



CHIN HIN GROUP BERHAD

INTERIM FINANCIAL REPORT THIRD QUARTER ENDED 30TH SEPTEMBER 2021

CHIN HIN GROUP BERHAD

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(Incorporated in Malaysia)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter			
	Note	30 Sep 2021 RM'000	30 Sep 2020 RM'000	Changes %	30 Sep 2021 RM'000	30 Sep 2020 RM'000	Changes %
Revenue		226,541	287,001	-21%	749,404	657,523	14%
Cost of sales		(210,844)	(266,041)		(691,628)	(615,415)	
Gross profit		15,697	20,960		57,776	42,108	
Other operating income		1,795	1,408		4,333	3,842	
Gain on disposal of investment in associate companies		9,679	-		25,729	27,557	
Gain on disposal of investment in subsidiary companies		-	-		168	-	
Finance income		91	1,043		1,922	2,394	
Impairment on goodwill		(1,521)	-		(1,521)	-	
Impairment on trade receivables		(1,381)	(1,224)		(3,855)	(5,590)	
Administrative expenses		(16,768)	(15,118)		(50,251)	(45,714)	
Operating profit		7,592	7,069	7%	34,301	24,597	39%
Finance costs		(4,566)	(4,557)		(11,850)	(16,000)	
Share of results of associates		668	1,576		4,198	2,627	
Profit before taxation		3,694	4,088	-10%	26,649	11,224	137%
Taxation	B5	(1,173)	(1,730)		(5,959)	(2,009)	
Profit after taxation		2,521	2,358	7%	20,690	9,215	125%
Other comprehensive income							
Exchange translation differences		(34)	(108)		121	(23)	
Total comprehensive income for the financial period		2,487	2,250		20,811	9,192	
PROFIT AFTER TAX							
ATTRIBUTABLE TO:							
Owners of the Company		2,547	3,254	-22%	21,321	12,156	75%
Non-controlling interests		(26)	(896)		(631)	(2,941)	
		2,521	2,358		20,690	9,215	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021 (Cont'd)**
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter			
	30 Sep 2021	30 Sep 2020	Changes	30 Sep 2021	30 Sep 2020	Changes	
Note	RM'000	RM'000	%	RM'000	RM'000	%	
TOTAL COMPREHENSIVE INCOME							
ATTRIBUTABLE TO:							
Owners of the Company	2,513	3,146		21,442	12,133		
Non-controlling interests	(26)	(896)		(631)	(2,941)		
	<u>2,487</u>	<u>2,250</u>		<u>20,811</u>	<u>9,192</u>		
Earnings per share attributable to owners of the Company (sen):							
- Basic	B11	0.34	0.59	2.83	2.22		
- Diluted	B11	0.34	0.59	2.83	2.22		
Profit Before Interest and Tax		<u>7,592</u>	<u>7,069</u>	7%	<u>34,301</u>	<u>24,597</u>	39%

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 SEPTEMBER 2021**
(The figures have not been audited)

	30 September 2021 RM'000	(Audited) 31 December 2020 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	452,582	421,104
Investment properties	56,560	27,760
Investment in an associate	207,181	37,271
Inventories - Land held for development	884	-
Goodwill	44,966	34,672
Deferred tax assets	93	-
Other investment	24	24
TOTAL NON-CURRENT ASSETS	762,290	520,831
CURRENT ASSETS		
Contract assets	5,108	1,634
Inventories	130,811	95,854
Trade receivables	409,773	367,757
Other receivables	81,147	17,197
Net investment in lease	69	69
Tax recoverable	2,357	5,520
Fixed deposits with licensed banks	151	21
Cash and bank balances	59,729	51,249
	689,145	539,301
Assets held for sale	-	11,450
TOTAL CURRENT ASSETS	689,145	550,751
TOTAL ASSETS	1,451,435	1,071,582
EQUITY AND LIABILITIES		
EQUITY		
Share capital	381,851	325,796
Treasury shares	(338)	-
Merger reserve	(147,392)	(147,392)
Foreign currency translation reserve	371	250
Revaluation reserve	6,248	9,413
Retained earnings	286,919	262,067
Total equity attributable to Owners of the Company	527,659	450,134
Non-controlling interests	89,188	(4,846)
TOTAL EQUITY	616,847	445,288

