



CHIN HIN GROUP BERHAD

**INTERIM FINANCIAL REPORT
THIRD QUARTER ENDED 30TH SEPTEMBER 2022**

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022**
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	30 Sep 2022	30 Sep 2021	Changes	30 Sep 2022	30 Sep 2021	Changes
Note	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	418,116	226,541	84.57%	1,120,394	749,404	50%
Cost of sales	(380,596)	(210,844)		(1,032,285)	(691,628)	
Gross profit	37,520	15,697	139.03%	88,109	57,776	53%
Other operating income	5,140	1,795		14,004	4,333	
Fair value gain on other investment	8,391	-		45,626	-	
Gain on disposal of investment in an associate company	-	9,679		19,949	9,679	
Gain on disposal of investment in subsidiary companies	-	-		4,020	168	
Gain on disposal of warrants	-	-		-	16,050	
Finance income	648	91		1,550	1,922	
Impairment loss on goodwill	-	(1,521)		-	(1,521)	
Impairment loss on trade receivables	(2,470)	(1,381)		(5,688)	(3,855)	
Administrative expenses	(24,069)	(16,768)		(71,068)	(50,251)	
Operating profit	25,160	7,592	231%	96,502	34,301	181%
Finance costs	(8,181)	(4,566)		(21,701)	(11,850)	
Share of results of associates	4,514	668		18,246	4,198	
Share of results of joint venture	566	-		1,433	-	
Profit before taxation	22,059	3,694	497%	94,480	26,649	255%
Taxation	B5 (5,601)	(1,173)		(12,292)	(5,959)	
Profit after taxation	16,458	2,521	553%	82,188	20,690	297%
Other comprehensive income						
Exchange translation differences	249	(34)		379	121	
Total comprehensive income for the financial period	16,707	2,487		82,567	20,811	
PROFIT AFTER TAX						
ATTRIBUTABLE TO:						
Owners of the Company	16,409	2,547	544%	81,157	21,321	281%
Non-controlling interests	49	(26)		1,031	(631)	
	16,458	2,521		82,188	20,690	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022 (Cont'd)**
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	30 Sep 2022	30 Sep 2021	Changes	30 Sep 2022	30 Sep 2021	Changes
Note	RM'000	RM'000	%	RM'000	RM'000	%
TOTAL COMPREHENSIVE INCOME						
ATTRIBUTABLE TO:						
Owners of the Company	16,658	2,513	563%	81,536	21,442	280%
Non-controlling interests	49	(26)		1,031	(631)	
	<u>16,707</u>	<u>2,487</u>		<u>82,567</u>	<u>20,811</u>	
Earnings per share attributable to owners of the Company (sen):						
- Basic	B11	1.62	0.34	8.00	2.83	
- Diluted	B11	1.62	0.34	8.00	2.83	
Profit Before Interest and Tax	<u>25,160</u>	<u>7,592</u>	231%	<u>96,502</u>	<u>34,301</u>	181%

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 2021 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 2022**
(The figures have not been audited)

	30 September 2022 RM'000	(Audited) 31 December 2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	445,146	451,655
Investment properties	59,000	59,000
Investment in associates	272,512	229,963
Investment in a joint venture	2,679	1,590
Goodwill	34,515	39,194
Other investment	93,668	93
Other financial assets	1,519	1,519
Inventories - Land held for development	62,511	159,540
Trade receivables	2,638	3,186
TOTAL NON-CURRENT ASSETS	974,188	945,740
CURRENT ASSETS		
Contract assets	42,078	21,176
Inventories	319,020	122,686
Trade receivables	487,443	511,878
Other receivables	96,648	69,266
Net investment in lease	69	69
Tax recoverable	5,457	5,862
Fixed deposits with licensed banks	23,768	13,037
Cash and bank balances	98,315	89,113
	1,072,798	833,087
Assets held for sale	2,308	-
TOTAL CURRENT ASSETS	1,075,106	833,087
TOTAL ASSETS	2,049,294	1,778,827
EQUITY AND LIABILITIES		
EQUITY		
Share capital	381,851	381,851
Treasury shares	(338)	(338)
Merger reserve	(147,392)	(147,392)
Foreign currency translation reserve	782	403
Revaluation reserve	6,143	6,268
Retained earnings	325,446	275,682
Total equity attributable to Owners of the Company	566,492	516,474
Non-controlling interests	110,725	104,992
TOTAL EQUITY	677,217	621,466

