

KIM HIN INDUSTRY BERHAD

REGISTRATION No.: 197301003569 (18203-V)

Interim Financial Report

31 December 2020

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim Financial Report for the financial year ended 31 December 2020

Index	Page
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1 - 2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Part A – Explanatory Notes Pursuant to MFRS 134	9 - 21
Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad	22 - 23

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 2020**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 12 months ended	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	11	97,611	100,193	336,656	378,588
Cost of sales		(74,229)	(75,688)	(256,991)	(287,183)
Gross profit		23,382	24,505	79,665	91,405
Other income		36,093	7,772	45,561	14,033
Selling and distribution costs		(11,606)	(8,770)	(40,285)	(44,218)
Administrative expenses		(18,882)	(29,889)	(68,024)	(85,062)
Other expenses		(11,306)	1,120	(15,014)	(3,400)
Operating profit/(loss)		17,681	(5,262)	1,903	(27,242)
Finance costs		(282)	(1,565)	(2,620)	(2,520)
Profit/(loss) before tax	12	17,399	(6,827)	(717)	(29,762)
Income tax expense	13	(8,017)	610	(8,511)	(1,684)
Profit/(loss) for the period		9,382	(6,217)	(9,228)	(31,446)
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		2,168	590	4,395	(2,232)
Other comprehensive income/(loss) for the period, net of tax		2,168	590	4,395	(2,232)
Total comprehensive income/(loss) for the period		11,550	(5,627)	(4,833)	(33,678)

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 2020**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit/(loss) attributable to:					
Owners of the Company		4,405	(6,603)	(14,343)	(32,449)
Non-controlling interests		4,977	386	5,115	1,003
		<u>9,382</u>	<u>(6,217)</u>	<u>(9,228)</u>	<u>(31,446)</u>
		=====	=====	=====	=====
Total comprehensive income/(loss) attributable to:					
Owners of the Company		6,310	(5,720)	(10,645)	(34,299)
Non-controlling interests		5,240	93	5,812	621
		<u>11,550</u>	<u>(5,627)</u>	<u>(4,833)</u>	<u>(33,678)</u>
		=====	=====	=====	=====
Earnings/(loss) per share attributable to owners of the Company:					
- Earnings/(loss) per share for the period (basic/diluted) (sen)	14	3.14	(4.71)	(10.23)	(23.14)
		=====	=====	=====	=====

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.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 2020**Condensed Consolidated Statement of Financial Position**

		31.12.2020	31.12.2019
		Unaudited	Audited
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	121,593	130,478
Right-of-use assets		61,768	71,594
Investment properties	16	36,382	26,984
Other investments		36,330	25,526
Intangible assets	17	16,643	16,643
Deferred tax assets		4,668	4,352
		<hr/>	<hr/>
		277,384	275,577
		<hr/>	<hr/>
Current assets			
Inventories	18	128,488	134,540
Trade and other receivables		72,365	75,675
Other current assets		3,681	2,494
Derivatives assets		773	6
Tax recoverable		1,626	2,709
Cash and bank balances	19	70,871	62,645
		<hr/>	<hr/>
		277,804	278,069
		<hr/>	<hr/>
TOTAL ASSETS		555,188	553,646
		=====	=====

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 2020**Condensed Consolidated Statement of Financial Position (contd.)**

		31.12.2020	31.12.2019
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	20	206,658	206,658
Treasury shares	20	(24,309)	(24,309)
Other reserves		16,086	10,344
Retained earnings		194,964	214,156
		<hr/>	<hr/>
		393,399	406,849
Non-controlling interests		17,756	12,686
		<hr/>	<hr/>
TOTAL EQUITY		411,115	419,535
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	13,993	15,846
Lease liabilities		15,477	20,998
Deferred tax liabilities		4,787	4,813
Provisions		376	402
		<hr/>	<hr/>
		34,633	42,059
		<hr/>	<hr/>
Current liabilities			
Loans and borrowings	21	7,967	7,069
Lease liabilities		9,026	10,323
Trade and other payables		79,059	68,347
Provisions		3,836	3,872
Deferred capital grant		-	192
Tax payable		9,512	2,249
		<hr/>	<hr/>
		109,400	92,052
		<hr/>	<hr/>
TOTAL LIABILITIES		144,033	134,111
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		555,188	553,646
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.81	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.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 2020**Condensed Consolidated Statement of Changes in Equity**

