

# **KIM HIN INDUSTRY BERHAD**

REGISTRATION No.: 197301003569 (18203-V)

## **Interim Financial Report**

**30 June 2021**

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim Financial Report for the six-month period ended 30 June 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 - 22

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 2021****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
		30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
<b>Revenue</b>	11	83,993	61,281	175,017	134,021
Cost of sales		(65,695)	(50,569)	(135,610)	(106,998)
<b>Gross profit</b>		18,298	10,712	39,407	27,023
Other income		2,504	2,260	6,079	4,496
Selling and distribution costs		(8,791)	(7,079)	(18,277)	(17,711)
Administrative expenses		(18,238)	(14,243)	(35,667)	(32,474)
Other expenses		(1,780)	4,369	(2,408)	(1,835)
<b>Operating loss</b>		(8,007)	(3,981)	(10,866)	(20,501)
Finance costs		(448)	(536)	(938)	(1,811)
<b>Loss before tax</b>	12	(8,455)	(4,517)	(11,804)	(22,312)
Income tax expense	13	(178)	100	(258)	(30)
<b>Loss for the period</b>		(8,633)	(4,417)	(12,062)	(22,342)
<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		1,098	1,489	3,678	1,927
<b>Other comprehensive income for the period, net of tax</b>		1,098	1,489	3,678	1,927
<b>Total comprehensive loss for the period</b>		(7,535)	(2,928)	(8,384)	(20,415)

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 2021****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

		Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Note	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
<b>(Loss)/profit attributable to:</b>					
Owners of the Company		(8,810)	(4,574)	(12,185)	(22,427)
Non-controlling interests		177	157	123	85
		<u>(8,633)</u>	<u>(4,417)</u>	<u>(12,062)</u>	<u>(22,342)</u>
		=====	=====	=====	=====
<b>Total comprehensive (loss)/ income attributable to:</b>					
Owners of the Company		(7,964)	(3,044)	(9,184)	(20,873)
Non-controlling interests		429	116	800	458
		<u>(7,535)</u>	<u>(2,928)</u>	<u>(8,384)</u>	<u>(20,415)</u>
		=====	=====	=====	=====
<b>Loss per share attributable to owners of the Company:</b>					
- Loss per share for the period (basic/diluted) (sen)	14	(6.28)	(3.26)	(8.69)	(15.99)
		=====	=====	=====	=====

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 six-month period ended 30 June 2021****Condensed Consolidated Statement of Financial Position**

		<b>30.06.2021</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	121,011	121,353
Right-of-use assets		56,496	61,662
Investment properties	16	36,615	36,286
Other investments		32,713	36,330
Intangible assets	17	16,643	16,643
Deferred tax assets		4,795	4,716
		<hr/>	<hr/>
		268,273	276,990
<b>Current assets</b>			
Inventories	18	135,445	128,334
Trade and other receivables		59,231	72,325
Other current assets		7,276	3,680
Tax recoverable		1,772	1,619
Derivatives assets	19	-	769
Cash and bank balances	20	61,924	70,299
		<hr/>	<hr/>
		265,648	277,026
<b>TOTAL ASSETS</b>		<hr/>	<hr/>
		533,921	554,016
		=====	=====

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 2021****Condensed Consolidated Statement of Financial Position (contd.)**

		<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>Note</b>	Unaudited RM'000	Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Derivative liabilities	19	172	-
Loans and borrowings	21	14,318	7,967
Lease liabilities		9,128	9,013
Trade and other payables		75,510	79,013
Provisions		3,939	3,868
Tax payable		1,095	9,397
		<hr/>	<hr/>
		104,162	109,258
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	21	12,327	13,993
Lease liabilities		10,536	15,490
Deferred tax liabilities		4,787	4,787
Provisions		381	376
		<hr/>	<hr/>
		28,031	34,646
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		132,193	143,904
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		18,248	15,247
Retained earnings		182,784	194,969
		<hr/>	<hr/>
		383,381	392,565
<b>Non-controlling interests</b>		18,347	17,547
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		401,728	410,112
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		533,921	554,016
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.73	2.80
		<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 six-month period ended 30 June 2021****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			Total
	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	(12,185)	(12,185)	123	(12,062)
Other comparative income	-	-	-	3,001	-	3,001	677	3,678
Total comprehensive income	-	-	-	3,001	(12,185)	(9,184)	800	(8,384)
<b>At 30 June 2021</b>	<u>206,658</u>	<u>(24,309)</u>	<u>6,810</u>	<u>11,438</u>	<u>182,784</u>	<u>383,381</u>	<u>18,347</u>	<u>401,728</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	-	-	-	-	(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>	<u>206,658</u>	<u>(24,309)</u>	<u>4,791</u>	<u>7,107</u>	<u>191,729</u>	<u>385,976</u>	<u>13,144</u>	<u>399,120</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 six-month period ended 30 June 2021****Condensed Consolidated Statement of Cash Flows**

