

**KIM HIN INDUSTRY BERHAD**

REGISTRATION No.:197301003569 (18203-V)

**Interim Financial Report**

31 March 2021

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim Financial Report for the three-month period ended 31 March 2021**

<b>Index</b>	<b>Page</b>
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
Condensed Consolidated Statement of Cash Flows	6 - 7
Part A – Explanatory Notes Pursuant to MFRS 134	8 - 19
Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad	20 - 21

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the three-month period ended 31 March 2021****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 3 months ended	
		31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
<b>Revenue</b>	11	91,024	72,740	91,024	72,740
Cost of sales		(69,915)	(56,429)	(69,915)	(56,429)
<b>Gross profit</b>		21,109	16,311	21,109	16,311
Other income		3,575	2,236	3,575	2,236
Selling and distribution costs		(9,486)	(10,632)	(9,486)	(10,632)
Administrative expenses		(17,429)	(18,231)	(17,429)	(18,231)
Other expenses		(628)	(6,204)	(628)	(6,204)
<b>Operating loss</b>		(2,859)	(16,520)	(2,859)	(16,520)
Finance costs		(490)	(1,275)	(490)	(1,275)
<b>Loss before tax</b>	12	(3,349)	(17,795)	(3,349)	(17,795)
Income tax expense	13	(80)	(130)	(80)	(130)
<b>Loss for the period</b>		(3,429)	(17,925)	(3,429)	(17,925)
<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		2,580	438	2,580	438
<b>Other comprehensive income for the period, net of tax</b>		2,580	438	2,580	438
<b>Total comprehensive income for the period</b>		(849)	(17,487)	(849)	(17,487)

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the three-month period ended 31 March 2021****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Note	RM'000	RM'000	RM'000	RM'000
<b>Loss attributable to:</b>				
Owners of the Company	(3,375)	(17,853)	(3,375)	(17,853)
Non-controlling interests	(54)	(72)	(54)	(72)
	<u>(3,429)</u>	<u>(17,925)</u>	<u>(3,429)</u>	<u>(17,925)</u>
	=====	=====	=====	=====
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(1,220)	(17,829)	(1,220)	(17,829)
Non-controlling interests	371	342	371	342
	<u>(849)</u>	<u>(17,487)</u>	<u>(849)</u>	<u>(17,487)</u>
	=====	=====	=====	=====
<b>Loss per share attributable to owners of the Company:</b>				
- Loss per share for the period (basic/diluted) (sen)	14			
	(2.41)	(12.73)	(2.41)	(12.73)
	=====	=====	=====	=====

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 three-month period ended 31 March 2021****Condensed Consolidated Statement of Financial Position**

		<b>31.03.2021</b>	<b>31.12.2020</b>
		Unaudited	Audited
	<b>Note</b>	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	120,701	121,353
Right-of-use assets		59,373	61,662
Investment properties	16	36,646	36,286
Other investments		31,893	36,330
Intangible assets	17	16,643	16,643
Deferred tax assets		4,812	4,716
		<hr/>	<hr/>
		270,068	276,990
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	18	131,093	128,334
Trade and other receivables		72,935	72,325
Other current assets		3,802	3,680
Derivatives assets	19	60	769
Other investments		19,003	-
Tax recoverable		1,618	1,619
Cash and bank balances	20	43,468	70,299
		<hr/>	<hr/>
		271,979	277,026
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>542,047</b>	<b>554,016</b>
		<hr/> <hr/>	<hr/> <hr/>

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the three-month period ended 31 March 2021****Condensed Consolidated Statement of Financial Position (contd.)**

		<b>31.03.2021</b>	<b>31.12.2020</b>
	<b>Note</b>	Unaudited RM'000	Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	20	8,798	7,967
Lease liabilities		9,177	9,013
Trade and other payables		78,456	79,013
Provisions		3,809	3,868
Tax payable		932	9,397
		<hr/>	<hr/>
		101,172	109,258
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	21	13,164	13,993
Lease liabilities		13,278	15,490
Deferred tax liabilities		4,787	4,787
Provisions		383	376
		<hr/>	<hr/>
		31,612	34,646
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		132,784	143,904
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		17,402	15,247
Retained earnings		191,594	194,969
		<hr/>	<hr/>
		391,345	392,565
<b>Non-controlling interests</b>		17,918	17,547
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		409,263	410,112
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		542,047	554,016
		=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.79	2.80
		=====	=====

