



**CHIN HIN GROUP BERHAD**

## **INTERIM FINANCIAL REPORT SECOND QUARTER ENDED 30<sup>TH</sup> JUNE 2021**

### **CHIN HIN GROUP BERHAD**

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021**
*(The figures have not been audited)*

	Individual Quarter			Cumulative Quarter			
	Note	30 June 2021 RM'000	30 June 2020 RM'000	Changes %	30 June 2021 RM'000	30 June 2020 RM'000	Changes %
Revenue		214,948	114,217	88%	522,863	370,522	41%
Cost of sales		(199,948)	(115,256)		(480,784)	(349,374)	
Gross profit		15,000	(1,039)		42,079	21,148	
Other operating income		11,279	2,085		20,419	3,785	
Gain on disposal of investment in associate companies		-	27,788		-	27,788	
Gain on disposal of investment in subsidiary companies		168	-		168	-	
Impairment on trade receivables		(2,474)	(4,366)		(2,474)	(4,366)	
Administrative expenses		(16,173)	(13,272)		(33,483)	(30,827)	
Operating profit		7,800	11,196	-30%	26,709	17,528	52%
Finance costs		(3,906)	(5,509)		(7,284)	(11,443)	
Share of results of associates		795	115		3,530	1,051	
Profit before taxation		4,689	5,802	-19%	22,955	7,136	222%
Taxation	B5	(1,060)	397		(4,786)	(279)	
Profit after taxation		3,629	6,199	-41%	18,169	6,857	165%
Other comprehensive income							
Exchange translation differences		11	133		155	85	
Total comprehensive income for the financial period		3,640	6,332		18,324	6,942	
<b>PROFIT AFTER TAX</b>							
<b>ATTRIBUTABLE TO:</b>							
Owners of the Company		3,618	7,474	-52%	18,774	8,902	111%
Non-controlling interests		11	(1,275)		(605)	(2,045)	
		3,629	6,199		18,169	6,857	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021 (Cont'd)**
*(The figures have not been audited)*

	Individual Quarter			Cumulative Quarter			
	30 June 2021	30 June 2020	Changes	30 June 2021	30 June 2020	Changes	
Note	RM'000	RM'000	%	RM'000	RM'000	%	
<b>TOTAL COMPREHENSIVE INCOME</b>							
<b>ATTRIBUTABLE TO:</b>							
Owners of the Company	3,629	7,607		18,929	8,987		
Non-controlling interests	11	(1,275)		(605)	(2,045)		
	<u>3,640</u>	<u>6,332</u>		<u>18,324</u>	<u>6,942</u>		
Earnings per share attributable to owners of the Company (sen):							
- Basic	B11	0.52	1.37	2.70	1.63		
- Diluted	B11	0.52	1.37	2.70	1.63		
Profit Before Interest and Tax		<u>7,800</u>	<u>11,196</u>	-30%	<u>26,709</u>	<u>17,528</u>	52%

**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 2020 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 JUNE 2021**
*(The figures have not been audited)*

	30 June 2021 RM'000	(Audited) 31 December 2020 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	412,432	421,104
Investment properties	27,760	27,760
Investment in an associate	133,869	37,271
Goodwill	34,672	34,672
Other investment	9,414	24
<b>TOTAL NON-CURRENT ASSETS</b>	618,147	520,831
<b>CURRENT ASSETS</b>		
Contract assets	1,543	1,634
Inventories	98,895	95,854
Trade receivables	320,840	367,757
Other receivables	14,064	17,197
Net investment in lease	69	69
Tax recoverable	2,271	5,520
Fixed deposits with licensed banks	21	21
Cash and bank balances	62,324	51,249
	500,027	539,301
Assets held for sale	-	11,450
<b>TOTAL CURRENT ASSETS</b>	500,027	550,751
<b>TOTAL ASSETS</b>	1,118,174	1,071,582
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	325,796	325,796
Treasury shares	(338)	-
Merger reserve	(147,392)	(147,392)
Foreign currency translation reserve	405	250
Revaluation reserve	6,290	9,413
Retained earnings	275,426	262,067
Total equity attributable to Owners of the Company	460,187	450,134
Non-controlling interests	(2,363)	(4,846)
<b>TOTAL EQUITY</b>	457,824	445,288

