



CHIN HIN GROUP BERHAD

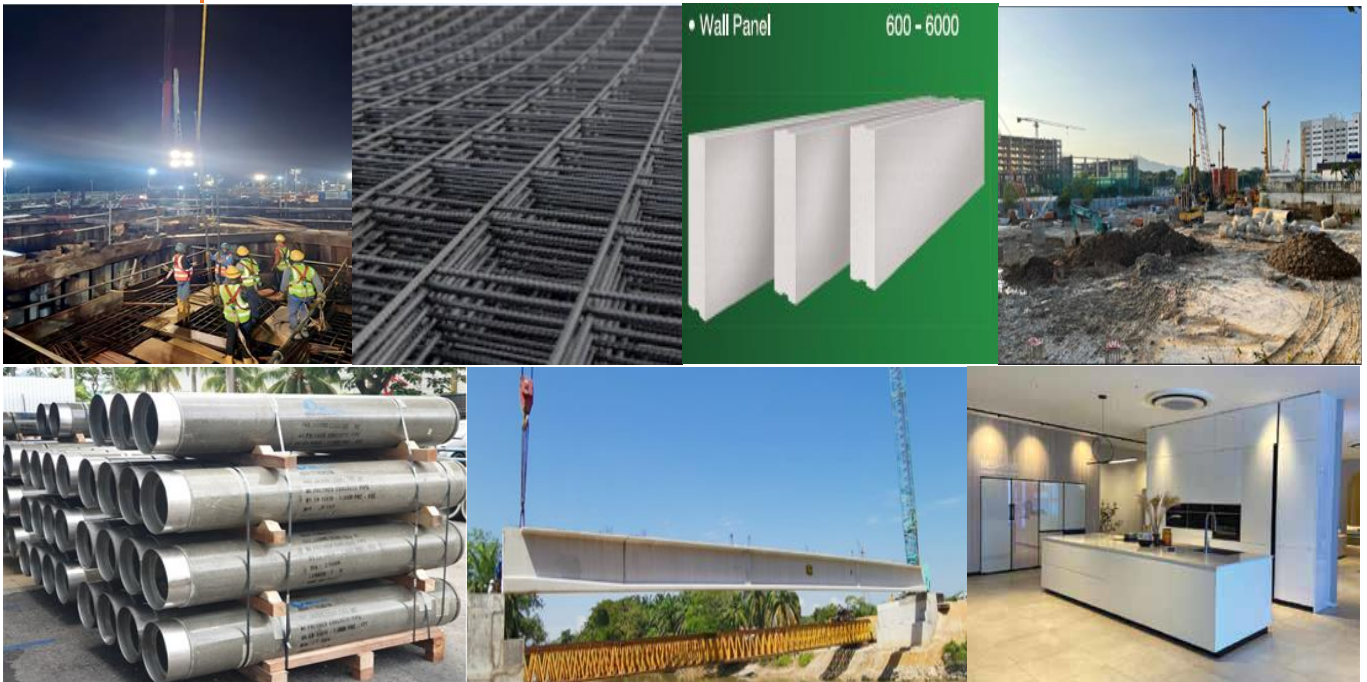
INTERIM FINANCIAL REPORT SECOND QUARTER ENDED 30TH JUNE 2023

CHIN HIN GROUP BERHAD

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

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

Tel. No.: 03-7981 7878
Fax. No.: 03-7981 7575
Email: info@chinhingroup.com



CONTENTS

Unaudited Condensed Consolidated Statement of Comprehensive Income	.....	1-2
Unaudited Condensed Consolidated Statement of Financial Position	.....	3-4
Unaudited Condensed Consolidated Statement of Changes in Equity	.....	5-6
Unaudited Condensed Consolidated Statement of Cash Flows	.....	7-9
Notes To The Interim Financial Report	.....	10-26