	Note	6 months ended	
		30.06.2021	30.06.2020
		RM'000	RM'000
<b>Operating activities</b>			
Loss before tax		(11,804)	(22,312)
Adjustments for:			
Amortisation of deferred capital grant		-	(101)
Credit losses on trade receivables, net		(62)	(240)
Depreciation of investment properties		174	174
Depreciation of property, plant and equipment and right-of-use assets		12,841	14,948
Dividend income		(94)	(88)
Gains on disposal of property, plant and equipment, net		(242)	(95)
Gains on fair value changes, net		(368)	(198)
Interest expense		938	1,811
Interest income		(96)	(140)
Inventories written off		30	18
Loss on disposal of other investments		6	-
Property, plant and equipment written off		437	-
Unrealised gains on foreign exchange, net		(142)	(1,744)
Write-down of inventories provided/(reversed), net		115	(259)
Operating cash flows before changes in working capital		1,733	(8,226)
Changes in working capital:			
(Increase)/decrease in inventories		(7,053)	2,696
Decrease in receivables		11,145	24,223
(Decrease)/increase in payables		(4,770)	18,346
Cash generated from operations		1,055	37,039
Interest paid		(938)	(1,811)
Taxes paid, net of refund		(9,000)	30
Net cash flows (used in) / from operating activities carried forward		(8,883)	35,258



**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the six-month period ended 30 June 2021****Condensed Consolidated Statement of Cash Flows (contd.)**

	<b>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
<b>Note</b>	RM'000	RM'000
Net cash flows (used in) / from operating activities brought forward	(8,883)	35,258
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(6,243)	(4,713)
Acquisition of other investments	-	(27,289)
Interest received	96	140
Proceeds from disposal of other investments	5,024	-
Proceeds from disposal of property, plant and equipment	251	1,050
Increase in short-term deposits with maturity more than three months	(210)	(1,562)
Net cash flows used in investing activities	<u>(1,082)</u>	<u>(32,374)</u>
<b>Financing activities</b>		
Drawdown of borrowings	5,964	2,116
Lease payment	(5,078)	(5,112)
Term loans repaid	(1,666)	(2,847)
Net cash flows used in financing activities	<u>(780)</u>	<u>(5,843)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,745)</b>	<b>(2,959)</b>
<b>Effect of foreign exchange rate changes</b>	<b>1,737</b>	<b>1,469</b>
<b>Cash and cash equivalents at 1 January</b>	<b>65,233</b>	<b>45,121</b>
<b>Cash and cash equivalents at 30 June</b>	<b>19</b> <u>56,225</u>	<u>43,631</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 six-month period ended 30 June 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 period ended 30 June 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 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 2021.

#### **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 2020.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

	<b>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
	RM'000	RM'000
Revenue from contracts with customers	174,923	133,933
Dividend income	94	88
	<u>175,017</u>	<u>134,021</u>
	=====	=====

**12. Loss before tax**

	<b>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
	RM'000	RM'000
Profit for the six-month period is arrived at after charging/ (crediting):		
Amortisation of deferred capital grant	-	(101)
Credit losses on receivables, net	(62)	(240)
Depreciation of investment properties	174	174
Depreciation of property, plant and equipment and right-of-use assets	12,841	14,948
Dividend income	(94)	(88)
Gains on disposal of property, plant and equipment, net	(242)	(95)
(Gains) / losses on fair value changes, net	(368)	(198)
Interest expense	938	1,811
Interest income	(96)	(140)
Inventories written off	30	18
Loss on disposal of other investments	6	-
Property, plant and equipment written off	437	-
Unrealised gains on foreign exchange, net	(142)	(1,744)
Write-down on inventories provided / (reversed), net	115	(259)
	<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>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	188	349
Foreign tax	70	(319)
	<u>258</u>	<u>30</u>
Deferred income tax	-	-
	<u>-</u>	<u>-</u>
Income tax expense for the period	258	30
	<u>=====</u>	<u>=====</u>

