

**KIM HIN INDUSTRY BERHAD**

REGISTRATION No.:197301003569 (18203-V)

**Interim Financial Report**

30 June 2020

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim Financial Report for the six-month period ended 30 June 2020**

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**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 2020****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
		30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
<b>Revenue</b>	11	61,281	95,743	134,021	179,582
Cost of sales		(50,569)	(75,392)	(106,998)	(139,430)
<b>Gross profit</b>		10,712	20,351	27,023	40,152
Other income		2,260	2,557	4,496	6,284
Selling and distribution costs		(7,079)	(11,674)	(17,711)	(23,349)
Administrative expenses		(14,243)	(18,521)	(32,474)	(36,809)
Other expenses		4,369	(1,067)	(1,835)	(2,843)
<b>Operating loss</b>		(3,981)	(8,354)	(20,501)	(16,565)
Finance costs		(536)	(318)	(1,811)	(609)
<b>Loss before tax</b>	12	(4,517)	(8,672)	(22,312)	(17,174)
Income tax expense	13	100	(783)	(30)	(1,398)
<b>Loss for the period</b>		(4,417)	(9,455)	(22,342)	(18,572)
<b>Other comprehensive income:</b>					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		1,489	(729)	1,927	(541)
<b>Other comprehensive loss for the period, net of tax</b>		1,489	(729)	1,927	(541)
<b>Total comprehensive loss for the period</b>		(2,928)	(10,184)	(20,415)	(19,113)

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**Interim report for the six-month period ended 30 June 2020****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

		Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Note	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
<b>Loss attributable to:</b>					
Owners of the Company		(4,574)	(9,892)	(22,427)	(18,790)
Non-controlling interests		157	437	85	218
		<u>(4,417)</u>	<u>(9,455)</u>	<u>(22,342)</u>	<u>(18,572)</u>
		=====	=====	=====	=====
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		(3,044)	(10,466)	(20,873)	(19,273)
Non-controlling interests		116	282	458	160
		<u>(2,928)</u>	<u>(10,184)</u>	<u>(20,415)</u>	<u>(19,113)</u>
		=====	=====	=====	=====
<b>Loss per share attributable to owners of the Company:</b>					
- Loss per share for the period (basic/diluted) (sen)	14	(3.26)	(7.06)	(15.99)	(13.40)
		=====	=====	=====	=====

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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**Interim report for the six-month period ended 30 June 2020****Condensed Consolidated Statement of Financial Position**

		<b>30.06.2020</b>	<b>31.12.2019</b>
		Unaudited	Audited
	<b>Note</b>	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	125,899	130,478
Right-of-use assets		66,469	71,594
Investment properties	16	27,058	26,984
Other investments		25,947	25,526
Intangible assets	17	16,643	16,643
Deferred tax assets		4,446	4,352
		<hr/>	<hr/>
		266,462	275,577
<b>Current assets</b>			
Inventories	18	132,759	134,540
Trade and other receivables		52,416	75,675
Other current assets		2,551	2,494
Derivatives assets		-	6
Other investments		27,289	-
Tax recoverable		1,445	2,709
Cash and bank balances	19	63,417	62,645
		<hr/>	<hr/>
		279,877	278,069
<b>TOTAL ASSETS</b>			
		<hr/> <hr/>	<hr/> <hr/>
		546,339	553,646

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**Interim report for the six-month period ended 30 June 2020****Condensed Consolidated Statement of Financial Position (contd.)**