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023**
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter			
	Note	30 Jun 2023 RM'000	30 Jun 2022 RM'000	Changes %	30 Jun 2023 RM'000	30 Jun 2022 RM'000	Changes %
Revenue		500,571	351,327	42.48%	1,024,507	702,278	46%
Cost of sales		(454,175)	(324,869)		(929,533)	(651,689)	
Gross profit		46,396	26,458	75.36%	94,974	50,589	88%
Other operating income		2,938	3,857		5,656	8,864	
Fair value gain on other investments		1,410	37,235		9,057	37,235	
(Loss)/Gain on disposal of investment in an associate		-	(3,636)		-	19,949	
Gain on disposal of investment in subsidiary companies		1,111	4,020		1,111	4,020	
Loss on disposal of other investments		-	-		(1,705)	-	
Finance income		425	438		1,346	902	
Impairment loss on receivables		(3,623)	(1,628)		(5,795)	(3,218)	
Administrative expenses		(28,106)	(25,117)		(54,626)	(46,999)	
Operating profit		20,551	41,627	-51%	50,018	71,342	-30%
Finance costs		(9,807)	(7,148)		(18,389)	(13,520)	
Share of results of associates		13,262	8,080		22,853	13,732	
Share of results of joint ventures		5,756	575		8,077	867	
Profit before taxation		29,762	43,134	-31%	62,559	72,421	-14%
Taxation	B5	(4,864)	(4,556)		(11,267)	(6,691)	
Profit after taxation		24,898	38,578	-35%	51,292	65,730	-22%
Other comprehensive income							
Exchange translation differences		449	232		631	130	
Total comprehensive income for the financial year		25,347	38,810		51,923	65,860	
PROFIT AFTER TAX							
ATTRIBUTABLE TO:							
Owners of the Company		21,870	38,490	-43%	41,915	64,748	-35%
Non-controlling interests		3,028	88		9,377	982	
		24,898	38,578		51,292	65,730	

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023 (Cont'd)**

(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	30 Jun 2023	30 Jun 2022	Changes	30 Jun 2023	30 Jun 2022	Changes
Note	RM'000	RM'000	%	RM'000	RM'000	%
TOTAL COMPREHENSIVE INCOME						
ATTRIBUTABLE TO:						
Owners of the Company	22,319	38,722	-42%	42,546	64,878	-34%
Non-controlling interests	3,028	88		9,377	982	
	<u>25,347</u>	<u>38,810</u>		<u>51,923</u>	<u>65,860</u>	
Earnings per share attributable to owners of the Company (sen):						
- Basic	B11	1.24	4.35	2.37	7.32	
- Diluted	B11	1.24	4.35	2.37	7.32	
Profit Before Interest and Tax	<u>20,551</u>	<u>41,627</u>	-51%	<u>50,018</u>	<u>71,342</u>	-30%

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 2022 and the accompanying explanatory notes attached to the interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**
(The figures have not been audited)

	30 June 2023 RM'000	(Audited) 31 December 2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	432,648	443,251
Investment properties	58,430	58,430
Investment in associates	247,916	226,943
Investment in a joint ventures	65,632	57,391
Goodwill	34,780	34,349
Deferred tax assets	816	816
Other investments	35	70
Other financial assets	2,411	2,411
Inventories - Land held for development	64,667	63,267
Trade receivables	13,201	15,277
Other receivables	383	5,248
TOTAL NON-CURRENT ASSETS	920,919	907,453
CURRENT ASSETS		
Contract assets	159,216	91,900
Inventories	425,621	316,857
Trade receivables	439,887	491,733
Other receivables	108,899	73,849
Other investments	64,477	10,472
Net investment in lease	69	69
Tax recoverable	4,035	6,595
Fixed deposits with licensed banks	29,632	23,525
Cash and bank balances	98,524	126,802
	1,330,360	1,141,802
Assets held for sale	1,300	2,523
TOTAL CURRENT ASSETS	1,331,660	1,144,325
TOTAL ASSETS	2,252,579	2,051,778
EQUITY AND LIABILITIES		
EQUITY		
Share capital	381,851	381,851
Treasury shares	(338)	(338)
Merger reserve	(142,692)	(147,392)
Foreign currency translation reserve	1,217	586
Revaluation reserve	7,422	7,529
Retained earnings	378,441	324,321
Total equity attributable to Owners of the Parent	625,901	566,557
Non-controlling interests	125,531	103,755
TOTAL EQUITY	751,432	670,312

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (Cont'd)**
(The figures have not been audited)

	30 June 2023 RM'000	(Audited) 31 December 2022 RM'000
CURRENT LIABILITIES		
Trade payables	281,552	312,676
Other payables	178,430	151,864
Contract liabilities	6	40
Amount owing to directors	53,345	7,027
Bank borrowings	549,587	523,690
Lease liabilities	5,668	6,390
Tax payable	3,829	2,237
TOTAL CURRENT LIABILITIES	1,072,417	1,003,924
NON-CURRENT LIABILITIES		
Trade payables	9,558	6,605
Bank borrowings	395,644	350,968
Lease liabilities	6,172	4,112
Deferred tax liabilities	17,356	15,857
TOTAL NON-CURRENT LIABILITIES	428,730	377,542
TOTAL LIABILITIES	1,501,147	1,381,466
TOTAL EQUITY AND LIABILITIES	2,252,579	2,051,778
NET ASSET PER SHARE (RM)	0.42	0.76