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 three-month period ended 31 March 2021****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 RM'000	Treasury shares RM'000	Reserve and enterprise expansion funds RM'000	Translation adjustment account RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
<b>At 1 January 2021</b>	206,658	(24,309)	6,810	8,437	194,969	392,565	17,547	410,112
Loss net of tax	-	-	-	-	(3,375)	(3,375)	(54)	(3,429)
Other comparative income	-	-	-	2,155	-	2,155	425	2,580
Total comprehensive income	-	-	-	2,155	(3,375)	(1,220)	371	(849)
<b>At 31 March 2021</b>	<u>206,658</u>	<u>(24,309)</u>	<u>6,810</u>	<u>10,592</u>	<u>191,594</u>	<u>391,345</u>	<u>17,918</u>	<u>409,263</u>
<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	-	-	-	-	(17,853)	(17,853)	(72)	(17,925)
Other comparative income	-	-	-	24	-	24	414	438
Total comprehensive income	-	-	-	24	(17,853)	(17,829)	342	(17,487)
<b>At 31 March 2020</b>	<u>206,658</u>	<u>(24,309)</u>	<u>4,791</u>	<u>5,577</u>	<u>196,303</u>	<u>389,020</u>	<u>13,028</u>	<u>402,048</u>

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 three-month period ended 31 March 2021****Condensed Consolidated Statement of Cash Flows**

	Note	3 months ended	
		31.03.2021	31.03.2020
		RM'000	RM'000
<b>Operating activities</b>			
Loss before tax		(3,349)	(17,795)
Adjustments for:			
Amortisation of deferred capital grant		-	(51)
Credit losses on receivables, net		(52)	(127)
Depreciation of investment properties		87	87
Depreciation of property, plant and equipment		3,842	5,203
Depreciation on right-of-use assets		2,611	2,538
Dividend income		(42)	(82)
Gains on disposal of property, plant and equipment, net		(95)	-
Interest expense		490	1,275
Interest income		(77)	(55)
Inventories written off		17	11
Loss on disposal of other investment		5	-
Losses on fair value changes, net		167	2,638
Unrealised (gain) / loss on foreign exchange, net		(753)	1,544
Reversal of write-down on inventories, net		(154)	(134)
Operating cash flows before changes in working capital		2,697	(4,948)
Changes in working capital:			
(Increase) / decrease in inventories		(1,888)	2,944
Decrease in receivables		809	9,609
(Decrease) / increase in payables		(1,952)	21,210
Cash (used in) / generated from operations		(334)	28,815
Interest paid		(490)	(1,275)
Taxes paid, net of refund		(8,730)	(150)
Net cash flows (used in) / from operating activities carried forward		(9,554)	27,390



**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the three-month period ended 31 March 2021****Condensed Consolidated Statement of Cash Flows (contd.)**

	<b>Note</b>	<b>3 months ended</b>	
		<b>31.03.2021</b>	<b>31.03.2020</b>
		<b>RM'000</b>	<b>RM'000</b>
Net cash flows (used in) / from operating activities brought forward		(9,554)	27,390
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(2,218)	(1,755)
Acquisition of other investments		(19,003)	(27,417)
Interest received		77	55
Dividend received		-	11
Proceeds from disposal of investment		5,024	-
Proceeds from disposal of property, plant and equipment		95	-
Placement in short-term deposits with maturity more than 3 months		(130)	(2,552)
		<u>          </u>	<u>          </u>
Net cash flows used in investing activities		(16,155)	(31,658)
		<u>          </u>	<u>          </u>
<b>Financing activities</b>			
Loans and borrowings obtained		831	184
Payment of lease liabilities		(2,498)	(2,616)
Repayment of term loan		(829)	(772)
		<u>          </u>	<u>          </u>
Net cash flows used in financing activities		(2,496)	(3,204)
		<u>          </u>	<u>          </u>
<b>Net decrease in cash and cash equivalents</b>		(28,205)	(7,472)
<b>Effect of foreign exchange rate changes</b>		1,244	515
<b>Cash and cash equivalents at 1 January</b>		65,233	45,121
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at 31 March</b>	20	38,272	38,164
		<u>          </u>	<u>          </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 three-month period ended 31 March 2021 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 2020. 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 2020.

