

# **KIM HIN INDUSTRY BERHAD**

REGISTRATION No.: 197301003569 (18203-V)

## **Interim Financial Report**

**31 December 2022**

**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim Financial Report for the twelve-month period ended 31 December 2022**

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**KIM HIN INDUSTRY BHD**

Registration No.: 197301003569 (18203-V)

**Interim report for the twelve-month period ended 31 December 2022****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarters 12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<b>Revenue</b>	11	85,199	94,048	340,754	344,088
Cost of sales		(70,182)	(69,793)	(274,820)	(265,343)
<b>Gross profit</b>		15,017	24,255	65,934	78,745
Other income		3,440	11,550	12,881	17,983
Selling and distribution costs		(7,641)	(11,046)	(35,299)	(37,876)
Administrative expenses		(18,404)	(28,361)	(69,977)	(81,957)
Other expenses		111	(4,920)	(5,883)	(8,609)
<b>Operating loss</b>		(7,477)	(8,522)	(32,344)	(31,714)
Finance costs		(451)	(599)	(2,315)	(1,995)
<b>Loss before tax</b>	12	(7,928)	(9,121)	(34,659)	(33,709)
Income tax expense	13	(14)	(295)	(805)	(2,709)
<b>Loss for the year</b>		(7,942)	(9,416)	(35,464)	(36,418)
<b>Other comprehensive income:</b>					
Other comprehensive (loss)/income that will be reclassified to profits or loss in subsequent periods:					
Exchange translation differences on foreign subsidiaries		(1,039)	511	(1,578)	4,034
<b>Other comprehensive (loss)/income for the period, net of tax</b>		(1,039)	511	(1,578)	4,034
<b>Total comprehensive (loss)/income for the year</b>		(8,981)	(8,905)	(37,042)	(32,384)

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**Interim report for the twelve-month period ended 31 December 2022****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

	<b>Individual Quarter 3 months ended</b>		<b>Cumulative Quarter 12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Loss attributable to:</b>				
Owners of the Company	(7,787)	(9,687)	(35,468)	(36,959)
Non-controlling interests	(155)	271	4	541
	<u>(7,942)</u>	<u>(9,416)</u>	<u>(35,464)</u>	<u>(36,418)</u>
	=====	=====	=====	=====
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(8,610)	(9,316)	(36,718)	(33,821)
Non-controlling interests	(371)	411	(324)	1,437
	<u>(8,981)</u>	<u>(8,905)</u>	<u>(37,042)</u>	<u>(32,384)</u>
	=====	=====	=====	=====
<b>Loss per share attributable to owners of the Company:</b>				
- Loss per share for the period (basic/diluted) (sen)	14			
	(5.55)	(6.91)	(25.29)	(26.35)
	=====	=====	=====	=====

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 twelve-month period ended 31 December 2022****Condensed Consolidated Statement of Financial Position**

		<b>31.12.2022</b>	<b>31.12.2021</b>
		Unaudited	Audited
	<b>Note</b>	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	115,036	118,279
Right-of-use assets		69,476	77,417
Investment properties	16	29,574	30,290
Other investments		23,719	31,821
Intangible assets	17	17,548	17,548
Deferred tax assets		4,466	4,680
		<hr/>	<hr/>
		259,819	280,035
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	18	120,740	129,224
Trade and other receivables		56,755	60,149
Other current assets		2,312	3,066
Derivatives assets	19	-	86
Tax recoverable		883	807
Cash and bank balances	20	30,744	52,786
		<hr/>	<hr/>
		211,434	246,118
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>471,253</b>	<b>526,153</b>
		=====	=====

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**Interim report for the twelve-month period ended 31 December 2022****Condensed Consolidated Statement of Financial Position (contd.)**

