

KIM HIN INDUSTRY BERHAD

REGISTRATION No.: 197301003569 (18203-V)

Interim Financial Report

30 September 2021

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim Financial Report for the nine-month period ended 30 September 2021

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KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

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

	Note	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Revenue	11	75,023	105,024	250,040	239,045
Cost of sales		(59,940)	(75,764)	(195,550)	(182,762)
Gross profit		15,083	29,260	54,490	56,283
Other income		354	4,972	6,433	9,468
Selling and distribution costs		(8,553)	(10,968)	(26,830)	(28,679)
Administrative expenses		(17,929)	(16,668)	(53,596)	(49,142)
Other expenses		(1,281)	(1,873)	(3,689)	(3,708)
Operating (loss)/profit		(12,326)	4,723	(23,192)	(15,778)
Finance costs		(458)	(527)	(1,396)	(2,338)
(Loss)/profit before tax	12	(12,784)	4,196	(24,588)	(18,116)
Income tax expense	13	(2,156)	(464)	(2,414)	(494)
(Loss)/profit for the period		(14,940)	3,732	(27,002)	(18,610)
Other comprehensive income:					
Other comprehensive income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(155)	300	3,523	2,227
Other comprehensive (loss)/income for the period, net of tax		(155)	300	3,523	2,227
Total comprehensive (loss)/income for the period		(15,095)	4,032	(23,479)	(16,383)

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

		Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	Note	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
(Loss)/profit attributable to:					
Owners of the Company		(15,087)	3,679	(27,272)	(18,748)
Non-controlling interests		147	53	270	138
		<u>(14,940)</u>	<u>3,732</u>	<u>(27,002)</u>	<u>(18,610)</u>
		=====	=====	=====	=====
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(15,321)	3,918	(24,505)	(16,955)
Non-controlling interests		226	114	1,026	572
		<u>(15,095)</u>	<u>4,032</u>	<u>(23,479)</u>	<u>(16,383)</u>
		=====	=====	=====	=====
(Loss)/earnings per share attributable to owners of the Company:					
- Earnings/(loss) per share for the period (basic/diluted) (sen)	14	(10.76)	2.62	(19.45)	(13.37)
		=====	=====	=====	=====

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

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Interim report for the nine-month period ended 30 September 2021**Condensed Consolidated Statement of Financial Position**

		30.09.2021	31.12.2020
		Unaudited	Audited
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	120,162	121,353
Right-of-use assets		54,716	61,662
Investment properties	16	36,283	36,286
Other investments		28,461	36,330
Intangible assets	17	17,056	16,643
Deferred tax assets		4,694	4,716
		<hr/>	<hr/>
		261,372	276,990
		<hr/>	<hr/>
Current assets			
Inventories	18	126,601	128,334
Trade and other receivables		51,866	72,325
Other current assets		5,801	3,680
Tax recoverable		1,611	1,619
Derivatives assets	19	-	769
Other investments		9,084	-
Cash and bank balances	20	46,509	70,299
		<hr/>	<hr/>
		241,472	277,026
		<hr/>	<hr/>
TOTAL ASSETS		502,844	554,016
		<hr/> <hr/>	<hr/> <hr/>

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

		30.09.2021	31.12.2020
	Note	Unaudited RM'000	Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Derivative liabilities	19	60	-
Loans and borrowings	21	13,784	7,967
Lease liabilities		8,907	9,013
Trade and other payables		67,343	79,013
Provisions		4,055	3,868
Tax payable		1,333	9,397
		<hr/>	<hr/>
		95,482	109,258
		<hr/>	<hr/>
Non-current liabilities			
Loans and borrowings	21	11,202	13,993
Lease liabilities		9,298	15,490
Deferred tax liabilities		4,787	4,787
Provisions		369	376
		<hr/>	<hr/>
		25,656	34,646
		<hr/>	<hr/>
TOTAL LIABILITIES		121,138	143,904
		<hr/>	<hr/>
Equity			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		18,014	15,247
Retained earnings		167,697	194,969
		<hr/>	<hr/>
		368,060	392,565
Non-controlling interests		13,646	17,547
		<hr/>	<hr/>
TOTAL EQUITY		381,706	410,112
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		502,844	554,016
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.62	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.

