tenancies"). The tenancies will commence on the day immediately after the completion of the respective Properties SPAs. The Proposed Tenancies are deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. On 15 July 2020, the Proposed Tenancies have been approved in the Company's Extraordinary General Meeting.

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**B7. Borrowings**

The Group's borrowings are all secured and denominated in Ringgit Malaysia, details are as follows:-

	As at 30 September 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Bank overdrafts	-	2,381
Revolving credits	119,803	101,100
Bankers' acceptance	254,706	308,693
Trust Receipts	294	447
Term loans	94,075	101,132
<b>Total bank borrowings</b>	<b>468,878</b>	<b>513,753</b>
<b>Total bank borrowings comprise:-</b>		
<b>Current:</b>		
Bank overdraft	-	2,381
Revolving credits	119,803	101,100
Bankers' acceptance	254,706	308,693
Trust Receipts	294	447
Term loans	17,859	21,811
	<b>392,662</b>	<b>434,432</b>
<b>Non-current:</b>		
Term loans	76,216	79,321
	<b>468,878</b>	<b>513,753</b>

**B8. Lease liabilities**

The Group's lease liabilities are denominated in Ringgit Malaysia, details are as follows:-

	As at 30 September 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Present value of minimum lease payments:		
Repayable within twelve months	1,427	3,072
Repayables after twelve months	2,655	2,358
	<b>4,082</b>	<b>5,430</b>

**B9. Changes in material litigation**

As at a date not earlier than seven (7) days from the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

**B10. Dividend Proposed**

There was no dividend declared for the current financial quarter.

**B11. Earnings per share****Basic earnings per ordinary share**

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Profit attributable to ordinary equity holders of the Group (RM'000)	3,254	7,369	12,156	16,917
Number of ordinary shares in issues as at 1 January ('000)	556,388	556,388	556,388	556,388
Effect of treasury shares held	(9,342)	(6,320)	(9,342)	(6,320)
Effect of treasury shares sold	753	-	753	-
Weighted average number of ordinary shares in issue ('000)	547,799	550,068	547,799	550,068
Basic earnings per share (sen)	0.59	1.34	2.22	3.08

**Diluted earnings per ordinary share**

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the end of this quarter.

	Individual Quarter		Cumulative Quarter	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Profit attributable to ordinary equity holders of the Group (RM'000)	3,254	7,369	12,156	16,917
Weighted average number of ordinary shares as above	547,799	550,068	547,799	550,068
Basic earnings per share (sen)	0.59	1.34	2.22	3.08

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**B12. Disclosure on selected expense/income items as required by the Listing Requirements**

Included in profit before tax comprised the following expense/(income) items:

	Unaudited As at 30 September 2020 RM'000	Unaudited As at 30 September 2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	244	255
- (Over)/underprovision in prior year	(31)	2
Bad debts recovered	(46)	(179)
Depreciation of property, plant and equipment	25,068	20,947
Directors' fee	180	180
Directors remuneration		
- Salary, EPF and Socso	1,572	515
- Other emoluments	197	75
Impairment on trade receivables	5,590	2,586
Interest expense	16,000	19,945
Interest income	(2,394)	(755)
Inventories written off	29	27
Gain on disposal of investment in associate	(27,788)	-
Gain on disposal of property, plant and equipment	(148)	(412)
Gain on disposal of investment properties	-	(780)
Property, plant and equipment written-off	159	-
Realised loss on foreign exchange	259	251
Lease income	(2,397)	(3,897)
Lease expenses	2,538	3,144
Reversal of impairment on trade receivables	-	(167)
Share of results of associates, net of tax	(2,396)	(5,246)
Unrealised (gain)/loss on foreign exchange	(124)	(46)

**B13. Comparative figures**

Comparatives figures, where applicable, have been modified to conform to the current presentation.

**BY ORDER OF THE BOARD**

**27 November 2020**