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

	30 September 2021 RM'000	(Audited) 31 December 2020 RM'000
CURRENT LIABILITIES		
Trade payables	142,925	135,900
Other payables	96,276	56,236
Contract liabilities	3,868	-
Amount owing to directors	39,805	770
Bank borrowings	402,350	346,991
Lease liabilities	4,131	1,907
Tax payable	3,524	672
TOTAL CURRENT LIABILITIES	692,879	542,476
NON-CURRENT LIABILITIES		
Bank borrowings	119,770	67,043
Lease liabilities	4,258	3,204
Contract liabilities	27	-
Deferred tax liabilities	17,654	13,571
TOTAL NON-CURRENT LIABILITIES	141,709	83,818
TOTAL LIABILITIES	834,588	626,294
TOTAL EQUITY AND LIABILITIES	1,451,435	1,071,582
NET ASSET PER SHARE (RM)	0.82	0.81

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.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

	-----Attributable to owners of the parent-----						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	----- Non-Distributable -----			Distributable					
	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			
At 1 January 2021	325,796	-	(147,392)	250	9,413	262,067	450,134	(4,846)	445,288
Profit for the financial period	-	-	-	-	-	21,321	21,321	(631)	20,690
Other comprehensive income	-	-	-	121	-	-	121	-	121
Total comprehensive income	-	-	-	121	-	21,321	21,442	(631)	20,811
Realisation of revaluation reserve upon disposal of properties	-	-	-	-	(3,165)	3,165	-	-	-
Transactions with owners:									
Changes in ownership interests in subsidiary companies	-	-	-	-	-	6,224	6,224	17,959	24,183
Acquisition of subsidiary companies	-	-	-	-	-	-	-	76,595	76,595
Disposal of subsidiary companies	-	-	-	-	-	-	-	111	111
Dividends to owners of the Company	-	-	-	-	-	(5,561)	(5,561)	-	(5,561)
Issuance of shares	56,055	-	-	-	-	(297)	55,758	-	55,758
Shares repurchased	-	(338)	-	-	-	-	(338)	-	(338)
Total transactions with owners	56,055	(338)	-	-	-	366	56,083	94,665	150,748
At 30 September 2021	381,851	(338)	(147,392)	371	6,248	286,919	527,659	89,188	616,847

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 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			
At 1 January 2020	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)	-	-	-
Transactions with owners:									
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
At 31 December 2020	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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**
(The figures have not been audited)

	Cumulative quarter	
	30 September 2021	30 September 2020
Cash Flows From Operating Activities	RM'000	RM'000
Profit before taxation	26,649	11,224
Adjustment for:		
Bad debts written off	37	-
Depreciation of property, plant and equipment	25,709	25,068
Impairment loss on goodwill	1,521	-
Impairment loss on trade receivables	3,855	5,590
Interest expense	11,850	16,000
Interest income	(1,922)	(2,394)
Inventories written off	55	29
Inventories written down	316	-
Gain on disposal of asset held for sale	(150)	-
Gain on disposal of investment in associate companies	(25,729)	(27,557)
Gain on disposal of investment in subsidiary companies	(168)	-
Gain on disposal of property, plant and equipment	(26)	(148)
Property, plant and equipment written off	50	159
Reversal of impairment loss on trade receivables	(5)	-
Share of results of associates	(4,198)	(2,627)
Unrealised loss/(gain) on foreign exchange	436	(124)
Operating profit before working capital changes	38,280	25,220
Changes in working capital:		
Inventories	(3,504)	9,807
Trade receivables	65,067	(5,621)
Other receivables	350	(1,887)
Net investment in lease	-	9
Contract assets	297	3,337
Trade payables	(13,031)	(1,448)
Other payables	(11,242)	(476)
Amount due to directors	39,035	(15,850)
	76,972	(12,129)
Cash generated from operations	115,252	13,091
Interest paid	(11,755)	(16,000)
Interest received	1,922	2,394
Tax paid	(2,651)	(2,231)
Tax refund	859	-
Net cash from/(used in) operating activities	103,627	(2,746)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021 (Cont'd)**
(The figures have not been audited)