	<b>Note</b>	<b>31.12.2022</b> Unaudited RM'000	<b>31.12.2021</b> Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Derivative liabilities	19	5	-
Loans and borrowings	20	14,129	13,326
Lease liabilities		9,439	9,888
Trade and other payables		69,391	78,606
Provisions		4,510	4,622
Tax payable		1,191	1,233
		<hr/>	<hr/>
		98,665	107,675
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	21	8,794	10,326
Lease liabilities		26,497	33,014
Deferred tax liabilities		4,725	4,786
Provisions		303	356
		<hr/>	<hr/>
		40,319	48,482
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		138,984	156,157
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	22	206,658	206,658
Treasury shares	22	(24,309)	(24,309)
Other reserves		17,312	18,507
Retained earnings		119,560	155,083
		<hr/>	<hr/>
		319,221	355,939
<b>Non-controlling interests</b>		13,048	14,057
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		332,269	369,996
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		471,253	526,153
		<hr/>	<hr/>
Net assets per share attributable to ordinary equity holders of the Company (RM)		2.28	2.54
		<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 twelve-month period ended 31 December 2022****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 2022</b>	206,658	(24,309)	6,932	11,575	155,083	355,939	14,057	369,996
Loss net of tax	-	-	-	-	(35,468)	(35,468)	4	(35,464)
Other comparative income	-	-	-	(1,250)	-	(1,250)	(328)	(1,578)
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,250)</u>	<u>(35,468)</u>	<u>(36,718)</u>	<u>(324)</u>	<u>(37,042)</u>
<b>Transaction with owners</b>								
Capital repayment to NCI	-	-	-	-	-	-	(460)	(460)
Dividend paid to NCI	-	-	-	-	-	-	(225)	(225)
Transfer between reserves	-	-	55	-	(55)	-	-	-
<b>At 31 December 2022</b>	<u><u>206,658</u></u>	<u><u>(24,309)</u></u>	<u><u>6,987</u></u>	<u><u>10,325</u></u>	<u><u>119,560</u></u>	<u><u>319,221</u></u>	<u><u>13,048</u></u>	<u><u>332,269</u></u>

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**Interim report for the twelve-month period ended 31 December 2022****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
<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	-	-	-	-	(36,959)	(36,959)	541	(36,418)
Other comparative income	-	-	-	3,138	-	3,138	896	4,034
<b>Total comprehensive income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138</u>	<u>(36,959)</u>	<u>(33,821)</u>	<u>1,437</u>	<u>(32,384)</u>
<b>Transaction with owners</b>								
Dividend paid	-	-	-	-	(2,805)	(2,805)	-	(2,805)
Dividend paid to NCI	-	-	-	-	-	-	(4,927)	(4,927)
Transfer between reserves	-	-	122	-	(122)	-	-	-
<b>At 31 December 2021</b>	<u>206,658</u>	<u>(24,309)</u>	<u>6,932</u>	<u>11,575</u>	<u>155,083</u>	<u>355,939</u>	<u>14,057</u>	<u>369,996</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.



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**Interim report for the twelve-month period ended 31 December 2022****Condensed Consolidated Statement of Cash Flows**

	Note	12 months ended	
		31.12.2022	31.12.2021
		RM'000	RM'000
<b>Operating activities</b>			
Loss before tax		(34,658)	(33,709)
Adjustments for:			
Bad debts written off		-	47
Credit losses on trade receivables (reversed)/provided, net		(383)	994
Depreciation of investment properties		349	349
Depreciation of property, plant and equipment and right-of-use assets		23,286	21,191
Dividend income		(1,972)	(216)
Gains on disposal of other investments		(12)	(2)
Gains on disposal of investment properties		-	(7,893)
Gains on disposal of property, plant and equipment, net		(1,226)	(446)
Gains on lease modification		(70)	-
Impairment on assets (reversed)/provided		(713)	10,425
Interest expense		2,315	1,995
Interest income		(171)	(176)
Inventories written off		192	137
Loss on fair value changes, net		4,178	1,397
Property, plant and equipment written off		152	430
Unrealised loss on foreign exchange		897	741
Write-down of inventories (reversed)/provided, net		(2,518)	2,100
Operating cash flows before changes in working capital		(10,354)	(2,636)
Changes in working capital:			
Decrease/(increase) in inventories		9,372	(3,127)
Decrease in receivables		4,548	10,541
(Decrease)/increase in payables		(8,895)	453
Cash (used in)/generated from operations		(5,329)	5,231
Interest paid		(2,315)	(1,995)
Taxes paid, net of refund		(778)	(9,980)
Net cash flows used in operating activities carried forward		(8,422)	(6,744)

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**Interim report for the twelve-month period ended 31 December 2022****Condensed Consolidated Statement of Cash Flows (contd.)1**