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021 (Cont'd)**
*(The figures have not been audited)*

	30 June 2021 RM'000	(Audited) 31 December 2020 RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	121,708	135,900
Other payables	50,639	56,236
Amount owing to directors	30,005	770
Bank borrowings	379,816	346,991
Lease liabilities	259	1,907
Tax payable	83	672
<b>TOTAL CURRENT LIABILITIES</b>	<b>582,510</b>	<b>542,476</b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	60,716	67,043
Lease liabilities	3,489	3,204
Deferred tax liabilities	13,635	13,571
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>77,840</b>	<b>83,818</b>
<b>TOTAL LIABILITIES</b>	<b>660,350</b>	<b>626,294</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,118,174</b>	<b>1,071,582</b>
<b>NET ASSET PER SHARE (RM)</b>	<b>0.66</b>	<b>0.81</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 2020 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 SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021**

*(The figures have not been audited)*

	-----Attributable to owners of the parent-----								
	----- Non-Distributable -----					Distributable	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000			
<b>At 1 January 2021</b>	325,796	-	(147,392)	250	9,413	262,067	450,134	(4,846)	445,288
Profit for the financial period	-	-	-	-	-	18,774	18,774	(605)	18,169
Other comprehensive income	-	-	-	155	-	-	155	-	155
Total comprehensive income	-	-	-	155	-	18,774	18,929	(605)	18,324
Realisation of revaluation reserve upon disposal of properties	-	-	-	-	(3,123)	3,123	-	-	-
<b>Transactions with owners:</b>									
Changes in ownership interests in subsidiary company	-	-	-	-	-	(2,977)	(2,977)	2,977	-
Disposal of subsidiary companies	-	-	-	-	-	-	-	111	111
Dividends to owners of the Company	-	-	-	-	-	(5,561)	(5,561)	-	(5,561)
Shares repurchased	-	(338)	-	-	-	-	(338)	-	(338)
Total transactions with owners	-	(338)	-	-	-	(8,538)	(8,876)	3,088	(5,788)
<b>At 30 June 2021</b>	325,796	(338)	(147,392)	405	6,290	275,426	460,187	(2,363)	457,824

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021 (Cont'd)**

*(The figures have not been audited)*

	-----Attributable to owners of the parent-----						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Distributable Retained Earnings RM'000			
<b>At 1 January 2020</b>	325,796	(4,992)	(153,192)	251	16,368	238,685	422,916	(795)	422,121
Profit for the financial year	-	-	-	-	-	21,259	21,259	(4,355)	16,904
Other comprehensive income	-	-	-	(1)	-	-	(1)	-	(1)
Total comprehensive income	-	-	-	(1)	-	21,259	21,258	(4,355)	16,903
Realisation of revaluation reserve upon disposal of properties	-	-	-	-	(6,199)	6,199	-	-	-
Realisation of reserves upon disposal of a subsidiary company	-	-	5,800	-	(756)	(5,044)	-	-	-
<b>Transactions with owners:</b>									
Shares repurchased	-	(7,892)	-	-	-	-	(7,892)	-	(7,892)
Disposal of treasury shares	-	12,884	-	-	-	6,532	19,416	-	19,416
Dividends to owners of the Company	-	-	-	-	-	(5,564)	(5,564)	-	(5,564)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	304	304
Total transactions with owners	-	4,992	-	-	-	968	5,960	304	6,264
<b>At 31 December 2020</b>	325,796	-	(147,392)	250	9,413	262,067	450,134	(4,846)	445,288

**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 2020 and the accompanying explanatory notes attached to this interim financial report.*



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021**
*(The figures have not been audited)*