	Cumulative Quarter	
	30 September 2021 RM'000	30 September 2020 RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(9,955)	(9,298)
Acquisition of associate companies	(122,612)	-
Acquisition of subsidiaries	(75,393)	-
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	27,367	32,500
Proceeds from disposal of property, plant and equipment	82	310
Subscription of shares by non-controlling interest	1,803	-
Net cash (used in)/from investing activities	<u>(167,121)</u>	<u>24,092</u>
Cash Flows From Financing Activities		
Dividend paid	(5,561)	-
Drawdown of bank borrowings	70,500	-
Net changes on bankers' acceptance, trust receipt and revolving credits	(27,498)	(27,874)
Increase in fixed deposits pledged	(130)	-
Repayment of bank borrowings	(15,562)	(14,621)
Repayment of lease liabilities	(3,790)	(1,337)
Payment of share issue expenses	(297)	-
Proceeds from disposal of treasury shares	-	13,449
Proceeds from issue of share capital	56,055	-
Shares repurchased	(338)	(1,995)
Net cash from/(used in) financing activities	<u>73,379</u>	<u>(32,378)</u>
Net increase/(decrease) in cash and cash equivalents	9,885	(11,032)
Cash and cash equivalents at the beginning of the financial period	49,723	53,547
Effect of exchange translation differences on cash and cash equivalents	121	102
Cash and cash equivalents at the end of the financial period	<u>59,729</u>	<u>42,617</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021 (Cont'd)**

(The figures have not been audited)

	Cumulative Quarter	
	30 September 2021	30 September 2020
	RM'000	RM'000
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	59,729	42,617
Fixed deposits with licensed banks	151	21
	59,880	42,638
Less: Fixed deposits pledged to licensed banks	(151)	(21)
	59,729	42,617

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- THIRD QUARTER ENDED 30 SEPTEMBER 2021

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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:

	Effective dates for financial period beginning on and after
MFRSs and IC Interpretations (Including The Consequential Amendments)	
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 SEPTEMBER 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 the 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. As at 30 September 2021, 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. 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.

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

A7. Segmental information

The Group's operating activities were derived from Ten (10) main business segments, namely the following:-

	Unaudited Individual quarter 30 September 2021 RM'000	Unaudited Individual quarter 30 September 2020 RM'000	Unaudited Cumulative quarter 30 September 2021 RM'000	Unaudited Cumulative quarter 30 September 2020 RM'000
Revenue				
<u>Building material division</u>				
• Investment holding and management services	1,780	1,487	5,777	4,147
• Distribution of building materials and logistics services	113,123	164,246	408,898	374,851
• Ready-mixed concrete	9,413	16,585	33,632	40,701
• Manufacturing of fire-rated and wooden door	5,092	9,274	21,502	22,952
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	68,547	78,170	228,599	190,999
• Manufacturing of wire mesh	31,759	36,263	105,313	77,701
• Modular building Solutions	-	101	-	353
<u>Vehicle division</u>				
• Manufacturing and trading of commercial vehicles and bodyworks	16,744	-	16,744	-
• Rental and fleet management services	491	-	491	-
<u>Property development division</u>				
• Property development	768	-	768	-
	247,717	306,126	821,724	711,704
Adjustments and eliminations	(21,176)	(19,125)	(72,320)	(54,181)
	226,541	287,001	749,404	657,523

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

The Group's operating activities were derived from Ten (10) main business segments, namely the following (Cont'd):-

	Unaudited Individual quarter 30 September 2021 RM'000	Unaudited Individual quarter 30 September 2020 RM'000	Unaudited Cumulative quarter 30 September 2021 RM'000	Unaudited Cumulative quarter 30 September 2020 RM'000
Profit before taxation				
<u>Building material division</u>				
• Investment holding and management services	8,073	(398)	22,080	26,848
• Distribution of building materials and logistics services	2,016	2,898	7,310	(1,881)
• Ready-mixed concrete	(555)	(541)	(2,637)	(2,857)
• Manufacturing of fire-rated and wooden door	(815)	(398)	(2,791)	(2,328)
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	(4,023)	(92)	(265)	(8,536)
• Manufacturing of wire mesh	1,232	1,550	2,549	340
• Modular building Solutions	(7)	(584)	(875)	(2,541)
<u>Vehicle division</u>				
• Manufacturing and trading of commercial vehicles and bodyworks	(398)	-	(398)	-
• Rental and fleet management services	113	-	113	-
<u>Property development division</u>				
• Property development	(1,103)	-	(1,103)	-
	4,533	2,435	23,983	9,045
Share of results of associates	668	1,576	4,198	2,627
	5,201	4,011	28,181	11,672
Adjustments and eliminations	(1,507)	77	(1,532)	(448)
	3,694	4,088	26,649	11,224

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A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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: -

a) Building material division

	Unaudited 30 September 2021 RM'000	Audited 31 December 2020 RM'000
Authorised and contracted for:		
- acquisition of property, plant and equipment	<u>2,164</u>	<u>3,572</u>

b) Property development division

	Unaudited 30 September 2021 RM'000
Approved and contracted for *	104,745
Contracted and subject for shareholders' approval	85,000
	<u>189,745</u>

* Subject for approval from the relevant authorities and statutory bodies.