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022 (Cont'd)

(The figures have not been audited)

	30 September 2022 RM'000	(Audited) 31 December 2021 RM'000
CURRENT LIABILITIES		
Trade payables	254,687	207,525
Other payables	118,168	122,606
Contract liabilities	48	195
Amount owing to directors	17,025	6
Bank borrowings	514,119	492,122
Lease liabilities	5,420	4,363
Tax payable	1,938	2,727
TOTAL CURRENT LIABILITIES	911,405	829,544
NON-CURRENT LIABILITIES		
Contract liabilities	20	25
Trade payables	13,226	6,681
Bank borrowings	424,224	298,766
Lease liabilities	5,535	5,324
Deferred tax liabilities	17,667	17,021
TOTAL NON-CURRENT LIABILITIES	460,672	327,817
TOTAL LIABILITIES	1,372,077	1,157,361
TOTAL EQUITY AND LIABILITIES	2,049,294	1,778,827
NET ASSET PER SHARE (RM)	0.67	0.82

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 2021 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net asset per share for the current quarter and comparative financial period is calculated based on the total equity divided by the weighted average number of ordinary shares in issue for the quarter and comparative financial period.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022**
(The figures have not been audited)

	-----Attributable to owners of the parent-----								
	----- Non-Distributable -----					Distributable	Total	Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Merger Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Retained Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	381,851	(338)	(147,392)	403	6,268	275,682	516,474	104,992	621,466
Profit for the financial period	-	-	-	-	-	81,157	81,157	1,031	82,188
Other comprehensive income	-	-	-	379	-	-	379	-	379
Total comprehensive income	-	-	-	379	-	81,157	81,536	1,031	82,567
Realisation of revaluation reserve	-	-	-	-	(125)	125	-	-	-
Transactions with owners:									
Changes in ownership interests in subsidiary companies	-	-	-	-	-	(22,671)	(22,671)	(10,209)	(32,880)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	7,652	7,652
Acquisition of subsidiary companies	-	-	-	-	-	-	-	7,112	7,112
Disposal of subsidiary companies	-	-	-	-	-	-	-	147	147
Dividends to owners of the Company	-	-	-	-	-	(8,847)	(8,847)	-	(8,847)
Total transactions with owners	-	-	-	-	-	(31,518)	(31,518)	4,702	(26,816)
At 30 September 2022	381,851	(338)	(147,392)	782	6,143	325,446	566,492	110,725	677,217

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022 (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
	----- 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 year	-	-	-	-	-	30,700	30,700	269	30,969
Other comprehensive income	-	-	-	153	62	-	215	-	215
Total comprehensive income	-	-	-	153	62	30,700	30,915	269	31,184
Realisation of revaluation reserve upon disposal of properties	-	-	-	-	(3,123)	3,123	-	-	-
Realisation of revaluation reserve	-	-	-	-	(84)	84	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	94,977	94,977
Transactions with owners:									
Issue of ordinary shares	56,055	-	-	-	-	(297)	55,758	-	55,758
Shares repurchased	-	(338)	-	-	-	-	(338)	-	(338)
Dividends to owners of the Company	-	-	-	-	-	(14,408)	(14,408)	-	(14,408)
Balance brought forward	56,055	(338)	-	-	-	(14,705)	41,012	-	41,012

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022 (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			
Transactions with owners: (Cont'd)									
Balance carried forward	56,055	(338)	-	-	-	(14,705)	41,012	-	41,012
Disposal of subsidiary companies	-	-	-	-	-	-	-	111	111
Non-controlling interests arising from acquisition of subsidiary companies	-	-	-	-	-	-	-	175	175
Capital contribution by non-controlling interests arising from incorporation of subsidiary companies	-	-	-	-	-	-	-	45	45
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	33,147	33,147
Changes in ownership interests in subsidiary companies	-	-	-	-	-	(5,917)	(5,917)	(18,856)	(24,773)
Disposal of equity interest to non-controlling interests	-	-	-	-	-	330	330	(30)	300
Total transactions with owners	56,055	(338)	-	-	-	(20,292)	35,425	14,592	50,017
At 31 December 2021	381,851	(338)	(147,392)	403	6,268	275,682	516,474	104,992	621,466