	Cumulative quarter	
	30 June 2021	30 June 2020
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	22,955	7,136
Adjustment for:		
Bad debts written off	37	-
Depreciation of property, plant and equipment	16,271	16,710
Impairment on trade receivables	2,474	4,366
Interest expense	7,284	11,443
Interest income	(1,831)	(1,351)
Inventories written off	36	20
Gain on disposal of asset held for sale	(150)	-
Gain on disposal of investment in associate companies	-	(27,788)
Gain on disposal of investment in subsidiary companies	(168)	-
Gain on disposal of property, plant and equipment	(5)	(106)
Property, plant and equipment written off	50	159
Share of results of associates	(3,530)	(1,232)
Unrealised gain on foreign exchange	(186)	(251)
<b>Operating profit before working capital changes</b>	43,237	9,106
<b>Changes in working capital:</b>		
Inventories	(3,077)	(2,411)
Trade receivables	44,221	61,750
Other receivables	3,267	(21,495)
Net investment in lease	-	6
Contract assets	281	3,337
Trade payables	(14,053)	(27,316)
Other payables	(5,397)	(15,288)
Amount due to directors	29,235	(15,850)
	54,477	(17,267)
Cash generated from/(used in) operations	97,714	(8,161)
Interest paid	(7,284)	(11,443)
Interest received	1,831	1,351
Tax paid	(1,685)	(1,761)
Tax refund	441	-
<b>Net cash from/(used in) operating activities</b>	91,017	(20,014)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 30 JUNE 2021 (Cont'd)**
*(The figures have not been audited)*

	Cumulative Quarter	
	30 June 2021 RM'000	30 June 2020 RM'000
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(7,674)	(5,836)
Acquisition of associate companies	(93,886)	-
Net outflows from disposal of subsidiary companies	(13)	-
Proceeds from disposal of assets held for sales	11,600	580
Proceeds from disposal of investment in associate companies	-	32,500
Proceeds from disposal of property, plant and equipment	30	289
Purchase of other investment	(9,390)	-
Net cash (used in)/from investing activities	<u>(99,333)</u>	<u>27,533</u>
<b>Cash Flows From Financing Activities</b>		
Dividend paid	(5,561)	-
Net changes on bankers' acceptance, trust receipt and revolving credits	35,402	4,113
Release in fixed deposits pledged	-	(1,001)
Repayment of bank borrowings	(10,320)	(6,897)
Repayment of lease liabilities	(1,363)	(1,865)
Shares repurchased	(338)	(1,995)
Net cash from/(used in) financing activities	<u>17,820</u>	<u>(7,645)</u>
<b>Net decrease in cash and cash equivalents</b>	9,504	(126)
<b>Cash and cash equivalents at the beginning of the financial period</b>	49,723	53,547
Effect of exchange translation differences on cash and cash equivalents	155	308
<b>Cash and cash equivalents at the end of the financial period</b>	<u>59,382</u>	<u>53,729</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	62,324	53,824
Bank overdrafts	(2,942)	(95)
Fixed deposits with licensed banks	21	1,021
	<u>59,403</u>	<u>54,750</u>
Less: Fixed deposits pledged to licensed banks	(21)	(1,021)
	<u>59,382</u>	<u>53,729</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 2020 and the accompanying explanatory notes attached to this interim financial report.

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## NOTES TO THE INTERIM FINANCIAL REPORT- SECOND QUARTER ENDED 30 JUNE 2021

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021

## 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 2020 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 2020, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2021:

Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform- Phase 2
MFRS 101	Classification of Liabilities as Current or Non-current- Deferral of Effective Date

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>	
Amendment to MFRS 16 – Covid-19-Related Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRS Standards 2018-2020	
– Amendment to MFRS 1	1 January 2022
– Amendment to MFRS 9	1 January 2022
– Amendment to MFRS 141	1 January 2022
Amendments 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
Amendments to MFRS 137 – Onerous Contracts (Cost of Fulfilling a Contract)	1 January 2022
MFRS 17 and Amendments to MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 101– Classification of Liabilities as Current or Non- Current	1 January 2023
Amendments to MFRS 101– Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108– Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112– Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021 (CONT'D)****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 2020.

**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 current financial period to date, the Company has repurchased 250,100 ordinary shares of its issued share capital from the open market, at an average of RM1.3528 per share. Total consideration paid for the share buy-back and the transaction costs amounted to RM338,054 and RM281 respectively. The purchase was financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 (6) of the Companies Act 2016.