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A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (CONT'D)**A11. Capital commitments (Cont'd)**

Upon acquisition of Chin Hin Group Property Berhad ("CHGP"), the outstanding capital commitments mainly derives from the property development division whereby the group has embarked on a landbank accumulation strategy in anticipation of a market recovery in 2022 as per the listing below:-

- (i) BK Alliance Sdn. Bhd., a 51% owned subsidiary company of BKG Development Sdn. Bhd. ("BKGD") has on 13 January 2021 entered into a Sale and Purchase Agreement ("SPA") with Suez Domain Sdn. Bhd. to acquire a piece of leasehold land located at Mukim Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan for a total cash consideration of RM20,914,280. This acquisition was completed on 22 October 2021.
- (ii) Stellar Trinity Sdn. Bhd. ("STSB"), a wholly-owned subsidiary company of BKGD has on 27 January 2021 entered into the followings:-
 - 3 SPAs with Frazel World Sdn. Bhd. to acquire 3 pieces of freehold lands at Mukim Serendah, Selangor for a cash consideration of RM45,114,934; and
 - 2 SPAs with Frazel Icon to acquire 2 pieces of freehold lands at Mukim Serendah Selangor for a cash consideration of RM9,407,411.
- (iii) Boon Koon Capital Sdn. Bhd, a wholly-owned subsidiary of the Company had on 8 February 2021 entered into a SPA with SMD Real Estate Sdn. Bhd. to acquire a piece of freehold land at Bandar Cyberjaya, Daerah Sepang, Selangor for a cash consideration of RM50,223,330.
- (iv) Boon Koon Commercial Sdn. Bhd, a wholly-owned subsidiary company of BKGD had on 18 February 2021 entered into a SPA with Perumahan Kinrara Berhad to acquire a piece of freehold land located at Daerah Petaling, Pekan Kinrara, Selangor for a cash consideration of RM59,765,600. This acquisition was completed on 1 November 2021.
- (v) STSB had on 15 April 2021 entered into a SPA with private owners to acquire a piece of land located at Mukim Serendah, Daerah Hulu Selangor, Selangor for a cash consideration of RM2,391,522. This acquisition was completed on 12 August 2021.
- (vi) BKSP Autoworld Sdn. Bhd., a wholly-owned subsidiary company of BKGD had on 28 October 2021 entered into a SPA with Frazel Luxe Sdn. Bhd. to acquire a piece of freehold land located at Mukim Petaling, Tempat 9 3/4 Mile, Kuchai Road, Daerah Kuala Lumpur, Wilayah Persekutuan for a cash consideration of RM85,000,000.

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A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (CONT'D)
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 2021 except for the following:-

On 4 August 2021, Chin Hin Group Berhad ("Chin Hin") has acquired 176,608,435 ordinary shares and 37,561,700 warrants of Chin Hin Group Property Berhad ("CHGP") for a total cash consideration of RM88.86 million and CHGP has become the subsidiary company of Chin Hin with an equity interest of 50.28%. Chin Hin has subsequently converted all its warrants to new ordinary shares in the same month and increased its shareholdings to 55.06% in CHGP. On 29 September 2021 and during the quarter ended 30 September 2021, CHGP has issued 30,226,000 new ordinary shares pursuant to the Special Issue of Shares and converted 7,515,600 warrants to 7,515,600 new ordinary shares respectively, which exclusive of Chin Hin's warrants conversion. As a result, the shareholdings of Chin Hin in CHGP has diluted to 50.17% as at 30 September 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 September 2021	Audited 31 December 2020
Unsecured	RM'000	RM'000
Corporate guarantees given to the licensed banks for credit facility granted to related companies	399,553	404,073
Bank guarantee issued to third parties	3,292	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.