		<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>Note</b>	Unaudited RM'000	Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	206,658	206,658
Treasury shares	20	(24,309)	(24,309)
Other reserves		11,898	10,344
Retained earnings		191,729	214,156
		<hr/>	<hr/>
		385,976	406,849
<b>Non-controlling interests</b>		13,144	12,686
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		399,120	419,535
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	21	14,817	15,846
Lease liabilities		19,774	20,998
Deferred tax liabilities		4,813	4,813
Provisions		413	402
		<hr/>	<hr/>
		39,817	42,059
		<hr/>	<hr/>
<b>Current liabilities</b>			
Loans and borrowings	21	7,468	7,069
Lease liabilities		7,140	10,323
Trade and other payables		87,676	68,347
Provisions		3,808	3,872
Derivative liabilities		125	-
Deferred capital grant		91	192
Tax payable		1,094	2,249
		<hr/>	<hr/>
		107,402	92,052
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		147,219	134,111
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		546,339	553,646
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.75	2.90
		<hr/>	<hr/>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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**Interim report for the six-month period ended 30 June 2020****Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →					Non-controlling interests ("NCI")	Total equity	
	← Non-Distributable		→ Distributable					
	Share capital	Treasury shares	Reserve and enterprise expansion funds	Translation adjustment account	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2020</b>	206,658	(24,309)	4,791	5,553	214,156	406,849	12,686	419,535
Loss net of tax	-	-	-	-	(22,427)	(22,427)	85	(22,342)
Other comparative income	-	-	-	1,554	-	1,554	373	1,927
Total comprehensive income	-	-	-	1,554	(22,427)	(20,873)	458	(20,415)
<b>At 30 June 2020</b>	206,658	(24,309)	4,791	7,107	191,729	385,976	13,144	399,120
<b>At 1 January 2019</b>	206,658	(24,309)	4,593	7,403	246,803	441,148	16,914	458,062
Loss net of tax	-	-	-	-	(18,790)	(18,790)	218	(18,572)
Other comparative income	-	-	-	(483)	-	(483)	(58)	(541)
Total comprehensive income	-	-	-	(483)	(18,790)	(19,273)	160	(19,113)
<b>Transaction with owners</b>								
Dividend paid to NCI	-	-	-	-	-	-	(573)	(573)
<b>At 30 June 2019</b>	206,658	(24,309)	4,593	6,920	228,013	421,875	16,501	438,376

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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**Interim report for the six-month period ended 30 June 2020****Condensed Consolidated Statement of Cash Flows**

	Note	6 months ended	
		30.06.2020	30.06.2019
		RM'000	RM'000
<b>Operating activities</b>			
Loss before tax		(22,312)	(17,174)
Adjustments for:			
Amortisation of deferred capital grant		(101)	(101)
Credit losses on trade receivables, net		(240)	18
Depreciation of investment properties		174	174
Depreciation of property, plant and equipment and right-of-use assets		14,948	11,316
Dividend income		(88)	(4)
Gains on disposal of property, plant and equipment, net		(95)	(245)
Gains on fair value changes, net		(198)	(3,155)
Impairment on property, plant and equipment		-	1,000
Interest expense		1,811	609
Interest income		(140)	(107)
Inventories written off		18	47
Loss on disposal of other investments		-	3
Unrealised gains on foreign exchange, net		(1,744)	(380)
Write-down of inventories, net		(259)	(788)
Operating cash flows before changes in working capital		(8,226)	(8,787)
Changes in working capital:			
Decrease in inventories		2,696	17,246
Decrease/(increase) in receivables		24,223	(2,004)
Increase/(decrease) in payables		18,346	(10,127)
Cash generated from / (used in) operations		37,039	(3,672)
Interest paid		(1,811)	(609)
Taxes paid, net of refund		30	(2,279)
Net cash flows from / (used in) operating activities carried forward		35,258	(6,560)



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**Interim report for the six-month period ended 30 June 2020****Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	6 months ended	
		30.06.2020 RM'000	30.06.2019 RM'000
Net cash flows from / (used in) operating activities brought forward		35,258	(6,560)
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(4,713)	(3,935)
Acquisition of other assets		-	(901)
Acquisition of other investments		(27,289)	(528)
Interest received		140	107
Proceeds from disposal of other investments		-	500
Proceeds from disposal of property, plant and equipment		1,050	1,396
Increase in short-term deposits with maturity more than three months		(1,562)	(4,969)
Net cash flows used in investing activities		<u>(32,374)</u>	<u>(8,330)</u>
<b>Financing activities</b>			
Drawdown of borrowings		2,116	-
Dividend paid to non-controlling interest		-	(573)
Lease payment		(5,112)	-
Term loan (repaid)/obtained		(2,847)	3,827
Net cash flows (used in) / from financing activities		<u>(5,843)</u>	<u>3,254</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,959)</b>	<b>(11,636)</b>
<b>Effect of foreign exchange rate changes</b>		<b>1,469</b>	<b>259</b>
<b>Cash and cash equivalents at 1 January</b>		<b>45,121</b>	<b>41,870</b>
<b>Cash and cash equivalents at 30 June</b>	<b>19</b>	<b><u>43,631</u></b>	<b><u>30,493</u></b>
		<b>=====</b>	<b>=====</b>

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

**PART A – Explanatory Notes Pursuant to MFRS 134****1. Basis of preparation**

The condensed consolidated interim financial statements, for the six-month period ended 30 June 2020 are unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

**2. Changes in accounting policies**

The significant accounting policies adopted by the Group in the condensed consolidated interim financial statements are consistent with those of the Group’s audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following amendments to MFRSs with effect from 1 January 2020:

	<b>Effective for annual periods beginning</b>
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020

The adoption of the abovementioned amendments to MFRSs is not expected to have material impact to the financial statements of the Group.