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 2022 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net asset per share for the current quarter and comparative financial period is calculated based on the total equity divided by the weighted average number of ordinary shares in issue for the quarter and comparative financial period.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

	<-----Attributable to owners of the parent----->								
	<----- Non-Distributable ----->			Distributable				Non-	
	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	Total RM'000	Controlling Interests RM'000	Total Equity RM'000
At 1 January 2023	381,851	(338)	(147,392)	586	7,529	324,321	566,557	103,755	670,312
Profit for the financial year	-	-	-	-	-	41,915	41,915	9,377	51,292
Other comprehensive income	-	-	-	631	-	-	631	-	631
Total comprehensive income	-	-	-	631	-	41,915	42,546	9,377	51,923
Realisation of revaluation reserve	-	-	-	-	(107)	107	-	-	-
Transactions with owners:									
Changes in ownership interests in subsidiaries	-	-	-	-	-	16,798	16,798	(34,944)	(18,146)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	47,343	47,343
Disposal of subsidiary companies	-	-	4,700	-	-	(4,700)	-	-	-
Total transactions with owners	-	-	4,700	-	-	12,098	16,798	12,399	29,197
At 30 June 2023	381,851	(338)	(142,692)	1,217	7,422	378,441	625,901	125,531	751,432

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023 (Cont'd)**

(The figures have not been audited)

	<-----Attributable to owners of the parent----->								
	<----- Non-Distributable ----->					Distributable		Non-	
	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	Total RM'000	Controlling Interests RM'000	Total Equity 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 year	-	-	-	-	-	96,827	96,827	4,145	100,972
Other comprehensive income	-	-	-	183	1,428	-	1,611	-	1,611
Total comprehensive income	-	-	-	183	1,428	96,827	98,438	4,145	102,583
Realisation of revaluation reserve	-	-	-	-	(167)	167	-	-	-
Transactions with owners:									
Changes in ownership interests in subsidiaries	-	-	-	-	-	(39,508)	(39,508)	(21,802)	(61,310)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	9,160	9,160
Acquisition of subsidiaries	-	-	-	-	-	-	-	7,112	7,112
Disposal of subsidiaries	-	-	-	-	-	-	-	148	148
Dividends to owners of the Company	-	-	-	-	-	(8,847)	(8,847)	-	(8,847)
Total transactions with owners	-	-	-	-	-	(48,355)	(48,355)	(5,382)	(53,737)
At 31 December 2022	381,851	(338)	(147,392)	586	7,529	324,321	566,557	103,755	670,312

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 2022 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023**
(The figures have not been audited)

	Cumulative quarter	
	30 June 2023	30 June 2022
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	62,559	72,421
Adjustment for:		
Bad debts written off	18	-
Depreciation of property, plant and equipment	18,752	18,178
Impairment loss on receivables	5,795	3,218
Interest expense	18,389	13,520
Interest income	(1,346)	(902)
Inventories written off	4	11
Inventories written down	(79)	-
Fair value gain on other investments	(9,057)	(37,235)
Gain on disposal of assets held for sale	(34)	-
Gain on disposal of investment in an associate	-	(19,949)
Gain on disposal of investment in subsidiary companies	(1,111)	(4,020)
Gain on disposal of property, plant and equipment	(132)	(473)
Gain on liquidation of investment in a subsidiary	-	(176)
Gain on modification on lease contract	(5)	-
Loss on disposal of other investments	1,705	-
Property, plant and equipment written off	864	243
Reversal of impairment loss on trade receivables	(297)	(1,223)
Share of results of associates	(22,853)	(13,732)
Share of results of joint ventures	(8,077)	(867)
Unrealised gain on foreign exchange	(1,094)	(1,281)
Operating profit before working capital changes	64,001	27,733
Changes in working capital:		
Inventories	(37,410)	(4,285)
Trade receivables	15,539	22,967
Other receivables	(20,156)	(22,184)
Contract assets/liabilities	(55,612)	(15,770)
Trade payables	(16,223)	30,884
Other payables	(9,807)	(19,356)
Amount due to directors	45,358	(1)
	(78,311)	(7,745)
Cash (used in)/from operations	(14,310)	19,988
Interest paid	(18,389)	(13,520)
Interest received	1,346	902
Tax paid	(4,802)	(6,869)
Tax refund	907	2,345
Net cash (used in)/from operating activities	(35,248)	2,846

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023 (Cont'd)**
(The figures have not been audited)

	Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000
Cash Flows From Investing Activities		
Capital contribution by non-controlling interests	47,344	596
Purchase of property, plant and equipment	(14,608)	(8,757)
Purchase of other investments	(71,774)	-
Acquisition of associates	-	(105,736)
Acquisition of subsidiary company	(1,118)	-
Acquisition of additional investment in subsidiaries	(18,147)	(32,881)
Proceeds from disposal of subsidiary companies	7,964	18,876
Proceeds from disposal of assets held for sales	1,258	-
Proceeds from disposal of investment in associates	-	50,391
Proceeds from disposal of other investments	25,083	-
Proceeds from disposal of property, plant and equipment	200	705
Net cash used in investing activities	<u>(23,798)</u>	<u>(76,806)</u>
Cash Flows From Financing Activities		
Dividend paid	-	(8,847)
Drawdown of bank borrowings	15,965	80,000
Net changes on bankers' acceptance, trust receipt and revolving credits	19,768	39,052
Increase in fixed deposits pledged	(1,410)	(247)
Repayment of bank borrowings	444	(23,988)
Repayment of lease liabilities	328	(2,028)
Net cash from financing activities	<u>35,095</u>	<u>83,942</u>
Net (decrease)/increase in cash and cash equivalents	(23,951)	9,982
Cash and cash equivalents at the beginning of the financial period	116,524	79,274
Effect of exchange translation differences on cash and cash equivalents	631	306
Cash and cash equivalents at the end of the financial period	<u>93,204</u>	<u>89,562</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2023 (Cont'd)**

(The figures have not been audited)

	Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	98,524	101,820
Bank overdrafts	29,632	(12,258)
Fixed deposits with licensed banks	(12,475)	12,957
	<u>115,681</u>	<u>102,519</u>
Less: Fixed deposits pledged to licensed banks	(22,477)	(12,957)
	<u>93,204</u>	<u>89,562</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 2022 and the accompanying explanatory notes attached to this interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

NOTES TO THE INTERIM FINANCIAL REPORT- SECOND QUARTER ENDED 30 JUNE 2023

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2023

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 2022 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 2022, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

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)	
Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 – Classification of Liabilities as Current or Non- Current	1 January 2024
Amendments to MFRS 101 – Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7 – Supplier Finance Arrangements	1 January 2024
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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2023 (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 2022.

A6. Debt and equity securities

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

As at 30 June 2023, the number of treasury shares held was 750,300 ordinary shares. 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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)
A7. Segmental information

The Group's operating activities were derived from Thirteen (13) main business segments, namely the following:-

	Unaudited Individual quarter 30 June 2023 RM'000	Unaudited Individual quarter 30 June 2022 RM'000	Unaudited Cumulative quarter 30 June 2023 RM'000	Unaudited Cumulative quarter 30 June 2022 RM'000
Revenue				
• Investment holding and management services	2,545	2,117	4,472	3,878
• Others	416	404	637	444
<u>Building material division</u>				
• Distribution of building materials and logistics services	204,528	178,115	444,206	360,206
• Ready-mixed concrete	17,498	20,809	45,116	39,021
• Manufacturing of fire-rated and wooden door	-	2,655	-	10,901
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	113,913	86,531	220,209	167,420
• Manufacturing of wire mesh	42,030	48,796	90,175	99,988
• Modular building Solutions	-	-	-	85
• Trading of sanitaryware and fittings	193	435	352	678
<u>Vehicle division</u>				
• Manufacturing and trading of commercial vehicles and bodyworks	18,390	11,773	34,090	29,973
• Rental and fleet management services	681	718	1,404	1,472
<u>Property development and construction division</u>				
• Construction	126,705	22,081	245,084	36,729
• Property development	12,965	1,280	16,595	1,280
	539,864	375,714	1,102,340	752,075
Adjustments and eliminations	(39,293)	(24,387)	(77,833)	(49,797)
	500,571	351,327	1,024,507	702,278

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)
A7. Segmental information (Cont'd)

The Group's operating activities were derived from Thirteen (13) main business segments, namely the following (Cont'd):-