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A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2021 were as follows: -

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	2,224
-Sales of goods	824
-Purchase of goods	4,506
-Rental received/receivables	238
-Rental paid/payables	2,026
-Insurance and road tax received	114

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 RM226.54 million, a decrease of RM60.46 million or 21.07% as compared to RM287.00 million in the preceding year corresponding quarter. The lower revenue recorded in current quarter were due to the construction activities suffered delays with varying lengths as site works were only allowed to resume by stages since the mid of August following the completion of vaccinations for the local and foreign workers. As such, the demand for our construction materials were affected. The acquisition of CHGP on 4 August 2021 has brought in the revenue of RM17.24 million and RM0.77 million from the vehicle and property development division respectively.

The Group's gross profit has decreased by RM5.26 million or 25.10% from a gross profit of RM20.96 million in the preceding year corresponding quarter to RM15.70 million in the current quarter of 2021. The gross profit margin for the current quarter was recorded at 6.93% as compared to a gross profit margin of 7.30% in the preceding year corresponding quarter. The reduced in the gross profit margin in the current quarter was caused by the fixed overheads such as labour cost, rental and depreciation had to be incurred by all our manufacturing plants during the FMCO period where business operation has slowed down tremendously couple with the other challenges faced such as the rising cost of raw materials, cost of labour, cost of Labour Recalibration Programme as well as the cost of compliance with MCO standard operating procedures.

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 RM10.07 million or 714.18% from RM1.41 million in the preceding year corresponding quarter to RM11.48 million in the current quarter. The surge was mainly due to the gain on disposal of 8,692,300 units of Solarvest Holdings Berhad's ordinary shares totalling RM9.68 million in current quarter. Whereby the balance of the increase in other operating income were due to the sales of scrap of steel in line with the increased in steel price and wage subsidy received from PERKESO's Wage Subsidy Programme.

Administrative expenses have increased by RM1.65 million mainly after the acquisition of CHGP as mentioned in section A12. Impairment on trade receivables were increased by RM0.16 million as compared to the preceding year corresponding quarter principally caused by the impairment provided in the wire mesh and distribution of building materials sectors. There was an impairment on goodwill amounted to RM1.52 million made for the investment in Midah Industries Sdn Bhd, Epic Diversity Sdn Bhd and Saujana Vision Sdn Bhd due to these companies were not performed well since last financial year.

The Group's finance cost for the current quarter has increased by RM0.01 million as compared to the preceding year corresponding quarter principally due to the drawdown of new Term Loan of RM40.50 million in the end of August 2021 by the Company to part finance the acquisition of CHGP.

Share of profit from our associate companies have decreased by RM0.91 million or 57.59% as compared to the preceding year corresponding quarter primarily contributed by the decline in Solarvest Holdings Bhd's share of earning due to the progress of project works were considerably affected by the Covid-19 pandemic. The share of profit from associate of CHGP which amounted to RM0.34 million was contributed by the "8th & Stellar mixed development" Project has also flow up to the Group which resulted from the acquisition of CHGP.

Given the abovementioned decreased in the gross profit and share of results of the associates, increased in finance costs, higher impairment on trade receivables and impairment on goodwill offset with the increased in the gain on the disposal of investment in associate companies, the Group reported a decrease in profit before tax ("PBT") of RM0.39 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 September 2021 RM'000	Unaudited Individual quarter 30 June 2021 RM'000	Changes %
Revenue	226,541	214,948	5%
Operating Profit	7,592	7,800	-3%
Profit Before Interest and Tax	7,592	7,800	-3%
Profit Before Tax	3,694	4,689	-21%
Profit After Tax	2,521	3,629	-31%
Profit Attributable to Ordinary Equity Holders of the Parent	2,547	3,618	-30%

For the quarter under review, the Group posted a revenue of RM226.54 million as compared to RM214.95 million in the preceding quarter, an increase of RM11.59 million or 5.39%. The slight increase of revenue was mainly contributed by the acquisition of CHGP on 4 August 2021 which has brought in the revenue of RM17.24 million and RM0.77 million from the vehicle and property development division respectively, causing a rebound in the Group's revenue although it was badly affected by the FMCO. However, the operating profit and profit before tax were critically affected as all our business units had to incur fixed overheads such as labour cost, salary, rental, depreciation and finance cost during the pandemic as demand for building materials has yet to pick up due to many sites hasn't resume operation following the low vaccination rate. Besides, our group had to deal with other challenges, such as the rising cost of raw materials, cost of labour, cost of Labour Recalibration Programme as well as the cost of compliance with MCO standard operating procedures. Moreover, 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 ordinary shares of RM9.68 million recorded in the current quarter as compared to a lower gain on disposal of warrants of RM8.83 million captured in the preceding quarter.