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Interim report for the nine-month period ended 30 September 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	
At 1 January 2021	206,658	(24,309)	6,810	8,437	194,969	392,565	17,547	410,112
Loss net of tax	-	-	-	-	(27,272)	(27,272)	270	(27,002)
Other comparative income	-	-	-	2,767	-	2,767	756	3,523
Total comprehensive income	-	-	-	2,767	(27,272)	(24,505)	1,026	(23,479)
Transaction with owners								
Dividend paid to NCI	-	-	-	-	-	-	(4,927)	(4,927)
At 30 September 2021	206,658	(24,309)	6,810	11,204	167,697	368,060	13,646	381,706

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Interim report for the nine-month period ended 30 September 2021**Condensed Consolidated Statement of Changes in Equity**

	←————— Attributable to equity holders of the Company —————→					Non- controlling interests ("NCI")	Total equity	
	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
At 1 January 2020	206,658	(24,309)	4,791	5,553	214,156	406,849	12,686	419,535
Loss net of tax	-	-	-	-	(18,748)	(18,748)	138	(18,610)
Other comparative income	-	-	-	1,793	-	1,793	434	2,227
Total comprehensive income	-	-	-	1,793	(18,748)	(16,955)	572	(16,383)
Transaction with owners								
Dividend paid to NCI	-	-	-	-	-	-	(742)	(742)
At 30 September 2020	206,658	(24,309)	4,791	7,346	195,408	389,894	12,516	402,410

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

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Interim report for the nine-month period ended 30 September 2021**Condensed Consolidated Statement of Cash Flows**

	Note	9 months ended	
		30.09.2021	30.09.2020
		RM'000	RM'000
Operating activities			
Loss before tax		(24,588)	(18,116)
Adjustments for:			
Amortisation of deferred capital grant		-	(152)
Credit losses on trade receivables provided/(reversed), net		523	(231)
Depreciation of investment properties		262	261
Depreciation of property, plant and equipment and right-of-use assets		17,601	22,827
Dividend income		(204)	(132)
Gains on disposal of property, plant and equipment, net		(243)	(113)
Impairment on property, plant and equipment		-	570
Interest expense		1,396	2,338
Interest income		(110)	(192)
Inventories written off		65	48
Loss on disposal of other investments		2	-
Loss/(gains) on fair value changes, net		744	(1,306)
Property, plant and equipment written off		430	-
Unrealised loss/(gain) on foreign exchange		1,014	(1,361)
Write-down of inventories, net		354	(967)
		<hr/>	<hr/>
Operating cash flows before changes in working capital		(2,754)	3,474
Changes in working capital:			
Decrease in inventories		714	8,879
Decrease/(increase) in receivables		18,169	(465)
(Decrease)/increase in payables		(11,395)	32,709
		<hr/>	<hr/>
Cash generated from operations		4,734	44,597
Interest paid		(1,396)	(2,338)
Taxes paid, net of refund		(10,829)	(675)
		<hr/>	<hr/>
Net cash flows (used in)/from operating activities carried forward		(7,491)	41,584
		<hr/>	<hr/>

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

	Note	9 months ended	
		30.09.2021 RM'000	30.09.2020 RM'000
Net cash flows (used in)/from operating activities brought forward		(7,491)	41,584
Investing activities			
Acquisition of intangible assets		(413)	-
Acquisition of other investments		(9,084)	(27,525)
Acquisition of property, plant and equipment		(9,035)	(8,161)
Interest received		110	192
Proceeds from disposal of other investments		8,024	-
Proceeds from disposal of property, plant and equipment		251	1,100
(Increase)/decrease in short-term deposits with maturity more than three months		(246)	433
Net cash flows used in investing activities		<u>(10,393)</u>	<u>(33,961)</u>
Financing activities			
Drawdown of borrowings, net		5,345	973
Dividend paid to non-controlling interest		(4,927)	(742)
Lease payment		(7,630)	(7,121)
Term loan repaid		(2,568)	(1,029)
Net cash flows used in financing activities		<u>(9,780)</u>	<u>(7,919)</u>
Net decrease in cash and cash equivalents		(27,664)	(296)
Effect of foreign exchange rate changes		3,238	1,357
Cash and cash equivalents at 1 January		65,233	45,121
Cash and cash equivalents at 30 September	20	<u>40,807</u> =====	<u>46,182</u> =====

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

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PART A – Explanatory Notes Pursuant to MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements, for the nine-month period ended 30 September 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:

	Effective for annual periods beginning on or after
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.