	Unaudited Individual quarter 30 June 2023 RM'000	Unaudited Individual quarter 30 June 2022 RM'000	Unaudited Cumulative quarter 30 June 2023 RM'000	Unaudited Cumulative quarter 30 June 2022 RM'000
Profit before taxation				
• Investment holding and management services	11,153	41,253	13,337	62,090
• Others	70	(87)	(87)	(146)
<u>Building material division</u>				
• Distribution of building materials and logistics services	3,207	1,776	8,256	4,860
• Ready-mixed concrete	(1,800)	(584)	(3,387)	(1,705)
• Manufacturing of fire-rated and wooden door	-	(318)	-	(1,284)
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	7,232	4,199	11,445	4,061
• Manufacturing of wire mesh	(1,880)	1,063	(1,422)	2,028
• Modular building Solutions	(465)	(231)	(848)	(570)
• Trading of sanitaryware and fittings	(432)	(104)	(649)	(368)
<u>Vehicle division</u>				
• Manufacturing and trading of commercial vehicles and bodyworks	1,820	914	3,788	1,704
• Rental and fleet management services	120	135	278	494
<u>Property development and construction division</u>				
• Construction	7,750	1,163	20,972	3,855
• Property development	(3,307)	(1,636)	(6,775)	(4,426)
	23,468	47,543	44,908	70,593
Share of results of associates	13,262	8,080	22,853	13,732
Share of results of joint ventures	5,756	575	8,077	867
	42,486	56,198	75,838	85,192
Adjustments and eliminations	(12,724)	(13,064)	(13,279)	(12,771)
	29,762	43,134	62,559	72,421

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)
A8. Dividend paid

There was no dividend paid during the current financial quarter.

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 June 2023 RM'000	Audited 31 December 2022 RM'000
Authorised and contracted for:		
- acquisition of property, plant and equipment	3,376	673

b) Property development division

	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Authorised and contracted for:		
- acquisition of land held for property development	50,223	50,223
- acquisition of property, plant and equipment	207	418
- acquisition of equity interest in subsidiaries	-	17,825

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2023 (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 June 2023, except for the following:-

- i) During the quarter under review, Chin Hin had acquired additional 1,395,700 ordinary shares in Chin Hin Group Property Berhad ("CHGP"), which led to an increase of its total shareholdings in CHGP to 307,968,035 ordinary shares. During the same period, CHGP had increased its issued and paid-up share capital from RM151,068,093 to RM183,698,211 through the conversion of 23,141,573 units of warrants to ordinary shares and issuance of 28,987,620 new ordinary shares pursuant to the Private Placement exercise. Consequently, the equity interest of Chin Hin in CHGP has diluted to 56.1%.

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 June 2023 RM'000	Audited 31 December 2022 RM'000
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	542,393	548,064
Bank guarantee issued to third parties	5,369	19,476
	<hr/>	<hr/>

b) Property Development & Construction division

	Unaudited 30 June 2023 RM'000	Audited 31 December 2022 RM'000
Unsecured		
Bank guarantee given to third parties in respect of trade and contracts	46,785	47,483
Corporate guarantees given to financial institutions for borrowings	363,738	450,923
	<hr/>	<hr/>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2023 (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 June 2023 were as follows: -

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	1,063
-Sales of goods	1,372
-Purchase of goods	5,100
-Service rendered	278
-Rental received/receivables	43
-Rental paid/payables	1,467
-Insurance and road tax received	148
-Progress billing receivables	37,252
-Project management fee receivables	108
	<hr/>

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 RM500.57 million, an increase of RM149.24 million or 42.48% as compared to RM351.33 million in the preceding year's corresponding quarter. Higher revenue recorded in the current quarter was mainly attributable to the construction sector whereby higher progress work done on site with an increment of RM104.62 million as compared to the preceding year's corresponding quarter. The bulk of the revenue was recognised from several major on-going projects from the private and government sectors. Besides that, the increased revenue was also contributed by the high volume of the wall panel and autoclaved aerated concrete ("AAC") blocks sold to private and government projects in Singapore.

The distribution of the building materials sector's sales has grown by 14.83% in this quarter as compared to the preceding year's corresponding quarter mainly contributed by cement and other building materials products. The revenue for the manufacturing and trading of commercial vehicles and bodyworks increased as the division managed to increase the selling price for rebuilt vehicles due to the global semiconductor chip shortage of brand-new vehicles. The global chip shortage, which was triggered by the pandemic, has been exacerbated by the ongoing Russia-Ukraine war. Therefore, it has boosted the demand for rebuilt vehicles.

In line with the considerable increase in revenue, the Group's gross profit has increased by RM19.94 million or 75.36% from RM26.46 million in the preceding year's corresponding quarter of 2022 to RM46.40 million in the current quarter of 2023. The gross profit margin for the current quarter was recorded at 9.27%, increased by 1.74% as compared to the preceding year's corresponding quarter of 7.53% mainly due to the higher margin from the AAC block and panel sales to Singapore, higher pricing for rebuilt commercial vehicles as mentioned above and healthy margin from the construction sector. However, the gross profit margin was pulled down partially by the losses sustained in the manufacturing of wire mesh segment, as the selling price index for mesh was experiencing a substantial downtrend during the quarter under review. Moreover, the gross profit also affected by the further losses sustained in the ready mixed concrete division, which Chin Hin divested at the end of May 2023.