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### **PART A – Explanatory Notes Pursuant to MFRS 134**

#### **3. Seasonal or cyclical factors**

The business operations of the Group have been significantly affected by seasonal or cyclical factors relating to the festive season, which normally affects the construction industry in the first quarter of the year.

#### **4. Unusual items due to their nature, size and incidence**

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the financial period ended 30 June 2020.

#### **5. Changes in estimates**

There were no changes in estimates of amounts that have had a material effect on the results of the current financial period.

#### **6. Debt and equity securities**

There were no issuances and repayments of debt and equity securities, share buy backs, shares cancellation, shares held as treasury shares and resale of treasury shares during the current financial period.

#### **7. Dividends paid**

There was no dividend paid during the financial period ended 30 June 2020.

#### **8. Material subsequent events**

There were no material event subsequent to the end of the financial period reported that have not been reflected in these interim financial statements.

#### **9. Changes in composition of the Group**

There were no changes in the composition of the Group during the current financial period.

#### **10. Changes in contingent liabilities and contingent assets**

There were no material contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2019.

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**PART A – Explanatory Notes Pursuant to MFRS 134****11. Revenue**

	<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000
Revenue from contracts with customers	133,933	179,578
Dividend income	88	4
	<u>134,021</u>	<u>179,582</u>
	=====	=====

**12. Loss before tax**

	<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000
Profit for the six-month period is arrived at after charging/ (crediting):		
Amortisation of deferred capital grant	(101)	(101)
Credit losses on receivables (reversed)/provided	(240)	18
Depreciation of investment properties	174	174
Depreciation of property, plant and equipment and right-of-use assets	14,948	11,316
Dividend income	(88)	(4)
Gains on disposal of property, plant and equipment	(95)	(245)
Gains on fair value changes	(198)	(3,155)
Impairment on property, plant and equipment	-	1,000
Interest expense	1,811	609
Interest income	(140)	(107)
Inventories written off	18	47
Loss on disposal of other investments	-	3
Unrealised gains on foreign exchange	(1,744)	(380)
Write-down of inventories reversed	(259)	(788)
	<u>=====</u>	<u>=====</u>

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**PART A – Explanatory Notes Pursuant to MFRS 134****13. Income tax expense**

	<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	349	1,166
Foreign tax	(319)	298
	<u>30</u>	<u>1,464</u>
Deferred income tax	-	(66)
	<u>-</u>	<u>(66)</u>
Income tax expense for the period	<u>30</u>	<u>1,398</u>
	<u>=====</u>	<u>=====</u>

The Group's effective tax rate for current financial period ended 30 June 2020 and the preceding year's corresponding period was higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

**14. Loss per share****Basic/Diluted**

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

There is no dilutive effect of all potential ordinary shares.

The following reflect the loss and share data used in the computation of basic loss per share:

	<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	<u>(22,427)</u>	<u>(18,790)</u>
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	<u>(15,377)</u>	<u>(15,377)</u>
Weighted average number of ordinary shares in issue ('000)	<u>140,239</u>	<u>140,239</u>
Basic loss per share (sen)	<u>(15.99)</u>	<u>(13.40)</u>
	<u>=====</u>	<u>=====</u>

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**PART A – Explanatory Notes Pursuant to MFRS 134****15. Property, plant and equipment**

During the current financial period, the Group acquired property, plant and equipment at a cost of RM3,935,000 (30 June 2019: RM4,713,000)

The Group disposed of property, plant and equipment with carrying amount of RM955,000 during the six-month period (30 June 2019: RM1,151,000), resulting in gains on disposal of RM95,000 (30 June 2019: gains of RM245,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

**16. Investment properties**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January	29,065	29,286
Addition	-	-
Translation difference	248	(221)
	<u>29,313</u>	<u>29,065</u>
<b>Accumulated depreciation</b>		
At 1 January	2,081	1,732
Charge for the period	174	349
	<u>2,255</u>	<u>2,081</u>
<b>Net carrying amount</b>		
At 30 June/31 December	<u>27,058</u>	<u>26,984</u>
	=====	=====