	<b>12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash flows used in operating activities brought forward	(8,422)	(6,744)
<b>Investing activities</b>		
Acquisition of intangible assets	-	(905)
Acquisition of other investments	-	(10,000)
Acquisition of property, plant and equipment	(11,556)	(15,247)
Interest received	171	176
Proceeds from disposal of investment properties	-	12,053
Proceeds from disposal of other investments	6,000	14,024
Proceeds from disposal of property, plant and equipment	2,777	1,327
Decrease/(increase) in short-term deposits with maturity more than three months	2,625	(305)
	<hr/>	<hr/>
Net cash flows generated from investing activities	17	1,123
	<hr/>	<hr/>
<b>Financing activities</b>		
Drawdown of borrowings, net	2,722	4,955
Dividend paid		(2,805)
Dividend paid to non-controlling interest	(226)	(4,927)
Capital repayment to non-controlling interest	(460)	-
Lease payment	(9,245)	(9,299)
Repayment of bank borrowings	(3,540)	(3,511)
	<hr/>	<hr/>
Net cash flows used in financing activities	(10,749)	(15,587)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,154)</b>	<b>(21,208)</b>
<b>Effect of foreign exchange rate changes</b>	<b>(271)</b>	<b>3,022</b>
<b>Cash and cash equivalents at 1 January</b>	<b>47,047</b>	<b>65,233</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	<b>20 27,622</b>	<b>47,047</b>
	<hr/> <hr/>	<hr/> <hr/>

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

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

The condensed consolidated interim financial statements, for the financial year ended 31 December 2022 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 2021. 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 2021.

**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 2021, except for the adoption of the following standards and amended MFRSs (collectively referred to as “pronouncements”) with effect from 1 January 2022:

	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 September 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022

The pronouncements did not have any material effect on the financial performance or position 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 year ended 31 December 2022.

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

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

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

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

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

There was no dividend paid during the financial year ended 31 December 2022.

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

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

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

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

#### **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 2021.

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

	<b>12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Revenue from contracts with customers	338,782	344,872
Dividend income	1,972	216
	<u>340,754</u>	<u>344,088</u>
	=====	=====

**12. Loss before tax**

	<b>12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Loss for the year is arrived at after charging/(crediting):		
Bad debts written off	-	47
Depreciation of investment properties	349	349
Depreciation of property, plant and equipment and right-of-use assets	23,286	21,191
Dividend income	(1,972)	(216)
Expected credit losses on receivables, net	(383)	994
Gains on disposal of other investments	(12)	(2)
Gain on disposal of investment property	-	(7,893)
Gains on disposal of property, plant and equipment, net	(1,226)	(446)
Gains on lease modification	(70)	-
Impairment of assets (reversed)/provided	(713)	10,425
Interest expense	2,315	1,995
Interest income	(171)	(176)
Inventories written off	192	137
Losses on fair value changes, net	4,178	1,397
Property, plant and equipment written off	152	430
Unrealised losses on foreign exchange, net	897	741
Write-down of inventories (reversed)/provided, net	(2,518)	2,100
	<u>=====</u>	<u>=====</u>

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

	<b>12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Current income tax:		
Malaysian income tax	497	658
Foreign tax	159	2,312
Under/(over) provision in previous year:		
Malaysian income tax	14	(11)
Foreign tax	38	(332)
	<u>708</u>	<u>2,627</u>
Deferred income tax	97	82
	<u>805</u>	<u>2,709</u>
Income tax expense for the year	=====	=====

The Group's effective tax rate for both current financial year ended 31 December 2022 and the preceding financial year 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 year, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares held by the Company.

There is no dilutive effect of all potential ordinary shares.

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

	<b>12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Loss, net of tax attributable to owners of the Company (RM'000)	(35,468)	(36,959)
	<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)	(25.29)	(26.35)
	=====	=====

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

During the current financial year, the Group acquired property, plant and equipment at a cost of RM11,556,000 (31 December 2021: RM15,247,000)

The Group disposed of property, plant and equipment with carrying amount of RM1,551,000 (31 December 2021: RM881,000) during the current financial year and resulting in gains on disposal of RM1,226,000 (31 December 2021: gains of RM446,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

**16. Investment properties**

	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Cost</b>		
At 1 January	34,889	38,716
Disposal	-	(4,160)
Translation differences	(350)	333
At 31 December	<u>34,539</u>	<u>34,889</u>
<b>Accumulated depreciation and impairment</b>		
At 1 January	4,599	2,430
Charge for the year	349	349
Impaired during the year	17	1,820
At 31 December	<u>4,965</u>	<u>4,599</u>
<b>Net carrying amount</b>		
At 31 December	<u>29,574</u>	<u>30,290</u>

**17. Intangible assets**

	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Cost</b>		
Goodwill	9,838	9,838
Arrangements with franchisee	12,691	12,691
Brands	4,857	4,857
At 1 January/31 December	<u>27,386</u>	<u>27,386</u>
<b>Accumulated impairment</b>		
At 1 January/31 December	<u>(9,838)</u>	<u>(9,838)</u>
<b>Net carrying amount</b>		
At 1 January/31 December	<u>17,548</u>	<u>17,548</u>

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

During the current financial year ended 31 December 2022, the Group recognised a reversal of write-down on inventories provided amounting to RM2,518,000 (31 December 2021: a write-down of RM2,100,000). The provision/reversal was included in the consolidated statement of profit or loss and other comprehensive income.