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

B3. Prospects

The management acknowledges that Covid-19 pandemic has caused serious impact on the global and local economy. Malaysia's government has imposed the second Full Lock Down and enforced mandatory business closure effective 1st June 2021 to combat the widespread pandemic. The market is anticipated to be extremely soft during this National Recovery Period ("NRP") as scarring effect of intermittent MCO on economy will continue & recovery does not seem to be imminent. With the recent development and vaccination progress worldwide as well as in the country, the management remain vigilant and resilient upon dealing with challenges face in the operation.

G-Cast Concrete Sdn Bhd is still following up closely on East Coast Rail Link ("ECRL") Project and other infrastructure projects in the Asia countries i.e Singapore, India, the Philippines and Indonesia. Lately, the Company has managed to secure cable-trough and lids project for the trackwork at Thomson-East Coast Line Stage 4 & 5, Downtown Line Sage 3 Extension and East-West Upgrade Line in Singapore. The progress in securing projects in Singapore is promising. Nevertheless, the progress in other countries remains slow due to the continued lock down as a result of Covid-19 new variant 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 has resumed back to 80% level as of late. Shortage of manpower still remain the major problem faced by the Singapore 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.

The acquisition of 176,608,435 ordinary shares and 37,561,700 warrants in Chin Hin Group Property Berhad ("CHGP") for a total consideration of RM88.86 million was completed on 4 August 2021. The property development division has lately embarked on a landbank accumulation strategy within the Klang Valley in anticipation of property market recovery in 2020. This aggressive move is expected to bear fruit and contribute positively to Chin Hin Group in the long term. The Property Development Division has also diversified its existing businesses to include the construction business via the acquisition of a construction company, Kayangan Kemas Sdn Bhd with Construction Industry Development Board ("CIDB")'s G7 license will enable the Group to tap into the construction industry, which is complementary to the Group. The Group will consolidate the financial results of Kayangan Group after the acquisition was completed on 23 November 2021. Kayangan Group is expected to contribute more than 25% of the property division's future profits.

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 five (5) Engineering, Procurement, Construction and Commissioning ("EPCC") projects totalling RM418.15 million (149.07 MW) from other successful bidders in the LSS@Mentari programme namely Energy ES Sdn Bhd, Grooveland Sdn Bhd, M K Land Resources Sdn Bhd, Classic Solar Farm Sdn Bhd and TNB Engineering Corporation Sdn Bhd. Solarvest Group aims to clinch an additional 150 MW of EPCC projects, worth about RM180 to RM280 million in the coming months. Solarvest Group had on 29 October 2021 entered into a Memorandum of Understanding ("MOU") with Hsinjing Holding Corporate Limited to jointly develop solar projects in Taiwan for the capacity of around 500MW by the end of year 2025. The Company's project orders remained "very active" from both the LSSPV, as well as the commercial and industrial segments. With the current strong order books, it is expected to boost its financial performance in FY2021 up till FY2023.

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 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial period	368	925	5,110	2,189
- (Over)/Under provision in prior year	(66)	118	(66)	(26)
	<u>302</u>	<u>1,043</u>	<u>5,044</u>	<u>2,163</u>
Deferred tax				
- Current financial period	871	511	916	(112)
- Under/(Over) provision in prior year	-	176	(1)	(42)
Total tax expense	<u>1,173</u>	<u>1,730</u>	<u>5,959</u>	<u>2,009</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) The Company has announced the Proposed private placement of up to 20% of the issued ordinary shares in Chin Hin (excluding treasury shares) on 29 December 2020. On 19 February 2021, Bursa Securities approved the listing and quotation for the proposed private placement shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Chin Hin Group Berhad has fixed the first tranche issue price of private placement shares at RM1.11 per Placement Share on 23 July 2021. 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 in issued and latest issued share capital of the Company has been increased to 885,081,996 or RM381,850,595.00 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)
I. Status of corporate proposal (Cont'd)

- (b) On 1 November 2021, the Company proposed to undertake a bonus issue of up to 500,749,198 new ordinary shares in Chin Hin ("Bonus Shares"), on the basis of 1 Bonus Share for every 2 ordinary shares in Chin Hin held at an entitlement date to be determined later.

However, after further review and assessment of the Proposed Bonus Issue taking into consideration the current market conditions, the Board of the Company has resolved to defer the Proposed Bonus Issue at this juncture. Further development of the Proposed Bonus Issue will be announced in due course.