**17. Intangible assets**

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
<b>Cost</b>		
Goodwill	9,838	9,838
Arrangements with franchisee	11,786	11,786
Brands	4,857	4,857
	<u>26,481</u>	<u>26,481</u>
<b>Accumulated impairment</b>		
At 30 June/31 December	<u>(9,838)</u>	<u>(9,838)</u>
<b>Net carrying amount</b>		
At 30 June/31 December	<u>16,643</u>	<u>16,643</u>
	=====	=====

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**PART A – Explanatory Notes Pursuant to MFRS 134****18. Inventories**

During the current financial period ended 30 June 2020, the Group recognised a reversal of write-down on inventories provided of RM259,000 (30 June 2019: a reversal of write-down of RM788,000) to net realisable value. This expense was included in other income in the consolidated statement of profit or loss and other comprehensive income.

**19. Cash and cash equivalents**

Cash and cash equivalents comprised the following amounts:

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
Cash on hand and at bank	43,631	45,121
Deposits with financial institutions	19,086	17,524
	<hr/>	<hr/>
Cash and bank balances	62,717	62,645
Deposits with maturity more than 3 months	(19,086)	(17,524)
	<hr/>	<hr/>
Cash and cash equivalents	43,631	45,121
	<hr/> <hr/>	<hr/> <hr/>

**20. Share capital, share premium and treasury shares***Issue of shares*

There was no issuance of ordinary shares during the current financial period.

*Treasury shares*

During the current financial period, the Company has not purchased any of its own shares.

Of the total 155,616,013 (30 June 2019: 155,616,013) issued and fully paid ordinary shares as at 30 June 2020, 15,376,900 (30 June 2019: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 30 June 2020, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 June 2019: 140,239,113) ordinary shares of RM1 each.

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**PART A – Explanatory Notes Pursuant to MFRS 134****21. Loans and Borrowings**

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

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
<b>Current</b>		
Trade facilities, unsecured	5,202	3,983
Term loans, secured	2,266	3,086
	<u>7,468</u>	<u>7,069</u>
<b>Non-current</b>		
Term loans, secured	14,817	15,846
	<u>22,285</u>	<u>22,915</u>
	=====	=====

**Changes in liabilities arising from financing activities**

At 1 January	22,915	22,981
(Repayment)/drawn down of overdraft	-	(1,123)
Drawn down of borrowings	2,116	3,983
Repayment of borrowings	(2,847)	(2,926)
Translation differences	101	-
	<u>22,285</u>	<u>22,915</u>
	=====	=====
At 30 June/31 December	22,285	22,915
	=====	=====

The term loans are based on the floating interest rate and are secured by way of fixed charge over certain landed properties of a wholly owned subsidiary of the Group and corporate guarantee of the Company.

Certain borrowings of the Group are denominated in foreign currency, Australian Dollar.

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
At 30 June/31 December	<u>3,086</u>	<u>3,983</u>
	=====	=====



**PART A – Explanatory Notes Pursuant to MFRS 134****22. Derivative liabilities**

As at the end of the current financial period, derivatives (including financial instruments designated as hedging instruments) entered into by the Group consist of forward foreign exchange contracts entered regularly by the Group with licensed financial institutions to hedge against currency fluctuation for its trade receivables and payables as part of the normal course of business. Details of the outstanding derivative financial instruments as at 30 June 2020 are tabulated below:

	<b>Contract value</b> RM'000	<b>Fair value</b> RM'000	<b>Gain/(loss) on fair value</b> RM'000	<b>Reason for gain/(loss)</b>
Maturity within 1 year	15,362 =====	15,487 =====	(125) =====	Weakening of MYR

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting six-month period and changes in the fair value is recognised in the profit or loss. The subsequent cumulative change in the fair value of the commitment attributable to the hedged risk is recognised as an asset or a liability with the corresponding gain or loss recognised in the profit or loss.

The derivative financial instrument is subjected to credit risk arising from the possibility of default of the counter party in meeting its contractual obligations in which the Group has a gain in the contract. This, however, is minimised as the financial instrument is executed with creditworthy financial institutions.

The Group had sufficient internal funds for its settlement as and when it falls due.

**23. Financial instruments***Determination of fair value*

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	<b>30.06.2020</b>		<b>31.12.2019</b>	
	<b>Carrying Amount</b> RM'000	<b>Fair Value</b> RM'000	<b>Carrying Amount</b> RM'000	<b>Fair Value</b> RM'000
<b>Financial liabilities</b>				
Loans and borrowings	22,285 =====	22,285 =====	22,915 =====	22,915 =====

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**PART A – Explanatory Notes Pursuant to MFRS 134****23. Financial instruments (contd.)***Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities,

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets measured at fair value consist of other investments.