During the current financial period to date, none of the treasury shares is distributed as share dividend to the shareholders.

During the current financial period to date, the number of treasury shares held was 375,150 ordinary shares, including 125,050 ordinary shares issued on 1 April 2021 via bonus issue on the basis of 1 bonus shares for every 2 ordinary shares held in Chin Hin Group Berhad.

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**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021 (CONT'D)**
**A7. Segmental information**

The Group's operating activities were derived from Seven (7) main business segments, namely the following:-

	Unaudited Individual quarter 30 June 2021 RM'000	Unaudited Individual quarter 30 June 2020 RM'000	Unaudited Cumulative quarter 30 June 2021 RM'000	Unaudited Cumulative quarter 30 June 2020 RM'000
<b>Revenue</b>				
• Investment holding and management services	2,065	1,180	3,997	2,660
• Distribution of building materials and logistics services	118,694	70,071	295,775	210,605
• Ready-mixed concrete	8,728	6,317	24,219	24,116
• Manufacturing of fire-rated and wooden door	6,669	3,892	16,410	13,678
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	70,588	31,460	160,052	112,829
• Manufacturing of wire mesh	30,017	11,814	73,554	41,438
• Modular building Solutions	-	101	-	252
	236,761	124,835	574,007	405,578
Adjustments and eliminations	(21,813)	(10,618)	(51,144)	(35,056)
	214,948	114,217	522,863	370,522
<b>Profit before taxation</b>				
• Investment holding and management services	8,269	27,489	14,007	27,246
• Distribution of building materials and logistics services	411	(4,580)	5,294	(4,779)
• Ready-mixed concrete	(2,140)	(2,569)	(2,082)	(2,316)
• Manufacturing of fire-rated and wooden door	-	(1,506)	(1,976)	(1,930)
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	(386)	(10,286)	3,758	(8,444)
• Manufacturing of wire mesh	(200)	(1,488)	1,317	(1,210)
• Modular building Solutions	(404)	(1,073)	(868)	(1,957)
	3,847	5,987	19,450	6,610
Share of results of associates	795	115	3,530	1,051
	4,642	6,102	22,980	7,661
Adjustments and eliminations	47	(300)	(25)	(525)
	4,689	5,802	22,955	7,136

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.

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021 (CONT'D)**
**A8. Dividend paid**

A single-tier second interim dividend of RM0.010 per ordinary share totalling RM5,561,379 in respect of the financial year ended 31 December 2020 was paid on 5 April 2021.

**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 June 2021	Audited 31 December 2020
	RM'000	RM'000
Authorised and contracted for:		
-acquisition of property, plant and equipment	2,829	3,572

**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 June 2021.

**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 June 2021	Audited 31 December 2020
	RM'000	RM'000
<b>Unsecured</b>		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	444,056	404,073
Bank guarantee issued to third parties	3,553	3,364

**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.

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2021 (CONT'D)

### 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 June 2021 were as follows: -

	<b>Unaudited RM'000</b>
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	1,594
-Sales of goods	607
-Purchase of goods	3,159
-Rental received/receivables	168
-Rental paid/payables	1,355
-Insurance and road tax received	97
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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 RM214.95 million, an increase of RM100.73 million or 88.19% as compared to RM114.22 million in the preceding year corresponding quarter. The lower revenue recorded in the preceding year corresponding quarter were due to the Covid-19 outbreak which led our businesses and construction activities halted as a result of the implementation of MCO 1.0 imposed by the Government pursuant to the Prevention and Control of Infectious Diseases to curb the spread of the pandemic. Moreover, after resuming work from MCO 1.0, construction works were extremely slow as contractors had to test all their workers and follow strict SOP. As we are heavily involved in the manufacturing and trading of building materials, it has impacted us significantly. Nevertheless, the current quarter performance was also affected by the FMCO ("Full Movement Control Order") implemented in June 2021.