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 2021 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 2022**
(The figures have not been audited)

	Cumulative quarter	
	30 September 2022	30 September 2021
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	94,480	26,649
Adjustment for:		
Bad debts written off	-	37
Depreciation of property, plant and equipment	27,549	25,709
Impairment loss on goodwill	-	1,521
Impairment loss on trade receivables	5,688	3,855
Interest expense	21,701	11,850
Interest income	(1,550)	(1,922)
Inventories written off	11	55
Inventories written down	-	316
Fair value gain on other investment	(45,626)	-
Gain on bargain purchase	(2,752)	-
Gain on disposal of assets held for sale	-	(150)
Gain on disposal of investment in an associate company	(19,949)	(9,679)
Gain on disposal of investment in subsidiary companies	(4,020)	(168)
Gain on disposal of warrants	-	(16,050)
Gain on disposal of property, plant and equipment	(833)	(26)
Gain on liquidation of investment in a subsidiary company	(176)	-
Property, plant and equipment written off	243	50
Reversal of impairment loss on trade receivables	(1,226)	(5)
Share of results of associates	(18,246)	(4,198)
Share of results of joint venture	(1,433)	-
Unrealised (gain)/loss on foreign exchange	(1,547)	436
Operating profit before working capital changes	52,314	38,280
Changes in working capital:		
Inventories	(108,470)	(3,504)
Trade receivables	23,158	65,067
Other receivables	(21,844)	350
Contract assets	(7,953)	297
Contract liabilities	10,752	-
Trade payables	48,750	(13,031)
Other payables	(11,827)	(11,242)
Amount due to directors	17,019	39,035
	(50,415)	76,972
Cash generated from operations	1,899	115,252
Interest paid	(21,701)	(11,755)
Interest received	1,550	1,922
Tax paid	(11,379)	(2,651)
Tax refund	2,346	859
Net cash (used in)/from operating activities	(27,285)	103,627

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022 (Cont'd)**
(The figures have not been audited)

	Cumulative Quarter	
	30 September 2022	30 September 2021
	RM'000	RM'000
Cash Flows From Investing Activities		
Capital contribution by non-controlling interests	7,652	1,803
Purchase of property, plant and equipment	(13,529)	(9,955)
Purchase of other investment	-	-
Acquisition of associate companies	(105,736)	(122,612)
Acquisition of subsidiary company	(1,352)	-
Acquisition of additional investment in subsidiaries	(32,881)	(75,393)
Proceeds from/(Net outflows) disposal of subsidiary companies	18,876	(13)
Proceeds from disposal of assets held for sales	-	11,600
Proceeds from disposal of investment in associate companies	50,391	11,317
Proceeds from disposal of warrants	-	16,050
Proceeds from disposal of property, plant and equipment	1,114	82
Net cash used in investing activities	<u>(75,465)</u>	<u>(167,121)</u>
Cash Flows From Financing Activities		
Dividend paid	(8,847)	(5,561)
Drawdown of bank borrowings	163,000	70,500
Net changes on bankers' acceptance, trust receipt and revolving credits	19,262	(27,498)
Increase in fixed deposits pledged	(8,747)	(130)
Repayment of bank borrowings	(48,793)	(15,562)
Repayment of lease liabilities	(3,198)	(3,790)
Payment of share issue expenses	-	(297)
Proceeds from issue of share capital	-	56,055
Shares repurchased	-	(338)
Net cash from financing activities	<u>112,677</u>	<u>73,379</u>
Net decrease in cash and cash equivalents	9,927	9,885
Cash and cash equivalents at the beginning of the financial year	79,274	49,723
Effect of exchange translation differences on cash and cash equivalents	555	121
Cash and cash equivalents at the end of the financial year	<u>89,756</u>	<u>59,729</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2022 (Cont'd)**

(The figures have not been audited)

	Cumulative Quarter	
	30 September 2022	30 September 2021
	RM'000	RM'000
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	98,315	59,729
Bank overdrafts	(9,845)	-
Fixed deposits with licensed banks	23,768	151
	<u>112,238</u>	<u>59,880</u>
Less: Fixed deposits pledged to licensed banks	(22,482)	(151)
	<u>89,756</u>	<u>59,729</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 2021 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 2022

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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 2021 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 2021, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2022:

Amendment to MFRS 16	Covid-19-Related Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	
- Amendment to MFRS 1	
- Amendment to MFRS 9	
- Amendment to MFRS 16	
- Amendment to MFRS 141	

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)	
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9 – Comparative Information	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 2022 (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 2021.