#### **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 2020, except for the adoption of the following amendments to MFRSs with effect from 1 January 2021:

	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

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 quarter ended 31 March 2021.

#### **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 quarter.

#### **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 quarter.

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

There was no dividend paid during the financial quarter ended 31 March 2021.

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

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

#### **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 2020.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	<b>3 months ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	RM'000	RM'000
Sales of goods	90,982	72,658
Dividend income	42	82
	<u>91,024</u>	<u>72,740</u>
	=====	=====

**12. Loss before tax**

	<b>3 months ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	RM'000	RM'000
Profit for the three-month period is arrived at after charging/ (crediting):		
Amortisation of deferred capital grant	-	(51)
Credit losses on receivables, net	(52)	(127)
Depreciation of investment properties	87	87
Depreciation of property, plant and equipment	3,842	5,203
Depreciation on right-of-use assets	2,611	2,538
Dividend income	(42)	(82)
Gains on disposal of property, plant and equipment, net	(95)	-
Interest expense	490	1,275
Interest income	(77)	(55)
Inventories written off	17	11
Loss on disposal of other investments	5	-
Losses on fair value changes, net	167	2,638
Unrealised (gain) / loss on foreign exchange, net	(753)	1,544
Reversal of write-down on inventories, net	(154)	(134)
	<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**

	<b>3 months ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	175	449
Foreign tax	-	-
Over provision in prior year – foreign tax	(95)	(319)
Deferred income tax	-	-
	<u>80</u>	<u>130</u>
Income tax expense for the period	====	====

The Group's effective tax rate for both current financial quarter ended 31 March 2021 and the preceding year's corresponding quarter 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>3 months ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(3,375)	(17,853)
	<u>          </u>	<u>          </u>
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	(15,377)	(15,377)
	<u>          </u>	<u>          </u>
Weighted average number of ordinary shares in issue ('000)	140,239	140,239
	<u>          </u>	<u>          </u>
Basic loss per share (sen)	(2.41)	(12.73)
	=====	=====

**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 quarter, the Group acquired property, plant and equipment at a cost of RM2,218,000 (31 March 2020: RM1,755,000)

The Group disposed of property, plant and equipment with zero carrying amount of during the first three-month period of the current financial year and resulting in gains on disposal of RM95,000 recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income. There were no disposal of property, plant and equipment during the previous year's corresponding financial quarter.

**16. Investment properties**

	<b>31.03.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January	38,716	29,065
Addition	-	9,260
Translation difference	447	391
	<u>39,163</u>	<u>38,716</u>
<b>Accumulated depreciation</b>		
At 1 January	2,430	2,081
Charge for the period	87	349
	<u>2,517</u>	<u>2,430</u>
<b>Net carrying amount</b>		
At 31 March/31 December	<u>36,646</u>	<u>36,286</u>
	=====	=====

**17. Intangible assets**

	<b>31.03.2021</b>	<b>31.12.2020</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 31 March/31 December	<u>(9,838)</u>	<u>(9,838)</u>
<b>Net carrying amount</b>		
At 31 March/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 quarter ended 31 March 2021, the Group recognised a reversal of write-down on inventories provided of RM154,000 (31 March 2020: a reversal of write-down of RM134,000). The reversal was included in other income in the consolidated statement of profit or loss and other comprehensive income.

**19. Derivative assets**

As at the end of the current financial quarter, 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 March 2021 are tabulated below:

	<b>Contract value RM'000</b>	<b>Fair value RM'000</b>	<b>Gain/(loss) on fair value RM'000</b>	<b>Reason for gain/(loss)</b>
Maturity within 1 year	24,627 =====	24,567 =====	60 =====	Weakening of USD

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting three-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.