Other operating income has decreased by RM0.92 million or 23.83% from RM3.86 million in the preceding year's corresponding quarter to RM2.94 million in the current quarter. The higher other operating income in the preceding year's corresponding quarter was solely due to the reversal of impairment loss on receivables in CHGP. The huge fair value gain of RM37.24 million on other investments in the preceding year's corresponding quarter was resultant from Solarvest Holdings Berhad's ("Solarvest") shares, after it ceased to be an associate to Chin Hin as of 20 April 2022. The loss on disposal of investment in associate of RM3.64 million in the preceding year's corresponding quarter was derived from the reversal of profit shared in Solarvest from the start totalling RM20.17 million offset partially with the gain on disposal of Solarvest shares of RM16.54 million.

There was a gain on disposal of our loss-making subsidiary, Midah Group and Chin Hin Concrete (KL) Sdn Bhd of RM4.02 million and RM1.11 million respectively in the preceding year's corresponding quarter and current quarter.

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 increase in impairment on trade receivables in the current quarter of RM2.00 million was principally caused by the impairment provided in Chin Hin Group Property Berhad ("CHGP") for the long outstanding debts.

Administrative expenses have increased by RM2.99 million in this quarter as compared to the preceding year's corresponding quarter, mainly due to the expansion in the property development and construction division following our active efforts in securing new government and private construction projects coupled with the deemed completion of the acquisition of Quaver Sdn Bhd in January 2023.

The Group's finance cost for the current quarter has increased by RM2.66 million as compared to the preceding year's corresponding quarter, principally due to the drawdown of bridging loans totalling RM15.97 million in the property development sector to fund the development of Quaver Residence and Ayanna Resort Residences. Moreover, the finance cost hike was also contributed by the drawdown of revolving credit facilities of RM34.00 million to fund the working capital of the Chin Hin Group. The raising of the overnight policy rate ("OPR") fifth consecutive time since May 2022 to 3.0 per cent in May 2023 has impacted Chin Hin's finance cost significantly.

Share of profit from our associates have increased by RM5.18 million or 64.13% in the current quarter as compared to the preceding year's corresponding quarter mainly contributed by Corten Interior Solutions Pte Ltd and Ajiya Berhad. A significant increase in the share of results of joint venture was solely contributed by the 8th & Stellar Joint Development project profit entitlement.

Given the abovementioned increase in the revenue, gross profit, share of results of associates and joint ventures offset fully against the increase in impairment loss on receivables, administrative expenses and finance costs coupled with a huge reduction in the fair value gain on other investments, the Group reported a reduction in profit before tax ("PBT") of RM13.37 million for this quarter as compared to the preceding year's corresponding quarter. Should both Q2 2023 and Q2 2022 results exclude those non-operating income and losses such as fair value gain on other investments and gain/losses on disposal of investment in an associate and subsidiary companies, the underlying PBT for Q2 2023 shall be recorded at RM27.24 million which is much higher than the underlying PBT of RM5.52 million for Q2 2022.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

B2. Comparison with immediate preceding quarter's results

CURRENT QUARTER vs. PRECEDING QUARTER

	Unaudited Individual quarter 30 June 2023 RM'000	Unaudited Individual quarter 31 March 2023 RM'000	Changes %
Revenue	500,571	523,936	-4%
Operating Profit	20,551	29,467	-30%
Profit Before Interest and Tax	20,551	29,467	-30%
Profit Before Tax	30,076	32,797	-8%
Profit After Tax	25,199	26,394	-5%
Profit Attributable to Ordinary Equity Holders of the Parent	22,171	20,045	11%

For the quarter under review, the Group posted a revenue of RM500.57 million as compared to RM523.94 million in the preceding quarter, a decline of RM23.37 million or 4.46%. The lower revenue in the distribution of building materials and the manufacturing of wire mesh division coupled with the divestment of ready-mixed concrete business have caused the revenue in the current quarter to decline. However, the decline was mitigated partially by the increase revenue in the property development division, solely contributed by the Quaver Residence Project.

The Group reported a profit before tax ("PBT") of RM29.76 million, a reduction of RM3.04 million as compared to RM32.80 million in the preceding quarter. The decline was contributed by the followings:

- Lower gross profit as mentioned in B1;
- Reduction in the fair value gain on other investments;
- Higher finance cost due to the drawdown of bridging loans as mentioned in B1 to fund the property development projects, i.e., Quaver Residence and Ayanna Resort Residence; and
- Impairment loss on receivables of RM2.00 million in CHGP.