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 number of treasury shares held was 750,300 ordinary shares, including 375,150 ordinary shares issued on 22 August 2022 via bonus issue on the basis of 1 bonus share for every 1 ordinary share 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 2022 (CONT'D)
A7. Segmental information

The Group's operating activities were derived from Twelve (12) main business segments, namely the following:-

	Unaudited Individual quarter 30 September 2022 RM'000	Unaudited Individual quarter 30 September 2021 RM'000	Unaudited Cumulative quarter 30 September 2022 RM'000	Unaudited Cumulative quarter 30 September 2021 RM'000
Revenue				
• Investment holding and management services	1,743	1,780	6,065	5,777
<u>Building material division</u>				
• Distribution of building materials and logistics services	181,982	113,123	542,188	408,898
• Ready-mixed concrete	26,823	9,413	65,844	33,632
• Manufacturing of fire-rated and wooden door	-	5,092	10,901	21,502
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	101,578	68,547	268,998	228,599
• Manufacturing of wire mesh	42,676	31,759	142,664	105,313
• Modular building Solutions	-	-	85	-
• Trading of sanitaryware and fittings	296	-	974	-
<u>Vehicle division</u>				
• Manufacturing and trading of commercial vehicles and bodyworks	29,219	16,744	59,192	16,744
• Rental and fleet management services	701	491	2,173	491
<u>Property development and construction division</u>				
• Construction	62,881	-	99,610	-
• Property development	169	768	1,449	768
	448,068	247,717	1,200,143	821,724
Adjustments and eliminations	(29,952)	(21,176)	(79,749)	(72,320)
	418,116	226,541	1,120,394	749,404

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)
A7. Segmental information (Cont'd)

The Group's operating activities were derived from Twelve (12) main business segments, namely the following (Cont'd):-

	Unaudited Individual quarter 30 September 2022 RM'000	Unaudited Individual quarter 30 September 2021 RM'000	Unaudited Cumulative quarter 30 September 2022 RM'000	Unaudited Cumulative quarter 30 September 2021 RM'000
Profit before taxation				
• Investment holding and management services	3,430	8,073	65,374	22,080
<u>Building material division</u>				
• Distribution of building materials and logistics services	3,307	2,016	8,167	7,310
• Ready-mixed concrete	635	(555)	(1,070)	(2,637)
• Manufacturing of fire-rated and wooden door	-	(815)	(1,284)	(2,791)
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	6,658	(4,023)	10,719	(265)
• Manufacturing of wire mesh	797	1,232	2,825	2,549
• Modular building Solutions	(438)	(7)	(1,008)	(875)
• Trading of sanitaryware and fittings	(205)	-	(573)	-
<u>Vehicle division</u>				
• Manufacturing and trading of commercial vehicles and bodyworks	1,467	(398)	3,171	(398)
• Rental and fleet management services	162	113	656	113
<u>Property development and construction division</u>				
• Construction	3,941	-	7,796	-
• Property development	(2,947)	(1,103)	(7,373)	(1,103)
	16,807	4,533	87,400	23,983
Share of results of associates	4,514	668	18,246	4,198
Share of results of joint venture	566	-	1,433	-
	21,887	5,201	107,079	28,181
Adjustments and eliminations	172	(1,507)	(12,599)	(1,532)
	22,059	3,694	94,480	26,649

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)
A8. Dividend paid

A single-tier first interim dividend of RM0.010 per ordinary share totalling RM8,847,068 in respect of the financial year ended 31 December 2022 was paid on 5 July 2022.