The Group's gross profit has increased by RM16.04 million or 1,543.70% from a gross loss of RM1.04 million in the preceding year corresponding quarter to RM15.00 million in the current quarter of 2021. The gross profit margin for the current quarter was recorded at 6.98% as compared to a gross loss margin of 0.91% in the preceding year corresponding quarter. The gross loss suffered in the second quarter of 2020 was caused by the fixed overheads such as labour cost, rental and depreciation had to be incurred by all our manufacturing plants although the plants were shut down during MCO 1.0. Nonetheless, the current quarter gross profit margin of 6.98% was also pulled down by the similar reason as well.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)****B1. Review of performance (Cont'd)****Comparison with Corresponding results of Last Quarter (Cont'd)**

Other operating income has increased by RM9.19 million or 440.96% from RM2.09 million in the preceding year corresponding quarter to RM11.28 million in the current quarter. The surge was mainly due to the gain on disposal of 13,090,184 units of Solarvest Holdings Berhad's warrants totalling RM8.83 million.

There was a gain on disposal of our loss-making subsidiaries namely CH Floorsmith Sdn Bhd, CH Yohaus Sdn Bhd and Kloe Design Sdn Bhd totalling RM0.17 million. These subsidiaries were incorporated in the last financial year with the intention to carry out home living solutions business. The role of the said companies was redundant after the acquisition of Signature International Berhad in March 2021. Impairment on trade receivables were lowered by RM1.89 million as compared to the preceding year corresponding quarter.

Administrative expenses have increased by RM2.90 million partly due to the counter claim by ready-mixed concrete division's defendant for the rectification work done amounting to RM1.41 million, together with the legal cost of RM0.03 million. This incident was taken placed in FY2016 as highlighted in B9. Besides, the increase of RM0.60 million was caused by the warehouse, factory and office rental paid to Midas Signature Sdn Bhd and Ace Logistic Sdn Bhd ("related party") after the disposal of properties and company was completed in end of 2020 and early 2021. The balance of the increases in administrative expenses were due to the operation cost incurred by CH Home 360 Sdn Bhd and Kloe Design Sdn Bhd totaling RM0.63 million and the professional fees incurred for several corporate exercises undertaken lately.

The Group's finance cost for the current quarter has decreased by RM1.60 million as compared to the preceding year corresponding quarter principally due to the pare down of bank borrowings from RM508.68 million as second quarter of 2020 to RM440.53 million as at second quarter of 2021.

Share of profit from our associate companies have increased by RM0.68 million or 591.30% as compared to the preceding year corresponding quarter primarily contributed by the share of Signature International Berhad's profit of RM0.69 million after the acquisition of 30.45% stake on 8 March 2021. Our shareholdings in Signature International Berhad have diluted to 27.10% after the conversion of warrants by its shareholders which had taken placed before the warrants expiry date in April 2021. Nevertheless, the share of profit from associate companies was slightly pulled down by the minor loss sustained in Starken Philippines of RM0.02 million.

Given the abovementioned increased in the gross profit, other operating income and share of results of the associates coupled with the decreased in finance costs, lower impairment on trade receivables, gain on disposal of subsidiaries with nil gain on the disposal of investment in associate companies, the Group reported a decrease in profit before tax ("PBT") of RM1.11 million for this quarter as compared to the preceding year corresponding quarter.

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## B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

## B2. Comparison with immediate preceding quarter's results

## CURRENT QUARTER vs. PRECEDING QUARTER

	Unaudited Individual quarter 30 June 2021 RM'000	Unaudited Individual quarter 31 March 2021 RM'000	Changes %
Revenue	214,948	307,915	-30%
Operating Profit	7,800	18,909	-59%
Profit Before Interest and Tax	7,800	18,909	-59%
Profit Before Tax	4,689	18,266	-74%
Profit After Tax	3,629	14,540	-75%
Profit Attributable to Ordinary Equity Holders of the Parent	3,629	14,540	-75%

For the quarter under review, the Group posted a revenue of RM214.95 million as compared to RM307.92 million in the preceding quarter, a decrease of RM92.97 million or 30.19%. The lower revenue was solely due to the implementation of FMCO ("Full Movement Control Order") or total lockdown effective 1<sup>st</sup> June 2021. Hence, the revenue and profit before tax were badly affected as all our business units had to incur fixed overheads such as labour cost, salary, rental and depreciation although the business was shut down. Chin Hin Group of companies did not implement any pay-cut programme during the FMCO tenure.