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PART A – Explanatory Notes Pursuant to MFRS 134

3. Seasonal or cyclical factors

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

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

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the financial period ended 30 September 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 September 2021.

8. Material subsequent events

There were no material events 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, except for the formation of a new Australian sub-subsidiary, Amber Group Australia Properties Pty Ltd.

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.

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

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Revenue from contracts with customers	249,836	238,913
Dividend income	204	132
	<u>250,040</u>	<u>239,045</u>
	=====	=====

12. Loss before tax

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Loss for the nine-month period is arrived at after charging/ (crediting):		
Amortisation of deferred capital grant	-	(152)
Credit losses on receivables provided/(reversed), net	523	(231)
Depreciation of investment properties	262	261
Depreciation of property, plant and equipment and right-of-use assets	17,601	22,827
Dividend income	(204)	(132)
Gains on disposal of property, plant and equipment, net	(243)	(113)
Impairment of property, plant and equipment	-	570
Interest expense	1,396	2,338
Interest income	(110)	(192)
Inventories written off	65	48
Loss on disposal of other investments	2	-
Loss/(gains) on fair value changes, net	744	(1,306)
Property, plant and equipment written off	430	-
Unrealised gains on foreign exchange, net	1,014	(1,361)
Write-down on inventories provided/(reversed), net	354	(967)
	<u>=====</u>	<u>=====</u>

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

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Current income tax:		
Malaysian income tax	477	566
Foreign tax	2,032	288
Over provision in previous year:		
Malaysian income tax	-	(40)
Foreign tax	(95)	(320)
	<u>2,414</u>	<u>494</u>
Deferred income tax	-	-
	<u>2,414</u>	<u>494</u>
Income tax expense for the period	<u>2,414</u>	<u>494</u>
	<u>=====</u>	<u>=====</u>

The Group's effective tax rate for current financial period ended 30 September 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:

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	<u>(27,272)</u>	<u>(18,748)</u>
Number of ordinary shares in issue as of 1 January ('000)	155,616	155,616
Number of treasury shares ('000)	<u>(15,377)</u>	<u>(15,377)</u>
Weighted average number of ordinary shares in issue ('000)	<u>140,239</u>	<u>140,239</u>
Basic loss per share (sen)	<u>(19.45)</u>	<u>(13.37)</u>
	<u>=====</u>	<u>=====</u>

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

During the current financial period, the Group acquired property, plant and equipment at a cost of RM9,035,000 (30 September 2020: RM8,161,000)

The Group disposed of property, plant and equipment with carrying amount of RM8,000 during the first nine-month period of the current financial year (30 September 2020: RM987,000) and resulting in gains on disposal of RM243,000 (30 September 2020: RM113,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

16. Investment properties

	30.09.2021	31.12.2020
	RM'000	RM'000
Cost		
At 1 January	38,716	29,065
Addition	-	9,260
Translation difference	259	391
	<u>38,975</u>	<u>38,716</u>
At 30 September/31 December	38,975	38,716
Accumulated depreciation		
At 1 January	2,430	2,081
Charge for the period	262	349
	<u>2,692</u>	<u>2,430</u>
At 30 September/31 December	2,692	2,430
Net carrying amount		
At 30 September/31 December	<u><u>36,283</u></u>	<u><u>36,286</u></u>

17. Intangible assets

	30.09.2021	31.12.2020
	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>
At 1 January 2021/31 December 2020	26,481	26,481
Addition – arrangements with franchisee	413	-
	<u>26,894</u>	<u>26,481</u>
At 30 September/31 December	26,894	26,481
Accumulated impairment		
At 30 September/31 December	<u>(9,838)</u>	<u>(9,838)</u>
Net carrying amount		
At 30 September/31 December	<u><u>17,056</u></u>	<u><u>16,643</u></u>