II. Utilisation of proceeds

- (a) The status of utilisation of proceeds of approximately RM56.055 million from the first tranche of private placement as at 30 September 2021 are as follow:-

Detail of the utilisation of proceeds	Utilisation			Estimated timeframe for utilisation from the date of listings
	Proposed	Actual (first tranche)	Balance	
i) Acquisition of ordinary shares and warrants in Chin Hin Group Property Berhad ("CHGP")	88,864	55,648	33,216	Within six (6) months
ii) Repayment of borrowings	60,400	-	60,400	Within six (6) months
iii) Estimated expenses for the Proposed Private Placement	960	407	553	Within one (1) month
	150,224	56,055	94,169	

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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 September 2021 RM'000	(Audited) As at 31 December 2020 RM'000
Bank overdrafts	-	1,526
Revolving credits	134,086	93,331
Bankers' acceptance	243,991	230,626
Trust receipts	-	218
Term loans	144,043	88,333
Total bank borrowings	522,120	414,034
Total bank borrowings comprises:-		
Current:		
Bank overdraft	-	1,526
Revolving credits	134,086	93,331
Bankers' acceptance	243,991	230,626
Trust receipts	-	218
Term loans	24,273	21,290
	402,350	346,991
Non-current:		
Term loans	119,770	67,043
	522,120	414,034

B8. Lease liabilities

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

	As at 30 September 2021 RM'000	(Audited) As at 31 December 2020 RM'000
Present value of minimum lease payments:		
Repayable within twelve months	4,131	1,907
Repayables after twelve months	4,258	3,204
	8,389	5,111

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 case has been fixed for hearing on 6 December 2021 whereby parties are instructed by the court to exchange return submissions prior to that date.

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

On 26 November 2021, the Board of Directors of the Company has approved the declaration and payment of first interim single-tier dividend of RM0.010 per ordinary share totalling RM8,847,068 in respect of the financial year ending 31 December 2021. The entitlement date and the payment date of the first interim single-tier dividend are 24 December 2021 and 6 January 2022 respectively.

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 2021	30 September 2020	30 September 2021	30 September 2020
Profit attributable to ordinary equity holders of the Group (RM'000)	2,547	3,254	21,321	12,156
Number of ordinary shares in issues as at 1 January ('000)	556,388	556,388	556,388	556,388
Effect of treasury shares held	(241)	(9,342)	(241)	(9,342)
Effect of treasury shares sold	-	753	-	753
Effect of shares issued during the financial period ('000)	197,211	-	197,211	-
Weighted average number of ordinary shares in issue ('000)	753,358	547,799	753,358	547,799
Basic earnings per share (sen)	0.34	0.59	2.83	2.22

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 2021	30 September 2020	30 September 2021	30 September 2020
Profit attributable to ordinary equity holders of the Group (RM'000)	2,547	3,254	21,321	12,156
Weighted average number of ordinary shares as above	753,358	547,799	753,358	547,799
Basic earnings per share (sen)	0.34	0.59	2.83	2.22

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 September 2021 RM'000	Unaudited As at 30 September 2020 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	247	244
- Overprovision in prior year	(13)	(31)
Bad debts recovered	-	(46)
Bad debts written off	37	-
Depreciation of property, plant and equipment	25,709	25,068
Directors' fee	158	180
Directors remuneration		
- Salary, EPF and Socso	1,633	1,572
- Other emoluments	204	197
Impairment loss on goodwill	1,521	-
Impairment loss on trade receivables	3,855	5,590
Interest expense	11,850	16,000
Interest income	(1,922)	(2,394)
Inventories written off	55	29
Inventories written down	316	-
Gain on disposal of asset held for sale	(150)	-
Gain on disposal of investment in associate companies	(25,729)	(27,557)
Gain on disposal of investment in subsidiary companies	(168)	-
Gain on disposal of property, plant and equipment	(26)	(148)
Property, plant and equipment written off	50	159
Realised loss on foreign exchange	32	259
Rental income	(1,574)	(2,397)
Rental expenses	3,459	2,538
Reversal of impairment loss on trade receivables	(5)	-
Share of results of associates, net of tax	(4,198)	(2,627)
Unrealised loss/(gain) on foreign exchange	436	(124)

B13. Comparative figures

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

BY ORDER OF THE BOARD

26 November 2021