	← Attributable to equity holders of the Company →					Non-controlling interests ("NCI")	Total equity	
	Share capital	Treasury shares	Reserve and enterprise expansion funds	Translation adjustment account	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2020	206,658	(24,309)	4,791	5,553	214,156	406,849	12,686	419,535
Loss net of tax	-	-	-	-	(14,343)	(14,343)	5,115	(9,228)
Other comparative income	-	-	-	3,698	-	3,698	697	4,395
Total comprehensive income	-	-	-	3,698	(14,343)	(10,645)	5,812	(4,833)
Transaction with owners								
Dividend paid	-	-	-	-	(2,805)	(2,805)	-	(2,805)
Dividend paid to NCI	-	-	-	-	-	-	(742)	(742)
Transfer between reserves	-	-	2,044	-	(2,044)	-	-	-
At 31 December 2020	206,658	(24,309)	6,835	9,251	194,964	393,399	17,756	411,155

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 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	RM'000
At 1 January 2019	206,658	(24,309)	4,593	7,403	246,803	441,148	16,914	458,062
Loss net of tax	-	-	-	-	(32,449)	(32,449)	1,003	(31,446)
Other comparative income	-	-	-	(1,850)	-	(1,850)	(382)	(2,232)
Total comprehensive income	-	-	-	(1,850)	(32,449)	(34,299)	621	(33,678)
Capital repayment to NCI	-	-	-	-	-	-	(4,276)	(4,276)
Dividend paid to NCI	-	-	-	-	-	-	(573)	(573)
Transfer between reserves	-	-	198	-	(198)	-	-	-
At 31 December 2019	206,658	(24,309)	4,791	5,553	214,156	406,849	12,686	419,535

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

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 2020**Condensed Consolidated Statement of Cash Flows**

	12 months ended	
Note	31.12.2020	31.12.2019
	RM'000	RM'000
Operating activities		
Loss before tax	(717)	(29,762)
Adjustments for:		
Amortisation of deferred capital grant	(192)	(203)
Bad debts written off	1	29
Credit losses on trade receivables, net	17	577
Depreciation of investment properties	349	349
Depreciation of property, plant and equipment and right-of-use assets	30,184	32,800
Dividend income	(159)	(112)
Gains on disposal of other investments	(25)	-
Gains on disposal of property, plant and equipment, net	(148)	(153)
Gains on fair value changes, net	(4,326)	(4,148)
Impairment of property, plant and equipment and right-of-use assets	5,959	4,800
Interest expense	2,620	2,520
Interest income	(590)	(459)
Inventories written off	64	83
Property, plant and equipment written off	1,666	69
Unrealised gains on foreign exchange	(1,712)	(700)
Write-down of inventories, net	5,194	(1,889)
Operating cash flows before changes in working capital	38,185	3,801
Changes in working capital:		
Decrease in inventories	3,306	32,510
Decrease in receivables	4,523	4,677
Increase/(decrease) in payables	7,879	(2,915)
Cash generated from operations	53,893	38,073
Interest paid	(2,620)	(2,520)
Taxes paid, net of refund	(429)	(466)
Net cash flows from operating activities carried forward	50,844	35,087

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the financial year ended 31 December 2020**Condensed Consolidated Statement of Cash Flows (contd.)**