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

During the current financial period ended 30 September 2021, the Group recognised write-down on inventories provided of RM354,000 (30 September 2020: a reversal of write-down of RM967,000). 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 September 2021 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	13,683	13,743	(60)	Weakening of MYR
	=====	=====	=====	

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

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

Cash and cash equivalents comprised the following amounts:

	30.09.2021	31.12.2020
	RM'000	RM'000
Cash on hand and at bank	41,197	65,233
Deposits with financial institutions	5,312	5,066
Bank overdrafts	(390)	-
	<hr/>	<hr/>
Cash and bank balances	46,119	70,299
Deposits with maturity more than 3 months	(5,312)	(5,066)
	<hr/>	<hr/>
Cash and cash equivalents	40,807	65,233
	=====	=====

21. Loans and Borrowings

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

	30.09.2021	31.12.2020
	RM'000	RM'000
Current		
Bank overdrafts	390	-
Trade facilities, unsecured	9,695	4,491
Term loans, secured	3,699	3,476
	<hr/>	<hr/>
	13,784	7,967
Non-current		
Term loans, secured	11,202	13,993
	<hr/>	<hr/>
Total loans and borrowings	24,986	21,960
	=====	=====

Changes in liabilities arising from financing activities

At 1 January	21,960	22,915
Utilisation of overdraft facilities	390	-
Drawn down of borrowings	5,345	4,491
Repayment of borrowings	(2,568)	(5,490)
Translation differences	(141)	44
	<hr/>	<hr/>
At 30 September/31 December	24,986	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.

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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:

	30.09.2021	31.12.2020
	RM'000	RM'000
Trade facilities, unsecured	4,409	-
	=====	=====

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

As at 30 September 2021, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (30 September 2020: 140,239,113) ordinary shares of RM1 each.

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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:

	30.09.2021		31.12.2020	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities				
Loans and borrowings	24,986 =====	24,986 =====	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
30.09.2021				
Financial assets/(liabilities)				
Other investments - unquoted unit trust	37,545	-	37,545	-
Derivative liabilities	(60) =====	- =====	(60) =====	- =====
31.12.2020				
Financial assets				
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 nine-month period and the comparative period. All changes in the fair values are recognised in statement of comprehensive income.

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

The following table provides information on the transactions which have been entered into with related parties during the nine-month period ended 30 September 2021 and 30 September 2020:

	9 months ended	
	30.09.2021	30.09.2020
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	1,497	1,497
Insurance commission earned as insurance agent	94	98
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	451	653
Directors' interest		
Renovation and maintenance costs	139	242
Purchase of ceramic tiles for resale	-	104
Sales of ceramic tiles	55	-
	=====	=====

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 September 2021 was as follows:

	30.09.2021	31.12.2020
	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.

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

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

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
30.09.2021					
<i>Segment Revenue</i>					
Total sales	129,302	29,563	109,663	1,925	270,453
Inter-segment sales	(17,111)	(3,302)	-	-	(20,413)
	<u>112,191</u>	<u>26,261</u>	<u>109,663</u>	<u>1,925</u>	<u>250,040</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(19,307)	1,822	(5,381)	(326)	(23,192)
Finance cost	(746)	-	(650)	-	(1,396)
(Loss)/profit before tax	<u>(20,053)</u>	<u>1,822</u>	<u>(6,031)</u>	<u>(326)</u>	<u>(24,588)</u>
Income tax expense	(2,388)	(26)	-	-	(2,414)
(Loss)/profit for the period	<u>(22,441)</u>	<u>1,796</u>	<u>(6,031)</u>	<u>(326)</u>	<u>(27,002)</u>
Non-controlling interest	-	(368)	-	98	(270)
(Loss)/profit attributable to owners of the parent	<u>(22,441)</u>	<u>1,428</u>	<u>(6,031)</u>	<u>(228)</u>	<u>(27,272)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2021:

	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	306,238	70,436	123,278	2,892	502,844
Inter-segment assets	-	-	-	-	-
	<u>306,238</u>	<u>70,436</u>	<u>123,278</u>	<u>2,892</u>	<u>502,844</u>
<i>Segment Liabilities</i>					
Total liabilities	50,166	7,763	63,034	175	121,138
Inter-segment liabilities	-	-	-	-	-
	<u>50,166</u>	<u>7,763</u>	<u>63,034</u>	<u>175</u>	<u>121,138</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 year’s corresponding financial period is as follows:

	Malaysia Operation	China Operation	Australia Operation	Vietnam Operation	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
30.09.2020					
<i>Segment Revenue</i>					
Total sales	131,554	24,375	100,140	3,213	259,282
Inter-segment sales	(18,933)	(1,304)	-	-	(20,237)
	<u>112,621</u>	<u>23,071</u>	<u>100,140</u>	<u>3,213</u>	<u>239,045</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(16,510)	498	333	(99)	(15,778)
Finance cost	(786)	-	(1,552)	-	(2,338)
(Loss)/profit before tax	<u>(17,296)</u>	<u>498</u>	<u>(1,219)</u>	<u>(99)</u>	<u>(18,116)</u>
Income tax expense	(814)	320	-	-	(494)
(Loss)/profit for the period	<u>(18,110)</u>	<u>818</u>	<u>(1,219)</u>	<u>(99)</u>	<u>(18,610)</u>
Non-controlling interest	-	(168)	-	30	(138)
(Loss)/profit attributable to owners of the parent	<u>(18,110)</u>	<u>650</u>	<u>(1,219)</u>	<u>(69)</u>	<u>(18,748)</u>

The following table presents segment assets and liabilities of the Group’s operating segments as at 30 September 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	339,850	94,047	124,313	3,711	561,921
Inter-segment assets	-	-	-	-	-
	<u>339,850</u>	<u>94,047</u>	<u>124,313</u>	<u>3,711</u>	<u>561,921</u>
<i>Segment Liabilities</i>					
Total liabilities	66,064	35,721	57,617	109	159,511
Inter-segment liabilities	-	-	-	-	-
	<u>66,064</u>	<u>35,721</u>	<u>57,617</u>	<u>109</u>	<u>159,511</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 RM250.0 million from RM239.0 million recorded in the preceding year's corresponding financial period ended 30 September 2020, due to higher revenue recorded by its China and Australia segments.

The Group registered a loss before tax of RM24.6 million for the current financial period as compared to a loss before tax of RM18.1 million suffered in the preceding year's corresponding financial period. The performance for the current period was affected by reduced margin, unfavorable foreign exchange movement and the adverse fair value changes on other investments.

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 RM84.0 million recorded in the immediate preceding quarter to RM75.0 million. The fall in revenue was due to the pandemic driven restriction measures imposed by governments of all geographical segment, with the exception of People Republic of China, in which the Group operates. The resurgence of Covid-19 positive cases resulted in full lockdowns during most of the current financial quarter in Malaysia, Vietnam and major cities in Australia. The Group's manufacturing operations in Malaysia was halted as well during the lockdown.

The Group recorded a loss before tax of RM12.8 million for the current financial quarter under review as compared to a loss before tax of RM8.5 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.

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

31. Profit forecast or profit guarantee

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

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

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

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

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

34. Status of corporate proposals

There were no corporate proposals announced but not completed as at 25 November 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

During the financial period ended 30 September 2021, the Board has approved the declaration of an interim dividend of 2 sen per ordinary share, tax exempt, for the financial year ending 31 December 2021 (30 September 2020: 2 sen per ordinary share, tax exempt). The interim dividend was subsequently paid on 10 November 2021.

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PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**37. Disclosure of nature of outstanding derivatives**

Please refer to Note 19 for details.

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 September 2021 and 30 September 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 September 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.

	As at 30.09.2021	As at 31.12.2020
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	153,195	179,608
- Unrealised	14,428	15,307
	<hr/>	<hr/>
	167,623	194,915
Less: Consolidated adjustments	74	54
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	167,697	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

26 November 2021