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 2022 RM'000	Audited 31 December 2021 RM'000
Authorised and contracted for:		
- acquisition of property, plant and equipment	453	1,106

b) Property development division

	Unaudited 30 September 2022 RM'000	Audited 31 December 2021 RM'000
Authorised and contracted for:		
- acquisition of land held for property development	50,223	50,223
- acquisition of property, plant and equipment	883	-
Contracted and subject to shareholders' approval:		
- acquisition of land held for property development	-	85,000

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A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (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 2022 except for the following:-

On 12 August 2022, the subsidiary, Chin Hin Group Property Berhad ("CHGP") has completed the acquisition of 60% equity interest in Makna Setia Sdn Bhd ("Makna Setia") with a total cash purchase consideration of RM7.9 million. Upon the completion of acquisition, Makna Setia has become the direct subsidiary to CHGP and an indirect subsidiary to Chin Hin Group Berhad ("Chin Hin").

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: -

a) Building Material division

	Unaudited 30 September 2022 RM'000	Audited 31 December 2021 RM'000
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	498,467	495,052
Bank guarantee issued to third parties	3,196	3,311
	<hr/>	<hr/>

b) Property Development & Construction division

	Unaudited 30 September 2022 RM'000	Audited 31 December 2021 RM'000
Unsecured		
Bank guarantee issued for execution of contract of the subsidiary companies	45	45
Bank guarantee in favour of third parties granted in the ordinary course of construction business	145,871	66,482
Corporate guarantee for credit facilities granted to a joint venture company	11,550	11,550
Corporate guarantees given to the licensed banks for credit facility granted to subsidiary companies	212,080	159,638
	<hr/>	<hr/>

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (CONT'D)
A14. Material events subsequent to the end of the quarter

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

A15. Related party transactions

- (1) Our Group's transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 30 September 2022 were as follows: -

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	2,106
-Sales of goods	1,584
-Purchase of goods	4,377
-Rental received/receivables	133
-Rental paid/payables	1,913
-Insurance and road tax received	163
-Progress billing receivables	4,341
-Project management fee receivables	1,304
-Subcontractor work received	5,595
-Retention receivables	578

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

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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 RM418.12 million, a significant increase of RM191.58 million or 84.57% as compared to RM226.54 million in the preceding year corresponding quarter. The lower revenue recorded in the preceding year corresponding 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 2021 following the completion of vaccinations for the local and foreign workers. However, all the business activities have resumed back and thus contributed a hike especially in the distribution of building materials and logistics services division, manufacturing of autoclaved aerate concrete ("AAC") and precast concrete division plus ready-mixed concrete division, with an increase of totalling RM119.30 million in current quarter. Ready-mixed concrete division has turnaround with a significant increase in revenue of 184.96% as compared to the preceding year corresponding quarter as the division has managed to secure a few key projects and contributed by the two new plants which was set up during the end of last year. Moreover, the recent acquisition in Makna Setia, together with Kayangan Kemas Sdn Bhd (which was acquired in December 2021), both under the construction division has also brought in the revenue of RM62.88 million to Chin Hin in the current quarter. Furthermore, the manufacturing and trading of commercial vehicles and bodyworks has also turnaround with an increase in revenue of 74.50% as compared to the preceding year corresponding quarter as the division has managed to increase its pricing for rebuilt vehicles due to the global semiconductor chip shortage, apparently showing no immediate signs of abating. Global chip shortage that was triggered by the pandemic has been exacerbated by the ongoing Russia-Ukraine war. Therefore, it has boost up the demand for rebuilt vehicles.

In line with the considerably increase in revenue, the Group's gross profit has increased by RM21.82 million or 138.98% from RM15.70 million in the preceding year corresponding quarter of 2021 to RM37.52 million in the current quarter of 2022. The gross profit margin for the current quarter was recorded at 8.97%, increase by 2.04% as compared to the preceding year corresponding quarter of 6.93%. The increase in the gross profit margin were due to the downsizing and disposal of loss-making companies, project management fee generated from property development division, higher volume of wall panel and AAC block sold to the projects in Singapore, majority was billed in Singapore Dollar which fetch a better margin especially for wall panel. Besides, these sales also benefited from the forex gain as Singapore dollar has strengthened strongly against Ringgit Malaysia.

Other operating income has increased by RM3.34 million or 185.56% from RM1.80 million in the preceding year corresponding quarter to RM5.14 million in the current quarter. The increased mainly due to the gain on bargain purchase of RM2.75 million arising from the acquisition of Makna Setia as mentioned in Section A12. The was a fair value gain of RM8.39 million on Solarvest Holdings Bhd ("Solarvest") shares being recognised in the current quarter.