**20. Cash and cash equivalents**

Cash and cash equivalents comprised the following amounts:

	<b>31.03.2021</b> RM'000	<b>31.12.2020</b> RM'000
Cash on hand and at bank	38,272	65,233
Deposits with financial institutions	5,196	5,066
	<hr/>	<hr/>
Cash and bank balances	43,468	70,299
Deposits with maturity more than 3 months	(5,196)	(5,066)
	<hr/>	<hr/>
Cash and cash equivalents	38,272 =====	65,233 =====

**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:

	<b>31.03.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
<b>Current</b>		
Trade facilities, unsecured	5,322	4,491
Term loans, secured	3,476	3,476
	<u>8,798</u>	<u>7,967</u>
<b>Non-current</b>		
Term loans, secured	13,164	13,993
	<u>21,962</u>	<u>21,960</u>
	=====	=====
<b>Changes in liabilities arising from financing activities</b>		
At 1 January	21,960	22,915
Drawn down of borrowings	831	4,491
Repayment of borrowings	(829)	(5,490)
Translation differences	-	44
	<u>21,962</u>	<u>21,960</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 from the Company.

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

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

*Treasury shares*

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

Of the total 155,616,013 (31 March 2020: 155,616,013) issued and fully paid ordinary shares as at 31 March 2021, 15,376,900 (31 March 2020: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 31 March 2021, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 March 2020: 140,239,113) ordinary shares of RM1 each.



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

	31.03.2021		31.12.2020	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial liabilities</b>				
Loans and borrowings	21,962	21,962	21,960	21,960

*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>31.03.2021</b>				
<b>Financial assets/(liabilities)</b>				
Other investments - unquoted unit trust	31,893	-	-	-
Derivative assets	60	-	60	-
<b>31.12.2020</b>				
<b>Financial assets</b>				
Other investments - Unquoted unit trusts	36,330	-	36,330	-
Derivative assets	769	-	769	-

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 three-month period 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 three-month period ended 31 March 2021 and 31 March 2020:

	<b>3 months ended</b>	
	<b>31.03.2021</b>	<b>31.03.2020</b>
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	499	499
Insurance commission earned as insurance agent	11	57
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	211	175
Directors' interest		
Renovation and maintenance costs	67	49
Purchase of ceramic tiles for resale	-	28
Sales of ceramic tiles	15	-
	=====	=====

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 March 2021 was as follows:

	<b>31.03.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
Authorised and contracted for	299	1,030
Authorised but not contracted for	5,384	5,384
	=====	=====

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

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

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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 quarter 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>31.03.2021</b>					
<i>Segment Revenue</i>					
Total sales	56,333	7,277	35,003	541	99,154
Inter-segment sales	(7,278)	(852)	-	-	(8,130)
	<u>49,055</u>	<u>6,425</u>	<u>35,003</u>	<u>541</u>	<u>91,024</u>
<i>Segment Results</i>					
Segment operating loss	(1,165)	(153)	(1,400)	(141)	(2,859)
Finance cost	(284)	-	(206)	-	(490)
	<u>(1,449)</u>	<u>(153)</u>	<u>(1,606)</u>	<u>(141)</u>	<u>(3,349)</u>
Income tax expense	(175)	95	-	-	(80)
	<u>(1,624)</u>	<u>(58)</u>	<u>(1,606)</u>	<u>(141)</u>	<u>(3,429)</u>
Non-controlling interest	-	12	-	42	54
	<u>(1,624)</u>	<u>(46)</u>	<u>(1,606)</u>	<u>(99)</u>	<u>(3,375)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 31 March 2021:

	<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	320,614	91,820	126,359	3,254	542,047
Inter-segment assets	-	-	-	-	-
	<u>320,614</u>	<u>91,820</u>	<u>126,359</u>	<u>3,254</u>	<u>542,047</u>
<i>Segment Liabilities</i>					
Total liabilities	62,390	8,035	62,236	123	132,784
Inter-segment liabilities	-	-	-	-	-
	<u>62,390</u>	<u>8,035</u>	<u>62,236</u>	<u>123</u>	<u>132,784</u>

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**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 quarter is as follows:

	<b>Malaysia Operation</b> RM'000	<b>China Operation</b> RM'000	<b>Australia Operation</b> RM'000	<b>Vietnam Operation</b> RM'000	<b>Total</b> RM'000
<b>31.03.2020</b>					
<i>Segment Revenue</i>					
Total sales	42,607	7,450	28,938	887	79,882
Less: Inter-segment sales	(6,721)	(421)	-	-	(7,142)
	<u>35,886</u>	<u>7,029</u>	<u>28,938</u>	<u>887</u>	<u>72,740</u>
<i>Segment Results</i>					
Segment operating loss	(12,721)	(490)	(3,186)	(123)	(16,520)
Finance costs	(264)	-	(1,011)	-	(1,275)
	<u>(12,985)</u>	<u>(490)</u>	<u>(4,197)</u>	<u>(123)</u>	<u>(17,795)</u>
Income tax expense	(449)	319	-	-	(130)
	<u>(13,434)</u>	<u>(171)</u>	<u>(4,197)</u>	<u>(123)</u>	<u>(17,925)</u>
Loss for the year	(13,434)	(171)	(4,197)	(123)	(17,925)
Non-controlling interests	-	35	-	37	72
	<u>(13,434)</u>	<u>(136)</u>	<u>(4,197)</u>	<u>(86)</u>	<u>(17,853)</u>
Loss attributable to owners of parent	(13,434)	(136)	(4,197)	(86)	(17,853)

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

	<b>Malaysia Operation</b> RM'000	<b>China Operation</b> RM'000	<b>Australia Operation</b> RM'000	<b>Vietnam Operation</b> RM'000	<b>Total</b> RM'000
<i>Segment Assets</i>					
Total assets	335,326	97,635	112,912	3,517	549,390
Inter-segment assets	-	-	-	-	-
	<u>335,326</u>	<u>97,635</u>	<u>112,912</u>	<u>3,517</u>	<u>549,390</u>
<i>Segment Liabilities</i>					
Total liabilities	54,433	36,532	56,187	190	147,342
Inter-segment liabilities	-	-	-	-	-
	<u>54,433</u>	<u>36,532</u>	<u>56,187</u>	<u>190</u>	<u>147,342</u>

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

**28. Performance review**

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

Revenue of the Group for the current financial quarter improved from RM72.7 million, recorded in the preceding year's corresponding financial quarter ended 31 March 2020, to RM91.0 million. The lower revenue recorded for the preceding year's corresponding quarter was due to the stoppage of production and sales activities in Malaysia during the period under Movement Control Order that came into effect on 18 March 2020. In addition, 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 lower loss before tax of RM3.3 million for the current financial quarter as compared to a loss before tax of RM17.8 million suffered in the preceding year's corresponding financial quarter due to higher revenue incurred and efforts made to rationalize the Group's operating expenses.

**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 RM97.6 million to RM91.0 million, mainly due to the slow-down in domestic markets of all geographical segments in which the Group operates as the global economy continues to be affected by the Covid-19 pandemic, impacts arising from various degrees of lock down and control measures imposed by governments, as well as from seasonal factors as disclosed in Note 3, which normally affect sales in the first quarter.

The Group recorded a loss before tax of RM3.3 million for the current financial quarter under review as compared to a loss before tax of RM0.8 million for the immediate preceding quarter, mainly due to lower revenue.

**30. Commentary on prospects**

With the prolonged global Covid-19 pandemic, the performance of the national and regional economies in which the Group operates have been adversely affected. The results of the Group for the ensuing year are dependent on the performance of the national and regional economies that will be influenced by the effectiveness of vaccination programs as well as, the degree of control and / or containment measures implemented to contain the spread of Covid-19, besides fluctuations in main operating costs and foreign exchange movement.

## **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**

#### **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 24 May 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**

No interim dividend has been declared for the financial quarter ended 31 March 2021 (31 March 2020: Nil).

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

Please refer to Note 19 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 March 2021 and 31 March 2020.

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

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

**40. Realised and unrealised earnings**

The breakdown of the retained earnings of the Group as at 31 March 2021 and 31 December 2020, 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 31.03.2021</b>	<b>As at 31.12.2020</b>
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	176,399	179,608
- Unrealised	15,238	15,307
	<hr/>	<hr/>
	191,637	194,915
Less: Consolidated adjustments	(43)	54
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	191,594	194,969
	=====	=====

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**

25 May 2021