	Note	12 months ended	
		31.12.2020 RM'000	31.12.2019 RM'000
Net cash flows from operating activities brought forward		50,844	35,087
Investing activities			
Acquisition of intangible assets		-	(894)
Acquisition of investment properties		(9,004)	-
Acquisition of other investments		(10,000)	(787)
Acquisition of property, plant and equipment		(14,759)	(13,684)
Interest received		590	459
Proceeds from disposal of other investments		2,936	750
Proceeds from disposal of property, plant and equipment		1,151	2,308
Decrease/(increase) in short-term deposits with maturity more than three months		12,397	(6,700)
Net cash flows used in investing activities		<u>(16,689)</u>	<u>(18,548)</u>
Financing activities			
Capital reduction paid to NCI		-	(4,276)
Dividend paid		(2,805)	-
Dividend paid to non-controlling interest		(742)	(573)
Drawdown of borrowings, net		4,491	3,983
Lease payment		(10,345)	(8,905)
Repayment of loans and borrowings		(5,490)	(2,926)
Net cash flows used in financing activities		<u>(14,891)</u>	<u>(12,697)</u>
Net increase in cash and cash equivalents		19,264	3,842
Effect of foreign exchange rate changes		1,359	(591)
Cash and cash equivalents at 1 January		<u>45,121</u>	<u>41,870</u>
Cash and cash equivalents at 31 December	19	<u>65,744</u>	<u>45,121</u>

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

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

PART A – Explanatory Notes Pursuant to MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements, for the financial year ended 31 December 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:

	Effective for annual periods beginning
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.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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 year ended 31 December 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 year.

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 year.

7. Dividends paid

On 26 August 2020, the Board approved the declaration of an interim dividend of 2 sen per ordinary share, tax exempt, for the financial year ended 31 December 2020, which was subsequently paid on 28 October 2020. There was no dividend paid during the financial year ended 31 December 2019.

8. Material subsequent events

There were no material event subsequent to the end of the financial year 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 year.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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

11. Revenue

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Revenue from contracts with customers	336,497	378,476
Dividend income	159	112
	<u>336,656</u>	<u>378,588</u>
	=====	=====

12. Loss before tax

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Profit for the financial year is arrived at after charging/ (crediting):		
Amortisation of deferred capital grant	(192)	(203)
Credit losses on trade receivables, net	17	577
Depreciation of investment properties	349	349
Depreciation of property, plant and equipment and right-of-use assets	30,184	32,800
Dividend income	(159)	(112)
Gains on disposal of other investment	(25)	-
Gains on disposal of property, plant and equipment	(148)	(153)
Gains on fair value changes, net	(4,326)	(4,148)
Impairment on property, plant and equipment and right-of-use assets	5,959	4,800
Interest expense	2,620	2,520
Interest income	(590)	(459)
Inventories written off	64	83
Property, plant and equipment written off	1,666	69
Unrealised (gains)/loss on foreign exchange	(1,712)	(700)
Write-down of inventories, net	5,194	(1,889)
	<u>=====</u>	<u>=====</u>

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Current income tax:		
Malaysian income tax	73	792
Foreign tax	8,137	1,749
Under/(over) provision in previous year:		
Malaysian income tax	20	95
Foreign tax	319	167
	<u>8,549</u>	<u>2,803</u>
Deferred income tax	(38)	(1,119)
	<u>8,511</u>	<u>1,684</u>
Income tax expense for the year	=====	=====

The Group's effective tax rate for current financial year ended 31 December 2020 and the preceding financial year were 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. Earnings/(loss) per share**Basic/Diluted**

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year, 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:

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(14,343)	(32,449)
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	(15,377)	(15,377)
Weighted average number of ordinary shares in issue ('000)	<u>140,239</u>	<u>140,239</u>
Basic loss per share (sen)	(10.23)	(23.14)
	=====	=====

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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

During the current financial year, the Group acquired property, plant and equipment at a cost of RM14,759,000 (31 December 2019: RM13,684,000)

The Group disposed of property, plant and equipment with carrying amount of RM1,003,000 during the financial year (31 December 2019: RM2,155,000), resulting in gains on disposal of RM148,000 (31 December 2019: gains of RM153,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

16. Investment properties

	31.12.2020	31.12.2019
	RM'000	RM'000
Cost		
At 1 January	29,065	29,286
Addition during the year	9,004	-
Translation difference	743	(221)
	<u>38,812</u>	<u>29,065</u>
Accumulated depreciation		
At 1 January	2,081	1,732
Charge for the year	349	349
	<u>2,430</u>	<u>2,081</u>
Net carrying amount		
At 31 December	<u>36,382</u>	<u>26,984</u>
	=====	=====