Administrative expenses have increased by RM7.30 million mainly contributed from the construction division as compared to nil figure in preceding year corresponding quarter. Impairment on trade receivables in current quarter principally caused by the impairment provided in the manufacturing of AAC and precast concrete division due to slow collection from certain customers.

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)**

The Group's finance cost for the current quarter has increased significantly by RM3.62 million as compared to the preceding year corresponding quarter principally due to the drawdown of approximately RM310.00 million bank borrowings during the second half of the previous financial year to part finance the acquisition of CHGP and Kayangan Kemas Sdn Bhd, refinance the acquisition of Signature, to defray the working capital of the distribution of building materials and the manufacturing of AAC and precast concrete products division, to part finance the acquisition of a piece of freehold land located at Daerah Petaling, Pekan Kinrara, Selangor and five (5) pieces of freehold lands at Mukim Serendah, Selangor. The Group has further drawdown RM80.00 million term loan to part finance the acquisition of Ajiya Berhad, RM83.00 million term loan to part finance the acquisition of a freehold land located at 9 3/4 Mile, Kuchai Road & refinance a piece of leasehold land located at Mukim Kuala Lumpur plus approximately RM19.26 million to fund the working capital of the distribution of building materials, manufacturing of ready mixed-concrete, commercial vehicles and construction division in the current quarter. The increase of bank borrowings was set-off partially with the reduction of existing term loans of RM48.79 million.

Share of profit from our associate companies have increased by RM3.85 million or 575.75% as compared to the preceding year corresponding quarter primarily due to the increase in the share of profit entitlement from Stellar 8 Sdn Bhd of RM1.66 million resultant from the redeemable preference shares participated by CHGP and another RM1.66 million from the associate acquired, Ajiya Berhad during the second quarter of the year.

Share of results of joint venture, R Synergy Sdn Bhd of RM0.57 million for the current quarter solely derived from the profit recognised on the construction of Miri Hospital Annex Building, Sarawak (Design and Build Project).

Given the abovementioned increased in the gross profit, other operating income, fair value gain on Solarvest shares, share of results of the associates and joint venture company offset partially with the increased in administrative expenses, finance costs and impairment on trade receivables, the Group reported an increase in profit before tax ("PBT") of RM22.06 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 2022 RM'000	Unaudited Individual quarter 30 June 2022 RM'000	Changes %
Revenue	418,116	351,327	19%
Operating Profit	25,160	41,627	-40%
Profit Before Interest and Tax	25,160	41,627	-40%
Profit Before Tax	22,059	43,134	-49%
Profit After Tax	16,458	38,578	-57%
Profit Attributable to Ordinary Equity Holders of the Parent	16,409	38,490	-57%

For the quarter under review, the Group posted a revenue of RM418.12 million as compared to RM351.33 million in the preceding quarter, an increase of RM66.79 million or 19.01%. However, the Group reported a considerably lower profit before tax ("PBT") of RM22.06 million, a reduction of RM21.07 million as compared to the preceding quarter PBT of RM43.13 million. Higher PBT recorded in preceding quarter was due to the disposal of Solarvest and Midah Group of companies during the quarter. By excluded these factors, the PBT recorded in preceding quarter was RM5.50 million as compared to the PBT recorded in current quarter of RM13.67 million (excluded the fair value gain on remeasurement in Solarvest remaining stake of RM8.39 million), in which the PBT reported in current quarter was RM8.17 million more than the PBT reported in preceding quarter. The increase in PBT for the current quarter was contributed by the profit made in distribution of building materials and logistics services division, manufacturing of AAC and precast concrete division and construction division as well as on the project management fee generated from property development division which was elaborated in Section B1.

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

B3. Prospects

The past two to three years have witnessed several major global events which have greatly disrupted supply chain continuity and adversely impacted production levels worldwide. As such, all building material's unit price index has increased significantly between 4.1 per cent to 19.9 per cent. Inflation is already creeping upwards. Such inflationary pressures are aggravated with the Ringgit weakens further due to higher interest rates in the United States. Malaysian government has tightened up the monetary policy to curb inflation by raising the overnight policy rate ("OPR") fourth consecutive time totalling 102.50 basis points to 2.775 percent. It has posted great challenges to our manufacturing sector and Company as a whole. The Group has repositioned itself to cope with the challenges and remain vigilant for new prospects.