The reduction of the PBT as mentioned above was partially offset by the higher share of the results of the associates and joint ventures.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

B3. Prospects

The Malaysian economy's expansion of 5.6 per cent in the first quarter of 2023, higher than the growth rates of other surrounding countries. It suggests that Malaysia's economy has regained strength and momentum. The overnight policy rate ("OPR") increased by 25 basis points to 3.0 per cent in May 2023, leading to significant challenges in Malaysia's economy. The Group has repositioned itself to cope with the challenges and remain vigilant for new prospects.

Our Starken AAC 2's autoclaved aerated concrete ("AAC") production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor has exceeded its production utilisation rate of 60% level. Starken AAC 2's majority deliveries are to the private high-rise projects, hospital, Housing & Development Board (HDB) projects, landed property, MRT, nursing home, dormitory, airport and hospital in Singapore. HDB has launched more than half of the 30,000 Build-To-Order (BTO) public housing units across 18 projects in Tengah. Overall application rates in Tengah, the newest town range from 1.4 to 4.3, which translates to about one to four applicants for each available flat. Due to the overwhelming responses from the homebuyers, more new private residential developments and BTO flats are expected to be launched in Singapore this year. Hence, Starken AAC 2's panel and block sales are expected to be good since it has secured a solid foothold in this country. The Company has also managed to secure a few data centre projects in the Southern Malaysia as Malaysia has emerged as the top destination for data centre investment among the Southeast Asia five ("SEA-5").

Our rebuilt commercial vehicles division has upgraded its value-added services by offering customers with warranty, free- service and more service centres throughout Peninsula Malaysia. Our rebuilt vehicles are as competitive as new vehicles. The assembly of our rebuilt vehicles fulfils the requirements and guidelines set by the regulatory boards, ensuring the safety level of vehicles is at the highest level for use on roads. The pandemic has caused the loan application from the banks to be more stringent, in view of higher default risk. Hence, many consumers have turned to rebuilt vehicles with lower cost and flexible payment options offered by our dealers. The success of online business has led to the emergence of new entrepreneurs and hence spring up more logistic partners that are enjoying the lower vehicles cost with the same efficiency as new vehicles.

The Malaysian property market remained robust despite the rise in the overnight policy rate ("OPR") by 25 basis points to 3.0 per cent. Our subsidiary, Chin Hin Group Property Berhad ("CHGP")'s current project, Quaver Residence which is strategically located at Sungai Besi with direct access from the KL-Seremban Expressway and Sungai Besi Highway has recently been awarded "The Family-Friendly Award" (Honours) by Star Property in May 2023. The development has a Gross Development Value ("GDV") of RM461.00 million with the current take up rate of 55%. CHGP has soft launched its Ayanna Resort Residences which are located at Bukit Jalil with an estimated GDV of RM868.00 million in July 2023. The response was positive with booking fee collected from 30% of the units for sale within a period of one month after the soft launch. In the pipeline, the Group is planning to launch Avantro Residences with an estimated GDV of RM517.00 million. Avantro Residences are a freehold transit-oriented development, which is strategically located 180 metres to Kinrara BK5 LRT station and 4 KM away from Pavilion, Bukit Jalil. The Group will also develop another new project at Rawang which has an estimated GDV of RM342.38 million, targeting to be launched in 2024. CHGP has tied up with Ivory Properties Group Bhd in early May 2023 to jointly develop the iconic Crown Penang, a sustainability-focused, low-density serviced residence development, marking Chin Hin's maiden foray into Penang. The Group will be looking out to acquire more strategic landbank in high-growth areas for property development to ensure sustainable business growth in the long run.

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

All the major infrastructure construction projects, i.e., MRT3 Circle Line's four major contract packages, East Coast Rail Link (ECRL) project, Klang Valley Double Track Phase 2 ("KVDT 2"), Central Spine Road ("CSR") are expected to keep driving the growth of the construction industry in Malaysia over the next three to four years. The construction division's outstanding order book currently stands at RM1.16 billion. The Group remains committed to pursuing business expansion opportunities by actively seeking new government and private construction projects.

Our associate company, Signature International Berhad's ("Signature") new subsidiary, Corten Interior Solutions Pte Ltd ("Corten") and Areal Interior Solutions Pte Ltd ("Areal"), Singapore's largest kitchen and wardrobe company with more than 50% market share of private residential property projects have contributed significantly to its bottom line in Q2 2023. Signature Group has become a total interior design solutions provider in the Southeast Asia following the acquisition of the said two subsidiaries. The Signature's New Smart Factory located at Bandar Enstek's has started operation in June and will be fully operational in Q3 2023. Signature's Industry 4.0 effort is anchored by this Smart Factory. As at end June 2023, Signature Group's total order books stood at RM1.05 billion i.e., RM218.00 million and RM682.00 million for Kitchen & Wardrobe System for Signature and Corten brand respectively plus RM147.00 million for Interior Fit-Out Works.