**19. Derivative liabilities**

As at the end of the current financial period, derivatives (including financial instruments designated as hedging instruments) entered into by the Group consist of forward foreign exchange contracts entered regularly by the Group with licensed financial institutions to hedge against currency fluctuation for its trade receivables and payables as part of the normal course of business. Details of the outstanding derivative financial instruments as at 31 December 2022 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	1,291 =====	1,296 =====	(5) =====	Weakening of MYR

The fair value of forward foreign exchange contract is determined by using the market rates at the end of reporting twelve-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>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Cash on hand and at bank	28,080	47,415
Deposits with financial institutions	2,664	5,371
	<hr/>	<hr/>
Cash and bank balances	30,744	52,786
Bank overdraft	(458)	(368)
Deposits with maturity more than 3 months	(2,664)	(5,371)
	<hr/>	<hr/>
Cash and cash equivalents	27,622 =====	47,047 =====



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

The details of the Group's secured borrowings, are as follows:

	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
<b>Current</b>		
Bank overdraft, unsecured	458	368
Trade facilities, unsecured	9,892	9,326
Hire purchase, secured	80	-
Term loans, secured	3,699	3,632
	<u>14,129</u>	<u>13,326</u>
<b>Non-current</b>		
Hire purchase, secured	151	-
Term loans, secured	8,643	10,326
	<u>8,794</u>	<u>10,326</u>
Total loans and borrowings	<u>22,923</u>	<u>23,652</u>

**Changes in liabilities arising from financing activities**

At 1 January	23,652	21,960
Drawn down of borrowings	2,722	4,955
Repayment of borrowings	(3,540)	(3,511)
Translation differences	89	248
At 30 September/31 December	<u>22,923</u>	<u>23,652</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.

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

	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Trade facilities, unsecured	6,136	4,289
Term loans, secured	2,026	-
	<u>8,162</u>	<u>4,289</u>

## KIM HIN INDUSTRY BHD

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

#### 22. Share capital, share premium and treasury shares

##### *Issue of shares*

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

##### *Treasury shares*

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

Of the total 155,616,013 (31 December 2021: 155,616,013) issued and fully paid ordinary shares as at 31 December 2022, 15,376,900 (31 December 2021: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 31 December 2022, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 December 2021: 140,239,113) ordinary shares of RM1 each.

#### 23. Financial instruments

##### *Determination of fair value*

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

	31.12.2022		31.12.2021	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial liabilities</b>				
Loans and borrowings	22,923 =====	22,923 =====	23,652 =====	23,652 =====

##### *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.

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

	RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>Financial assets/(liabilities)</b>				
<b>31.12.2022</b>				
Other investments - unquoted unit trust	23,719	-	23,719	-
Derivative liabilities	(5)	-	(5)	-
	=====	=====	=====	=====
<b>Financial assets</b>				
<b>31.12.2021</b>				
Other investments - unquoted unit trusts	31,821	-	31,821	-
Derivative assets	86	-	86	-
	=====	=====	=====	=====

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 financial year and the comparative financial year. All changes in the fair values are recognised in statement of comprehensive income.

**24. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the year ended 31 December 2022 and 31 December 2021:

	<b>12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Holding company, Kim Hin (Malaysia) Sdn Bhd		
Rental of office and warehouse	1,996	1,996
Insurance commission earned as insurance agent	103	103
A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd		
Purchases of sanitary ware for resale	868	680
Directors' interest		
Renovation and maintenance costs	91	198
Sales of ceramic tiles	22	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.

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**PART A – Explanatory Notes Pursuant to MFRS 134****25. Capital commitments**

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 31 December 2022 was as follows:

	<b>31.12.2022</b>	<b>31.12.2021</b>
	RM'000	RM'000
Authorised and contracted for	30	1,860
Authorised but not contracted for	-	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 year 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>31.12.2022</b>					
<i>Segment Revenue</i>					
Total sales	180,302	29,607	146,768	3,947	360,624
Inter-segment sales	(17,403)	(2,467)	-	-	(19,870)
	<u>162,899</u>	<u>27,140</u>	<u>146,768</u>	<u>3,947</u>	<u>340,754</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(22,322)	416	(10,137)	(301)	(32,344)
Finance cost	(869)	-	(1,446)	-	(2,315)
(Loss)/profit before tax	(23,191)	416	(11,583)	(301)	(34,659)
Income tax expense	(850)	45	-	-	(805)
(Loss)/profit for the year	(24,041)	461	(11,583)	(301)	(35,464)
Non-controlling interest	-	(94)	-	90	(4)
(Loss)/profit attributable to owners of the parent	<u>(24,041)</u>	<u>367</u>	<u>(11,583)</u>	<u>(211)</u>	<u>(35,468)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2022:

	<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	269,981	66,751	131,178	3,343	471,253
Inter-segment assets	-	-	-	-	-
	<u>269,981</u>	<u>66,751</u>	<u>131,178</u>	<u>3,343</u>	<u>471,253</u>
<i>Segment Liabilities</i>					
Total liabilities	46,218	6,114	86,401	251	138,984
Inter-segment liabilities	-	-	-	-	-
	<u>46,218</u>	<u>6,114</u>	<u>86,401</u>	<u>251</u>	<u>138,984</u>

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

The information for each of the Group's geographical segments for the preceding financial year 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>31.12.2021</b>					
<i>Segment Revenue</i>					
Total sales	177,047	39,635	150,780	3,227	370,689
Inter-segment sales	(22,094)	(4,507)	-	-	(26,601)
	<u>154,953</u>	<u>35,128</u>	<u>150,780</u>	<u>3,227</u>	<u>344,088</u>
<i>Segment Results</i>					
Segment operating (loss)/profit	(26,669)	3,107	(7,884)	(268)	(31,714)
Finance cost	(904)	-	(1,091)	-	(1,995)
(Loss)/profit before tax	<u>(27,573)</u>	<u>3,107</u>	<u>(8,975)</u>	<u>(268)</u>	<u>(33,709)</u>
Income tax expense	(2,712)	(75)	78	-	(2,709)
(Loss)/profit for the year	<u>(30,285)</u>	<u>3,032</u>	<u>(8,897)</u>	<u>(268)</u>	<u>(36,418)</u>
Non-controlling interest	-	(621)	-	80	(541)
(Loss)/profit attributable to owners of the parent	<u>(30,285)</u>	<u>2,411</u>	<u>(8,897)</u>	<u>(188)</u>	<u>(36,959)</u>

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 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	302,770	73,599	146,496	3,288	526,153
Inter-segment assets	-	-	-	-	-
	<u>302,770</u>	<u>73,599</u>	<u>146,496</u>	<u>3,288</u>	<u>526,153</u>
<i>Segment Liabilities</i>					
Total liabilities	56,812	8,981	90,153	211	156,157
Inter-segment liabilities	-	-	-	-	-
	<u>56,812</u>	<u>8,981</u>	<u>90,153</u>	<u>211</u>	<u>156,157</u>

## **KIM HIN INDUSTRY BHD**

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

#### **28. Performance review**

*Current financial year as compared with preceding financial year*

Revenue of the Group for the current financial year declined slightly to RM340.8 million from RM344.1 million, recorded in the preceding financial year ended 31 December 2021.

The Group registered a loss before tax of RM34.7 million for the current financial year as compared to a loss before tax of RM33.7 million suffered in the preceding financial year, mainly due to lower revenue.

#### **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 to RM85.2 million from RM88.3 million.

The Group recorded a loss before tax of RM7.9 million for the current financial quarter under review as compared to a loss before tax of RM6.5 million for the immediate preceding quarter, mainly due to lower revenue.

#### **30. Commentary on prospects**

The results of the Group for the ensuing year are dependent on the performance and recovery of the national and global economies that are influenced by the impact of restrictive and containment measures on Covid-19, besides fluctuations in main operating costs, especially fuel costs, and foreign exchange movement.

**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 23 February 2023.

**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 year ended 31 December 2022. During the preceding financial year ended 31 December 2021, the Board has approved the declaration of an interim dividend of 2 sen per ordinary share, tax exempt, for the financial year ended 31 December 2021. 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 31 December 2022 and 31 December 2021.

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

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

**40. Realised and unrealised earnings**

The breakdown of the retained earnings of the Group as at 31 December 2022 and 31 December 2021, 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</b> <b>31.12.2022</b> RM'000	<b>As at</b> <b>31.12.2021</b> RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	109,534	141,091
- Unrealised	9,593	13,923
	<hr/>	<hr/>
	119,127	155,014
Less: Consolidated adjustments	433	69
	<hr/>	<hr/>
Total Group's retained earnings as per financial statements	119,560	155,083
	=====	=====

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**

24 February 2023