G-Cast Concrete Sdn Bhd ("G-Cast") was lately been awarded a new sewerage project namely Construction of Drains, Sewers, Water Pipeline and Ancillary Works at Lim Chu Kang Package for the supply of Singapore Specs manhole, chamber rings and slabs. The Company continued to supply infrastructure related products to the existing project secured in Singapore. The Company will continuously bid for more new contracts to replenish its order book after the tail end of the national sewerage projects.

Our Starken AAC 2's autoclaved aerated concrete ("AAC") production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor has increased its production utilisation rate to above 58% level in view of the surge in demand for the IBS products particularly wall panel due to the severe shortage of foreign labour in Singapore. Starken AAC 2 delivery has improved significantly starting from the second quarter of 2022 as the company has dominated the market share for wall panel and AAC block products in Singapore.

Multiple properties launching are scheduled to take place by beginning of next year in the Property Development division following the adoption of aggressive "Landbank Accumulation Strategy" especially in the Klang Valley (e.g. Bangsar South, Serendah, Kinrara and Puchong) during last year. Our construction division possessed strong outstanding order book of RM1.07 billion as at end September 2022 and is expected to improve further with the higher rate of resumption for construction activities as the country has entered the endemic stage of Covid-19. These divisions are expected to contribute positively to the future earnings of the Group.

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

Our associate company, Signature International Bhd's ("Signature") has acquired 23.70% equity stake in Fiamma Holdings Berhad ("Fiamma") on 26 September 2022. The acquisition has enabled Signature to tap into Fiamma's extensive distribution and servicing network for home and kitchen electrical appliances which is synergistic to its current business model. Fiamma owns many respectable in-house brands such as Elba, Faber, Rubine, Tuscani and Haustern. Besides, it also holds distribution rights for the international brands of medical devices and healthcare products, namely Braun, Speed Queen, Omron and Beurer. On 3 November 2022, Signature has entered into a Share Sale Agreement to acquire 75% equity stake in Corten Interior Solutions Pte Ltd ("Corten") and 100% equity stake in Areal Interior Solutions Pte Ltd ("Areal"). Corten is Singapore's largest kitchen and wardrobe company with more than 50% market share of private residential property projects and is a perfect fit with Signature's kitchen cabinet and whole house customisation business. Following this and its earlier acquisition, Signature Group will soon have a presence across the wider home and living supply chain and considers itself a total interior design solutions provider. These moves are in line with the Group's objective of acquiring strategic stakes in profitable companies within the supply chain industry to secure strong and sustainable growth domestically and internationally. As at end September 2022, Signature Group's total order books stood at RM720.00 million i.e. RM200.00 million for Kitchen and Wardrobe System, RM270.00 million for Aluminium and Glass Products and RM250.00 million for Interior Fit-Out Works. Barring unforeseen circumstances, we are confident that Signature's performance in the coming quarters will improve in view of the healthy order book.

Our newly acquired associate company, Ajiya Bhd ("Ajiya") whom involve in the high value-added safety glass products, metal roofing, metal door and window frames is expected to maintain its performance in the coming quarter.

B4. Estimates/Forecast

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

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)
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 30 September 2022 RM'000	Unaudited 30 September 2021 RM'000	Unaudited 30 September 2022 RM'000	Unaudited 30 September 2021 RM'000
Income tax expense				
- Current financial year	4,634	368	11,271	5,110
- Under/(Over) provision in prior year	323	(66)	323	(66)
	<u>4,957</u>	<u>302</u>	<u>11,594</u>	<u>5,044</u>
Deferred tax				
- Current financial year	644	871	698	916
- Overprovision in prior year	-	-	-	(1)
Total tax expense	<u>5,601</u>	<u>1,173</u>	<u>12,292</u>	<u>5,959</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) 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.

However, after further review of its market share price performance, the Board of the Company has on 22 April 2022 repropoed to undertake a bonus issue of up to 885,081,996 new ordinary shares in Chin Hin, on the basis of 1 Bonus Share for every 1 Chin Hin Share held. Approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the Bonus Shares was obtained on 27 June 2022. Shareholders' approval for the Bonus Issue was obtained on 4 August 2022 during the Extraordinary General Meeting. Subsequently, the Bonus Shares was listed on 22 August 2022, being the next market day after the entitlement date i.e. 19 August 2022.