There was a gain on disposal of Solarvest Holdings Berhad's warrants totalling RM8.83 million in the current quarter as compared to a lower gain of RM7.22 million in the preceding quarter.

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)****B3. Prospects**

Business environment during the Covid-19 pandemic and the continued implementation of Full Movement Control Order, has posted a very challenging business environment in Malaysia. The market is anticipated to be soft during the National Recovery Period (“NRP”) as scarring effect of intermittent MCO on economy will continue & recovery does not seem to be imminent. The Group will be striking the best to catch up the shortfall during the NRP.

The management continued to initiate cost cutting measures via digitalisation and automation across officewide and plantwide respectively to lower down its operation cost and to stay competitive in the market.

Chin Hin had on 4 August 2021 completed the acquisition of 176,608,435 ordinary shares in Chin Hin Group Property Berhad (“CHGP”), representing 50.28% equity interest in CHGP and 37,561,700 warrants in CHGP, for total cash consideration of RM88.86 million from Datuk Seri Chiau Beng Teik, JP, Chiau Haw Choon and Divine Inventions Sdn Bhd. We expect CHGP to contribute positively to the performance of Chin Hin in the third and fourth quarter of 2021.

G-Cast Concrete Sdn Bhd is following up closely on East Coast Rail Link (“ECRL”) Project and other infrastructure projects in the Asia countries i.e India, the Philippines and Indonesia. However, the progress is still slow due to the continued lock down of these countries as a result of new variant of Covid-19 outbreak. The Company will continuously bid for new contracts to replenish its order book after the tail end of the national sewerage projects. MI Polymer Concrete Sdn Bhd’s export sales to Singapore market remains slow. Progress of project is slower than the normal project execution speed. Land Transport Authority (“LTA”) & Housing & Development Board (“HDB”) have announced in April 2021 their delay in project executions were ranging from 6 months to 1 year due to the impacts of Covid-19 and shortage of manpower in the market.

Our Starken AAC 2’s autoclaved aerated concrete (“AAC”) production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor maintained its production utilisation rate at 34% in view of the increase demand for the IBS products due to the shortage of foreign labour in the market. The Company will continue to penetrate and expand overseas market to fill up the excess capacity in Starken AAC 2.

Our associate company, Solarvest Group after being shortlisted for the 50 MW bid of solar assets in "Large Scale Solar Power Plant - Fourth Competitive Bidding Round (LSS@MEnTARI), the Company has successfully bided for three Engineering, Procurement, Construction and Commissioning (“EPCC”) projects totalling RM196.40 million (49.07 MW) from other successful bidders in the LSS@Mentari programme namely Energy ES Sdn Bhd, Grooveland Sdn Bhd and M K Land Resources Sdn Bhd. Solarvest Group aims to clinch an additional 250 MW of EPCC projects, worth about RM400 to RM500 million in the coming months. The Company’s project orders remained “very active” from both the LSSPV, as well as commercial and industrial segments despite the delay in delivery timeline due to lockdown restrictions. With the current strong order books, it is expected to boost its financial performance in FY2021 up till FY2023.

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**B4. Estimates/Forecast**

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

**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 and Starken Philippines, Inc which is subject to the statutory rate of 30% based on Philippines's tax regime.