The Group's effective tax rate for current financial period ended 30 June 2021 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>30.06.2021</b>	<b>30.06.2020</b>
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(12,185)	(22,427)
	<u>(12,185)</u>	<u>(22,427)</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>140,239</u>	<u>140,239</u>
Weighted average number of ordinary shares in issue ('000)	140,239	140,239
	<u>140,239</u>	<u>140,239</u>
Basic loss per share (sen)	(8.69)	(15.99)
	<u>=====</u>	<u>=====</u>

**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 (30 June 2020: RM3,935,000)

The Group disposed of property, plant and equipment with carrying amount of RM9,000 during the first six-month period of the current financial year (30 June 2020: RM955,000) and resulting in gains on disposal of RM242,000 (30 June 2020: RM95,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

**16. Investment properties**

	<b>30.06.2021</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	503	391
	<hr/>	<hr/>
At 30 June/31 December	39,219	38,716
	<hr/>	<hr/>
<b>Accumulated depreciation</b>		
At 1 January	2,430	2,081
Charge for the period	174	349
	<hr/>	<hr/>
At 30 June/31 December	2,604	2,430
	<hr/>	<hr/>
<b>Net carrying amount</b>		
At 30 June/31 December	36,615	36,286
	=====	=====

**17. Intangible assets**

	<b>30.06.2021</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
	<hr/>	<hr/>
At 30 June/31 December	26,481	26,481
	<hr/>	<hr/>
<b>Accumulated impairment</b>		
At 30 June/31 December	(9,838)	(9,838)
	<hr/>	<hr/>
<b>Net carrying amount</b>		
At 30 June/31 December	16,643	16,643
	=====	=====

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

During the current financial quarter ended 30 June 2021, the Group recognised write-down on inventories provided of RM115,000 (30 June 2020: a reversal of write-down of RM259,000). The provision and the reversal was included in other operating expenses and other income respectively in the consolidated statement of profit or loss and other comprehensive income.

**19. Derivative assets**

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 2021 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	20,560	20,732	(172)	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.

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**PART A – Explanatory Notes Pursuant to MFRS 134****20. Cash and cash equivalents**

Cash and cash equivalents comprised the following amounts:

	<b>30.06.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
Cash on hand and at bank	56,648	65,233
Deposits with financial institutions	5,276	5,066
Bank overdrafts	(423)	-
	<hr/>	<hr/>
Cash and bank balances	61,501	70,299
Deposits with maturity more than 3 months	(5,276)	(5,066)
	<hr/>	<hr/>
Cash and cash equivalents	56,225	65,233
	=====	=====

**21. Loans and Borrowings**

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

	<b>30.06.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
<b>Current</b>		
Bank overdrafts	423	-
Trade facilities, unsecured	10,419	4,491
Term loans, secured	3,476	3,476
	<hr/>	<hr/>
	14,318	7,967
<b>Non-current</b>		
Term loans, secured	12,327	13,993
	<hr/>	<hr/>
Total loans and borrowings	26,645	21,960
	=====	=====

**Changes in liabilities arising from financing activities**

At 1 January	21,960	22,915
Utilisation of overdraft facilities	423	-
Drawn down of borrowings	5,964	4,491
Repayment of borrowings	(1,666)	(5,490)
Translation differences	(36)	44
	<hr/>	<hr/>
At 30 June/31 December	26,645	21,960
	=====	=====

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.



**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

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

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

	<b>30.06.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
Trade facilities, unsecured	4,662	-
	=====	=====

**22. 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 2020: 155,616,013) issued and fully paid ordinary shares as at 30 June 2021, 15,376,900 (30 June 2020: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 30 June 2021, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 June 2020: 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****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>30.06.2021</b>		<b>31.12.2020</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	RM'000	RM'000	RM'000	RM'000
<b>Financial liabilities</b>				
Loans and borrowings	26,645	26,645	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.