- (b) On 17 May 2022, the Company entered into a conditional share sale agreement ("SSA") with Divine Inventions Sdn Bhd ("Divine Inventions" or "Purchaser") for the disposal of 129,100,000 ordinary shares in Solarvest Holdings Berhad ("Solarvest") ("Sale Shares"), representing 19.34% equity interest in Solarvest to Divine Inventions for a cash consideration of RM103,280,000 ("Proposed Disposal"). The Sale Shares represents all the Solarvest Shares held by Chin Hin. Shareholders' approval for the Proposed Disposal was obtained on 4 August 2022 during the Extraordinary General Meeting. Finally, the disposal was completed on 3 October 2022.

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 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Bank overdrafts	9,845	9,839
Revolving credits	99,186	141,177
Bankers' acceptance	348,687	291,494
Trust receipts	4,576	516
Term loans	473,887	347,862
Bills discounting facility	1,987	-
Promissory note	175	-
Total bank borrowings	938,343	790,888
Total bank borrowings comprises:-		
Current:		
Bank overdraft	9,845	9,839
Revolving credits	99,186	141,177
Bankers' acceptance	348,687	291,494
Trust receipts	4,576	516
Term loans	49,663	49,096
Bills discounting facility	1,987	-
Promissory note	175	-
	514,119	492,122
Non-current:		
Term loans	424,224	298,766
	938,343	790,888

B8. Lease liabilities

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

	As at 30 September 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Present value of minimum lease payments:		
Repayable within twelve months	5,420	4,363
Repayables after twelve months	5,535	5,324
	10,955	9,687

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

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

B10. Dividend Proposed

There was no dividend declared for the current financial quarter.

B11. Earnings per share
Basic earnings per ordinary share

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

	Individual Quarter		Cumulative Quarter	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Profit attributable to ordinary equity holders of the Group (RM'000)	16,409	2,547	81,157	21,321
Number of ordinary shares in issues as at 1 January ('000)	885,082	556,388	885,082	556,388
Effect of treasury shares held	(430)	(325)	(430)	(222)
Effect of shares issued during the financial period ('000)	129,682	197,211	129,682	197,211
Weighted average number of ordinary shares in issue ('000)	1,014,334	753,274	1,014,334	753,377
Basic earnings per share (sen)	1.62	0.34	8.00	2.83

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 2022	30 September 2021	30 September 2022	30 September 2021
Profit attributable to ordinary equity holders of the Group (RM'000)	16,409	2,547	81,157	21,321
Weighted average number of ordinary shares as above	1,014,334	753,274	1,014,334	753,377
Basic earnings per share (sen)	1.62	0.34	8.00	2.83

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 2022 RM'000	Unaudited As at 30 September 2021 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	273	155
- Under/(Over) provision in prior year	2	(2)
Bad debts written off	-	37
Depreciation of property, plant and equipment	27,549	25,709
Directors' fee	183	90
Directors' remuneration		
- Salary, EPF and Socso	3,131	1,030
- Other emoluments	269	125
Impairment loss on trade receivables	5,688	3,855
Interest expense	21,701	11,850
Interest income	(1,550)	(1,922)
Inventories written off	11	55
Fair value gain on other investment	(45,626)	316
Gain on disposal of assets held for sale	-	(150)
Gain on disposal of investment in an associate company	(19,949)	(9,679)
Gain on disposal of investment in subsidiary companies	(4,020)	(168)
Gain on disposal of warrants	-	(16,050)
Gain on disposal of property, plant and equipment	(833)	(26)
Gain on liquidation of investment in a subsidiary company	(176)	-
Property, plant and equipment written off	243	50
Realised loss on foreign exchange	529	90
Rental income	(1,373)	(1,080)
Rental expenses	4,045	2,820
Reversal of impairment loss on trade receivables	(1,226)	(5)
Share of results of associates	(18,246)	(4,198)
Share of results of joint venture	(1,433)	-
Unrealised (gain)/loss on foreign exchange	(1,547)	436

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

B13. Comparative figures

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

BY ORDER OF THE BOARD

25 November 2022