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>30.06.2020</b>				
<b>Financial assets/(liabilities)</b>				
Other investments				
- unquoted unit trust	53,236	53,236	-	-
Derivative liabilities	(125)	-	(125)	-
	=====	=====	=====	=====
<b>31.12.2019</b>				
<b>Financial assets</b>				
Other investments				
- Unquoted unit trusts	25,526	25,526	-	-
Derivative assets	6	-	6	-
	=====	=====	=====	=====

There have been no transfers between any levels of the fair value hierarchy and no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset during the current interim six-month period and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

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**PART A – Explanatory Notes Pursuant to MFRS 134****24. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the six-month period ended 30 June 2020 and 30 June 2019:

	<b>6 months ended</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	998	998
Insurance commission earned as insurance agent	57	39
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	294	581
Directors' interest		
Renovation and maintenance costs	114	51
Purchase of ceramic tiles for resale	61	4
Sales of ceramic tiles	-	33
	=====	=====

The transactions have been entered into with related parties on terms and conditions that are not more favorable to the related party than those generally available to the public.

**25. Capital commitments**

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 30 June 2020 was as follows:

	<b>30.06.2020</b>	<b>31.12.2019</b>
	RM'000	RM'000
Authorised and contracted for	8,144	7,950
Authorised but not contracted for	5,942	5,942
	=====	=====

**26. Changes in contingent liabilities and contingent assets**

There were no material contingent liabilities or contingent assets as at the date of this announcement.

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**PART A – Explanatory Notes Pursuant to MFRS 134****27. Segmental information**

The Group operates principally in one industry and the information for each of the Group's geographical segments for the current financial period is as follows:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.06.2020</b>					
<i>Segment Revenue</i>					
Total sales	67,531	16,784	59,909	2,071	146,295
Inter-segment sales	(11,349)	(925)	-	-	(12,274)
	<u>56,182</u>	<u>15,859</u>	<u>59,909</u>	<u>2,071</u>	<u>134,021</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating (loss)/profit	(17,463)	294	(3,195)	(137)	(20,501)
Finance cost	(520)	-	(1,291)	-	(1,811)
	<u>(17,983)</u>	<u>294</u>	<u>(4,486)</u>	<u>(137)</u>	<u>(22,312)</u>
(Loss)/profit before tax	(17,983)	294	(4,486)	(137)	(22,312)
Income tax expense	(349)	319	-	-	(30)
	<u>(18,332)</u>	<u>613</u>	<u>(4,486)</u>	<u>(137)</u>	<u>(22,342)</u>
(Loss)/profit for the period	(18,332)	613	(4,486)	(137)	(22,342)
Non-controlling interest	-	(126)	-	41	(85)
	<u>(18,332)</u>	<u>487</u>	<u>(4,486)</u>	<u>(96)</u>	<u>(22,427)</u>
	=====	=====	=====	=====	=====
(Loss)/profit attributable to owners of the parent	(18,332)	487	(4,486)	(96)	(22,427)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2020:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	324,592	96,252	122,102	3,393	546,339
Inter-segment assets	-	-	-	-	-
	<u>324,592</u>	<u>96,252</u>	<u>122,102</u>	<u>3,393</u>	<u>546,339</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	52,898	34,933	59,216	172	147,219
Inter-segment liabilities	-	-	-	-	-
	<u>52,898</u>	<u>34,933</u>	<u>59,216</u>	<u>172</u>	<u>147,219</u>
	=====	=====	=====	=====	=====

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**PART A – Explanatory Notes Pursuant to MFRS 134****27. Segmental information (contd.)**

The information for each of the Group's geographical segments for the preceding year's corresponding financial period is as follows:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30.06.2019</b>					
<i>Segment Revenue</i>					
Total sales	100,368	22,450	68,539	2,386	193,743
Inter-segment sales	(13,608)	(553)	-	-	(14,161)
	<u>86,760</u>	<u>21,897</u>	<u>68,539</u>	<u>2,386</u>	<u>179,582</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(13,014)	1,299	(4,892)	42	(16,565)
Finance cost	(527)	-	(82)	-	(609)
(Loss)/profit before tax	<u>(13,541)</u>	<u>1,299</u>	<u>(4,974)</u>	<u>42</u>	<u>(17,174)</u>
Income tax expense	(1,167)	(297)	66	-	(1,398)
(Loss)/profit for the period	<u>(14,708)</u>	<u>1,002</u>	<u>(4,908)</u>	<u>42</u>	<u>(18,572)</u>
Non-controlling interest	-	(205)	-	(13)	(218)
(Loss)/profit attributable to owners of the parent	<u>(14,708)</u>	<u>797</u>	<u>(4,908)</u>	<u>29</u>	<u>(18,790)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2019:

	<b>Malaysia Operation</b>	<b>China Operation</b>	<b>Australia Operation</b>	<b>Vietnam Operation</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	341,519	86,104	104,279	3,441	535,343
Inter-segment assets	-	-	-	-	-
	<u>341,519</u>	<u>86,104</u>	<u>104,279</u>	<u>3,441</u>	<u>535,343</u>
<i>Segment Liabilities</i>					
Total liabilities	50,591	7,527	38,710	139	96,967
Inter-segment liabilities	-	-	-	-	-
	<u>50,591</u>	<u>7,527</u>	<u>38,710</u>	<u>139</u>	<u>96,967</u>

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**28. Performance review**

*Current financial period as compared with preceding year's corresponding period*

Revenue of the Group for the current financial period declined to RM134.0 million from RM179.6 million recorded in the preceding year's corresponding financial period ended 30 June 2019. The decline was due to the prevailing softening market conditions of the domestic property market in Malaysia as well as the Australian property sector, and the closure of production and sales activities in Malaysia during Movement Control Order that came into effect on 18 March 2020 and was only relaxed on 4 May 2020. The Group's production activity in Shanghai was also shut down during the China national lockdown in the first two months of year 2020.

The Group registered a loss before tax of RM22.3 million for the current financial period as compared to a loss before tax of RM17.2 million suffered in the preceding year's corresponding financial period due to lower revenue and reduced profit margin.

**29. Comment on material change in the current financial quarter's results compared to the results of the preceding quarter**

The Group's revenue for the current financial quarter has decreased from RM72.7 million to RM61.3 million, as its operation was significantly affected by measurements including economic lockdown and restrictions implemented by the governments of various countries in the geographical segments where the Group operates to curb the spread of Covid-19 pandemic.

The Group recorded a lower loss before tax of RM4.5 million for the current financial quarter under review as compared to a loss before tax of RM17.8 million for the immediate preceding quarter, mainly due to favourable foreign exchange movement and fair value changes.

**30. Commentary on prospects**

The Group's results are dependent on the performance of the national and regional economies, which are greatly affected by the extent and duration of the unprecedented Covid-19 pandemic, besides fluctuations in main operating costs and foreign exchange movement. Nevertheless, the Group strives to remain cautious of the uncertainty surrounding the Covid-19 pandemic which has become a worldwide phenomenon.

**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**31. Profit forecast or profit guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

**32. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets**

The disclosure requirements are not applicable as no announcements or disclosures were published by the Company in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

**33. Statement by the Board of Directors on achievability of revenue or profit estimate, forecast, projection or internal targets**

The statements of the Board of Directors' opinion are not required as no announcements or disclosures were published by the Company in a public document as to the revenue or profit estimate, forecast, projection or internal targets as at the date of this announcement.

**34. Status of corporate proposals**

There were no corporate proposals announced but not completed as at 25 June 2020.

**35. Changes in material litigation**

As at the date of this announcement, the Group is not engaged in any pending material litigation except for debt recovery actions initiated by the Group against certain of its trade receivables in the normal course of business.

**36. Dividend payable**

No interim dividend has been declared for the financial quarter ended 30 June 2020 (30 June 2019: Nil). The Board has approved on 26 August 2020 to declare an interim dividend of 2 sen per ordinary share, tax exempt, for the financial year ending 31 December 2020.

**37. Disclosure of nature of outstanding derivatives**

Please refer to Note 22 for details.

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**PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****38. Disclosure of gains / losses arising from fair value changes of financial liabilities**

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2020 and 30 June 2019.

**39. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

**40. Realised and unrealised earnings**

The breakdown of the retained earnings of the Group as at 30 June 2020 and 31 December 2019, into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>As at 30.06.2020</b>	<b>As at 31.12.2019</b>
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	180,897	202,930
- Unrealised	11,274	10,980
	<u>192,171</u>	<u>213,910</u>
Less: Consolidated adjustments	(442)	246
Total Group's retained earnings as per financial statements	<u>191,729</u>	<u>214,156</u>
	=====	=====

The disclosure of realised and unrealised earnings above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

**BY ORDER OF THE BOARD**

26 August 2020