17. Intangible assets

	31.12.2020	31.12.2019
	RM'000	RM'000
Cost		
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>
Accumulated impairment		
At 31 December	<u>(9,838)</u>	<u>(9,838)</u>
Net carrying amount		
At 31 December	<u>16,643</u>	<u>16,643</u>
	=====	=====

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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

During the current financial year ended 31 December 2020, the Group recognised a write-down on inventories provided of RM5,194,000 (31 December 2019: a reversal of write-down of RM1,889,000) to net realisable value. This expense was included in other expenses and other income respectively 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:

	31.12.2020	31.12.2019
	RM'000	RM'000
Cash on hand and at bank	65,744	45,121
Deposits with financial institutions	5,127	17,524
	<hr/>	<hr/>
Cash and bank balances	70,871	62,645
Deposits with maturity more than 3 months	(5,127)	(17,524)
	<hr/>	<hr/>
Cash and cash equivalents	65,744	45,121
	=====	=====

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

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

Treasury shares

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

Of the total 155,616,013 (31 December 2019: 155,616,013) issued and fully paid ordinary shares as at 31 December 2020, 15,376,900 (31 December 2019: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 31 December 2020, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 December 2019: 140,239,113) ordinary shares of RM1 each.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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:

	31.12.2020	31.12.2019
	RM'000	RM'000
Current		
Trade facilities, unsecured	4,491	3,983
Term loans, secured	3,476	3,086
	<u>7,967</u>	<u>7,069</u>
Non-current		
Term loans, secured	13,993	15,846
Total loans and borrowings	<u>21,960</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	4,491	3,983
Repayment of borrowings	(5,490)	(2,926)
Translation differences	44	-
At 31 December	<u>21,960</u> =====	<u>22,915</u> =====

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.

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 31 December 2020 are tabulated below:

	Contract value RM'000	Fair value RM'000	Gain/(loss) on fair value RM'000	Reason for gain/(loss)
Maturity within 1 year	20,796	20,023	773	Weakening of USD
	=====	=====	=====	

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting financial year 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:

	31.12.2020		31.12.2019	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Loans and borrowings	21,960	21,960	22,915	22,915
	=====	=====	=====	=====

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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
31.12.2020				
Financial assets				
Other investments				
- unquoted unit trust	36,330	36,330	-	-
Derivative assets	773	-	773	-
	=====	=====	=====	=====
31.12.2019				
Financial assets				
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 financial year and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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 financial year ended 31 December 2020 and 31 December 2019:

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	1,996	1,996
Insurance commission earned as insurance agent	105	106
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	942	972
Directors' interest		
Renovation and maintenance costs	296	185
Purchase of ceramic tiles for resale	104	91
Sales of ceramic tiles	-	32
	=====	=====

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 31 December 2020 was as follows:

	31.12.2020	31.12.2019
	RM'000	RM'000
Authorised and contracted for	1,030	7,950
Authorised but not contracted for	5,384	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.

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 year is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2020					
<i>Segment Revenue</i>					
Total sales	188,182	33,062	139,895	4,260	365,399
Inter-segment sales	(26,550)	(2,193)	-	-	(28,743)
	<u>161,632</u>	<u>30,869</u>	<u>139,895</u>	<u>4,260</u>	<u>336,656</u>
	=====	=====	=====	=====	=====
<i>Segment Results</i>					
Segment operating (loss)/profit	(31,839)	33,509	321	(88)	1,903
Finance cost	(1,003)	-	(1,617)	-	(2,620)
	<u>(32,842)</u>	<u>33,509</u>	<u>(1,296)</u>	<u>(88)</u>	<u>(717)</u>
(Loss)/profit before tax	(32,842)	33,509	(1,296)	(88)	(717)
Income tax expense	(164)	(8,349)	57	(55)-	(8,511)
	<u>(33,006)</u>	<u>25,160</u>	<u>(1,239)</u>	<u>(143)</u>	<u>(9,228)</u>
(Loss)/profit for the period	(33,006)	25,160	(1,239)	(143)	(9,228)
Non-controlling interest	-	(5,158)	-	43	(5,115)
	<u>-</u>	<u>(5,158)</u>	<u>-</u>	<u>43</u>	<u>(5,115)</u>
(Loss)/profit attributable to owners of the parent	(33,006)	20,002	(1,239)	(100)	(14,343)
	<u>(33,006)</u>	<u>20,002</u>	<u>(1,239)</u>	<u>(100)</u>	<u>(14,343)</u>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2020:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Segment Assets</i>					
Total assets	326,157	99,251	126,104	3,676	555,188
Inter-segment assets	-	-	-	-	-
	<u>326,157</u>	<u>99,251</u>	<u>126,104</u>	<u>3,676</u>	<u>555,188</u>
	=====	=====	=====	=====	=====
<i>Segment Liabilities</i>					
Total liabilities	65,461	15,816	62,572	184	144,033
Inter-segment liabilities	-	-	-	-	-
	<u>65,461</u>	<u>15,816</u>	<u>62,572</u>	<u>184</u>	<u>144,033</u>
	=====	=====	=====	=====	=====