Our newly acquired associate company, Ajiya Berhad ("Ajiya") which is involved in the high value-added safety glass products, metal roofing, metal door and window frames business continue sourcing for cheaper cost of raw materials with good quality to improve its profitability and to remain competitive for a sustainable long-term growth.

B4. Estimates/Forecast

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 June 2023 RM'000	Unaudited 30 June 2022 RM'000	Unaudited 30 June 2023 RM'000	Unaudited 30 June 2022 RM'000
Income tax expense				
- Current financial year	5,614	4,333	11,289	6,637
	<u>5,614</u>	<u>4,333</u>	<u>11,289</u>	<u>6,637</u>
Deferred tax				
- Current financial year	(750)	223	(22)	54
	<u>(750)</u>	<u>223</u>	<u>(22)</u>	<u>54</u>
Total tax expense	<u>4,864</u>	<u>4,556</u>	<u>11,267</u>	<u>6,691</u>

B6. Status of corporate proposals and utilisation of proceeds
I. Status of corporate proposal

There was no corporate proposal which had been announced by the Company and are pending for completion as of to date.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

B7. Borrowings

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

	As at 30 June 2023 RM'000	(Audited) As at 31 December 2022 RM'000
Bank overdrafts	12,476	12,809
Revolving credits	118,002	72,648
Bankers' acceptance	340,976	352,832
Invoice financing	-	1,962
Term loans	446,145	410,666
Margin facility	25,914	18,817
Bills discounting facility	1,718	4,924
Total bank borrowings	945,231	874,658
Total bank borrowings comprises:-		
Current:		
Bank overdraft	12,476	12,809
Revolving credits	118,002	72,648
Bankers' acceptance	340,976	352,832
Invoice financing	-	1,962
Term loans	50,501	59,698
Margin facility	25,914	18,817
Bills discounting facility	1,718	4,924
	549,587	523,690
Non-current:		
Term loans	395,644	350,968
	945,231	874,658

B8. Lease liabilities

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

	As at 30 June 2023 RM'000	(Audited) As at 31 December 2022 RM'000
Present value of minimum lease payments:		
Repayable within twelve months	5,668	6,390
Repayables after twelve months	6,172	4,112
	11,840	10,502

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 June 2023	30 June 2022	30 June 2023	30 June 2022
Profit attributable to ordinary equity holders of the Group (RM'000)	21,870	38,490	41,915	64,748
Number of ordinary shares in issues as at 1 January ('000)	1,770,164	885,082	1,770,164	885,082
Effect of treasury shares held	(750)	(375)	(750)	(375)
Weighted average number of ordinary shares in issue ('000)	1,769,414	884,707	1,769,414	884,707
Basic earnings per share (sen)	1.24	4.35	2.37	7.32

Diluted earnings per ordinary share

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

	Individual Quarter		Cumulative Quarter	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Profit attributable to ordinary equity holders of the Group (RM'000)	21,870	38,490	41,915	64,748
Weighted average number of ordinary shares as above	1,769,414	884,707	1,769,414	884,707
Basic earnings per share (sen)	1.24	4.35	2.37	7.32

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

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

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

	Unaudited As at 30 June 2023 RM'000	Unaudited As at 30 June 2022 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	247	237
Bad debts written off	18	-
Depreciation of property, plant and equipment	18,752	18,178
Directors' fee	198	120
Directors' remuneration		
- Salary, EPF and Socso	1,220	2,199
- Other emoluments	85	185
Impairment loss on receivables	5,795	3,218
Interest expense	18,389	13,520
Interest income	(1,346)	(902)
Inventories written off	4	11
Inventories written down	(79)	-
Fair value gain on other investments	(9,057)	(37,235)
Gain on disposal of assets held for sale	(34)	-
Gain on disposal of investment in an associate	-	(19,949)
Gain on disposal of investment in subsidiary companies	(1,111)	(4,020)
Gain on disposal of property, plant and equipment	(132)	(473)
Gain on liquidation of investment in a subsidiary	-	(176)
Gain on modification on lease contract	(5)	-
Loss on disposal of other investments	1,705	-
Property, plant and equipment written off	864	243
Realised gain on foreign exchange	(540)	(86)
Rental income	(764)	(922)
Rental expenses	2,481	2,833
Reversal of impairment loss on trade receivables	(297)	(1,223)
Share of results of associates	(22,853)	(13,732)
Share of results of joint ventures	(8,077)	(867)
Unrealised gain on foreign exchange	(1,094)	(1,281)

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

30 August 2023