		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	RM'000	RM'000	RM'000	RM'000
<b>30.06.2021</b>				
<b>Financial assets/(liabilities)</b>				
Other investments - unquoted unit trust	32,713	-	32,713	-
Derivative liabilities	(172)	-	(172)	-
	=====	=====	=====	=====
<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 six-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 six-month period ended 30 June 2021 and 30 June 2020:

	<b>6 months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</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	94	57
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	331	294
Directors' interest		
Renovation and maintenance costs	137	114
Purchase of ceramic tiles for resale	-	61
Sales of ceramic tiles	17	-
	=====	=====

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 2021 was as follows:

	<b>30.06.2021</b>	<b>31.12.2020</b>
	RM'000	RM'000
Authorised and contracted for	299	1,030
Authorised but not contracted for	6,376	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>30.06.2021</b>					
<i>Segment Revenue</i>					
Total sales	97,495	18,243	73,456	1,511	190,705
Inter-segment sales	(13,753)	(1,935)	-	-	(15,688)
	<u>83,742</u>	<u>16,308</u>	<u>73,456</u>	<u>1,511</u>	<u>175,017</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(8,478)	942	(3,145)	(185)	(10,866)
Finance cost	(547)	-	(391)	-	(938)
(Loss)/profit before tax	<u>(9,025)</u>	<u>942</u>	<u>(3,536)</u>	<u>(185)</u>	<u>(11,804)</u>
Income tax expense	(188)	(70)	-	-	(258)
(Loss)/profit for the period	<u>(9,213)</u>	<u>872</u>	<u>(3,536)</u>	<u>(185)</u>	<u>(12,062)</u>
Non-controlling interest	-	(179)	-	56	(123)
(Loss)/profit attributable to owners of the parent	<u>(9,213)</u>	<u>693</u>	<u>(3,536)</u>	<u>(129)</u>	<u>(12,185)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 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	308,629	93,915	128,011	3,366	533,921
Inter-segment assets	-	-	-	-	-
	<u>308,629</u>	<u>93,915</u>	<u>128,011</u>	<u>3,366</u>	<u>533,921</u>
<i>Segment Liabilities</i>					
Total liabilities	59,271	7,754	65,019	149	132,193
Inter-segment liabilities	-	-	-	-	-
	<u>59,271</u>	<u>7,754</u>	<u>65,019</u>	<u>149</u>	<u>132,193</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>	<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>
	=====	=====	=====	=====	=====

**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 improved to RM175.0 million from RM134.0 million recorded in the preceding year's corresponding financial period ended 30 June 2020. The lower revenue for the preceding year's corresponding period 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 and only ended on 4 May 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 loss before tax of RM11.8 million for the current financial period as compared to a loss before tax of RM22.3 million suffered in the preceding year's corresponding financial period. The performance for the comparative period was affected by lower revenue and productivity as a results of the imposition of lockdowns under Movement Control Order.

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

Despite the influence of seasonal factors as disclosed in Note 3, which normally affects sales in the first quarter, the Group's revenue for the current financial quarter has declined from RM91.0 million recorded in the immediate preceding quarter to RM84.0 million. This was 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 and impacts arising from various degrees of lockdown and control measures imposed by governments. Malaysia entered the nation's full lockdown on 1 June 2021 and the Group's operations in Malaysia was halted.

The Group recorded a loss before tax of RM8.4 million for the current financial quarter under review as compared to a loss before tax of RM3.3 million for the immediate preceding quarter, mainly due to lower revenue and productivity.

**30. Commentary on prospects**

The performance of the national and regional economies in which the Group operates have been greatly affected by the prolonged global Covid-19 pandemic. The results of the Group for the ensuing year are dependent on the performance of the national and regional economies that could be influenced by the degree of control and restrictive measures implemented globally 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 14 September 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 period ended 30 June 2021 (30 June 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 30 June 2021 and 30 June 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 30 June 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 30.06.2021</b>	<b>As at 31.12.2020</b>
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	166,921	179,608
- Unrealised	15,757	15,307
	<hr/>	<hr/>
	182,678	194,915
Less: Consolidated adjustments	106	54
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	182,784	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**

15 September 2021