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 financial year is as follows:

	Malaysia Operation RM’000	China Operation RM’000	Australia Operation RM’000	Vietnam Operation RM’000	Total RM’000
31.12.2019					
<i>Segment Revenue</i>					
Total sales	212,533	46,711	146,654	6,767	412,665
Less: Inter-segment sales	(32,676)	(1,401)	-	-	(34,077)
	<u>179,857</u>	<u>45,310</u>	<u>146,654</u>	<u>6,767</u>	<u>378,588</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(27,483)	5,530	(5,930)	641	(27,242)
Finance costs	(1,224)	-	(1,296)	-	(2,520)
(Loss)/profit before tax	(28,707)	5,530	(7,226)	641	(29,762)
Income tax expense	(1,002)	(1,388)	833	(127)	(1,684)
(Loss)/profit for the year	(29,709)	4,142	(6,393)	514	(31,446)
Non-controlling interests	-	(849)	-	(154)	(1,003)
(Loss)/profit attributable to owners of parent	<u>(29,709)</u>	<u>3,293</u>	<u>(6,393)</u>	<u>360</u>	<u>(32,449)</u>

The following table presents segment assets and liabilities of the Group’s operating segments as at 31 December 2019:

	Malaysia Operation RM’000	China Operation RM’000	Australia Operation RM’000	Vietnam Operation RM’000	Total RM’000
<i>Segment Assets</i>					
Total assets	356,050	69,906	123,935	3,755	553,646
Inter-segment assets	-	-	-	-	-
	<u>356,050</u>	<u>69,906</u>	<u>123,935</u>	<u>3,755</u>	<u>553,646</u>
<i>Segment Liabilities</i>					
Total liabilities	63,601	10,680	59,578	252	134,111
Inter-segment liabilities	-	-	-	-	-
	<u>63,601</u>	<u>10,680</u>	<u>59,578</u>	<u>252</u>	<u>134,111</u>

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

28. Performance review

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

Revenue of the Group for the current financial year declined to RM336.7 million from RM378.6 million recorded in the preceding financial year ended 31 December 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 RM0.7 million for the current financial year as compared to a loss before tax of RM29.8 million suffered in the preceding financial year due to recognition of relocation compensation received for portion of land held by the Group's subsidiary in Shanghai and also financial assistances from governments.

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 declined from RM105.0 million to RM97.6 million, as its operation was significantly affected by adverse operational conditions 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 profit before tax of RM17.4 million for the current financial quarter under review as compared to a profit before tax of RM4.2 million for the immediate preceding quarter, mainly due to the recognition of relocation compensation received by its Shanghai subsidiary.

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 11 March 2021.

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

On 26 August 2020, the Board approved the declaration of an interim dividend of 2 sen per ordinary share, tax exempt, for the financial year ended 31 December 2020 (2019: NIL), which was paid on 28 October 2020.

37. Disclosure of nature of outstanding derivatives

Please refer to Note 22 for details.

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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 31 December 2020 and 31 December 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 31 December 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.

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	179,634	202,930
- Unrealised	15,263	10,980
	<u>194,897</u>	<u>213,910</u>
Less: Consolidated adjustments	67	246
Total Group's retained earnings as per financial statements	<u>194,964</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

12 March 2021