	Individual Quarter		Cumulative Quarter	
	Unaudited		Unaudited	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial period	1,005	13	4,742	1,264
- Overprovision in prior year	-	-	-	(144)
	<u>1,005</u>	<u>13</u>	<u>4,742</u>	<u>1,120</u>
Deferred tax				
- Current financial period	55	(410)	45	(623)
- Overprovision in prior year	-	-	(1)	(218)
Total tax expense	<u>1,060</u>	<u>(397)</u>	<u>4,786</u>	<u>279</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) Proposed acquisition by Chin Hin Group Berhad ("Chin Hin") of 176,608,435 ordinary shares and 37,561,700 warrants in Chin Hin Group Property Berhad for a total consideration of RM88.86 million. The acquisition was completed on 4 August 2021; and
- (b) Proposed private placement of up to 20% of the issued ordinary shares in Chin Hin (excluding treasury shares). Bursa Securities has approved the listing and quotation for the proposed private placement shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 19 February 2021. On 23 July 2021, Chin Hin Group Berhad has fixed the first tranche issue price of private placement shares at RM1.11 per Placement Share. The abovementioned issue price of RM1.11 per placement share represents a discount of approximately RM0.1135 or 9.30% from the five (5)-day weighted average market price of Chin Hin from 15 July 2021 to 22 July of approximately RM1.2235. Subsequently, the first tranche which made up of 50,500,000 shares of RM1.11 each had been fully issued and latest issued share capital of the Company has been increased to 885,081,996 or RM381,553,504.00 on 2 August 2021. An application for extension of time to complete the Company's proposed private placement have been submitted to Bursa Securities on 3 August 2021. Bursa Securities had on 12 August 2021 approved the extension of time up to 31 December 2021 for the Company to complete the proposed private placement.

## B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

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

## II. Utilisation of proceeds

The status of utilisation of the proceeds of approximately RM76.45 million from the disposal of Ace Logistic Sdn Bhd and the 35 properties as at 30 June 2021 are as follow: -

Details of the utilisation of proceeds	Utilisation						Estimated timeframe for utilisation from the completion of the proposed disposal
	Proposed RM'000	Actual RM'000	Balance RM'000	*Variation of disposal proceeds utilisation RM'000	After variation of disposal proceeds utilisation RM'000	Balance after variation of disposal proceeds utilisation RM'000	
i) Repayment of bank borrowings	50,000	50,000	-	-	-	-	Within 3 months
ii) Working capital to purchase inventories	23,450	15,109	8,341	144	8,485	-	Within 12 months
iii) Expenses for the exercise	3,000	2,856	144	(144)	-	-	Within 3 months
	<b>76,450</b>	<b>67,965</b>	<b>8,485</b>	<b>-</b>	<b>8,485</b>	<b>-</b>	

Note:

\* The Company had transferred RM144,000 of unutilised balance from the estimated expenses incurred on the disposal of Ace Logistic Sdn Bhd and the 35 properties to the working capital for purchase of inventories.

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**B7. Borrowings**

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

	As at 30 June 2021 RM'000	(Audited) As at 31 December 2020 RM'000
Bank overdrafts	2,942	1,526
Revolving credits	88,004	93,331
Bankers' acceptance	271,573	230,626
Trust receipts	-	218
Term loans	78,013	88,333
<b>Total bank borrowings</b>	<b>440,532</b>	<b>414,034</b>
<b>Total bank borrowings comprises:-</b>		
<b>Current:</b>		
Bank overdraft	2,942	1,526
Revolving credits	88,004	93,331
Bankers' acceptance	271,573	230,626
Trust receipts	-	218
Term loans	17,297	21,290
	<b>379,816</b>	<b>346,991</b>
<b>Non-current:</b>		
Term loans	60,716	67,043
	<b>440,532</b>	<b>414,034</b>

**B8. Lease liabilities**

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

	As at 30 June 2021 RM'000	(Audited) As at 31 December 2020 RM'000
Present value of minimum lease payments:		
Repayable within twelve months	259	1,907
Repayables after twelve months	3,489	3,204
	<b>3,748</b>	<b>5,111</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 except as otherwise stated here.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)****B9. Changes in material litigation (Cont'd)**

Save as disclosed, as at 27 May 2021, there are no material litigation, claims or arbitration, proceedings pending or threatened, against Chin Hin Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect Chin Hin Group.

On 30 June 2017, Chin Hin Concrete (KL) Sdn Bhd ("CHCKL"), our wholly owned subsidiary sued Betamusifa Trading Sdn Bhd & Anor ("BTSB") for the sum of RM579,568.00 being goods sold and delivered. BTSB counter claimed CHCKL on 5 March 2019 for the following: -

- (a) rectification works of approximately RM1.4 million due to understrength concrete; and
- (b) liquidated ascertained damages for delay caused to the completion of the project/development ("LAD") attributable to CHCKL's provision of alleged under-strength cement.

On 3 September 2019, the Kuala Lumpur High Court held as follows:

- (i) BTSB is liable to pay CHCKL for goods sold and delivered of RM579,568.00;
- (ii) CHCKL is liable to pay BTSB rectification costs of approximately RM1.4 million and cost of RM30,000.00; and
- (iii) LAD was dismissed on the ground that the said LAD was not provided for or agreed in writing by the parties.

Both parties made an appeal to the Court of Appeal whereupon BTSB appealed against the payment of RM579,568.00 to CHCKL and dismissal of LAD of approximately RM36.8 million; and CHCKL appealed against the rectification cost of RM1.4mil. Trial on the appeal was conducted on 5 January 2021. Decision for the appeal was initially fixed on 17 February 2021. Trial on the appeal was conducted on 5 January 2021 and the decision for the appeal was originally fixed on 17 February 2021 but was re-scheduled to 20 April 2021. Putrajaya Court of Appeal requires more time to deliberate on the decision for CHCKL's appeal against BTSB and therefore the decision date has been postponed again whereby another Case Management is fixed on 29 June 2021 for the Court to update on a new date for decision. On 29 June 2021, the Court of Appeal maintains the High Court's decision with the appeal from both sides being dismissed with cost. However, on 29 July 2021 CHCKL has received an Application for Leave to appeal to Federal Court from BTSB as BTSB is dissatisfied with the Court of Appeal's decision. The first case management for the Federal Court appeal is scheduled on 27 August 2021.

Our Company sought the necessary legal advice on the above subject matter and is of the opinion that we have a valid defence against appeal for the LAD by BTSB. In addition, the Board is of the view that the decision by Kuala Lumpur High Court to dismiss the LAD is justified because CHCKL is merely a construction material supplier to BTSB and in the absence of any express LAD contractual clause between CHCKL and BTSB, the claim for LAD is frivolous and it cannot be substantiated at law.

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**
**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 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit attributable to ordinary equity holders of the Group (RM'000)	3,618	7,474	18,774	8,902
Number of ordinary shares in issues as at 1 January ('000)	556,388	550,068	556,388	550,068
Effect of shares issued during the financial period ('000)	139,629	(2,816)	139,629	(2,816)
Weighted average number of ordinary shares in issue ('000)	696,017	547,252	696,017	547,252
Basic earnings per share (sen)	0.52	1.37	2.70	1.63

**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 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit attributable to ordinary equity holders of the Group (RM'000)	3,618	7,474	18,774	8,902
Weighted average number of ordinary shares as above	696,017	547,252	696,017	547,252
Basic earnings per share (sen)	0.52	1.37	2.70	1.63

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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)****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 June 2021 RM'000	Unaudited As at 30 June 2020 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	155	165
- Overprovision in prior year	(2)	(31)
Bad debts recovered	-	(21)
Bad debts written off	37	-
Depreciation of property, plant and equipment	16,271	16,710
Directors' fee	90	120
Directors remuneration		
- Salary, EPF and Socso	1,030	1,017
- Other emoluments	125	123
Impairment on trade receivables	2,474	4,366
Interest expense	7,284	11,443
Interest income	(1,831)	(1,351)
Inventories written off	36	20
Gain on disposal of asset held for sale	(150)	-
Gain on disposal of investment in associate companies	-	(27,788)
Gain on disposal of investment in subsidiary companies	(168)	-
Gain on disposal of property, plant and equipment	(5)	(106)
Property, plant and equipment written off	50	159
Realised loss on foreign exchange	90	174
Rental income	(1,080)	(1,526)
Rental expenses	2,820	1,747
Share of results of associates, net of tax	(3,530)	(1,232)
Unrealised gain on foreign exchange	(186)	(251)

**B13. Comparative figures**

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

**BY ORDER OF THE BOARD**

**26 August 2021**