

KIM HIN INDUSTRY BERHAD
REGISTRATION No.:197301003569 (18203-V)

Interim Financial Report
31 December 2023

KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim Financial Report for the twelve-month period ended 31 December 2023

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KIM HIN INDUSTRY BHD

Registration No.: 197301003569 (18203-V)

Interim report for the twelve-month period ended 31 December 2023**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

| | Note | Individual Quarter 3 months ended | | Cumulative Quarters 12 months ended | |
|---|------|--------------------------------------|----------------------|--|----------------------|
| | | 31.12.2023 RM'000 | 31.12.2022 RM'000 | 31.12.2023 RM'000 | 31.12.2022 RM'000 |
| Revenue | 11 | 80,174 | 84,433 | 310,118 | 339,988 |
| Cost of sales | | (60,071) | (68,858) | (241,531) | (273,496) |
| Gross profit | | 20,103 | 15,575 | 68,587 | 66,492 |
| Other income | | 5,897 | 6,529 | 22,415 | 15,970 |
| Selling and distribution costs | | (8,680) | (8,916) | (32,401) | (36,574) |
| Administrative expenses | | (19,043) | (16,757) | (71,423) | (68,330) |
| Other expenses | | (24,568) | (3,624) | (25,789) | (9,618) |
| Operating loss | | (26,291) | (7,193) | (38,611) | (32,060) |
| Finance costs | | (620) | (451) | (2,445) | (2,315) |
| Loss before tax | 12 | (26,911) | (7,644) | (41,056) | (34,375) |
| Income tax expense | 13 | 1,328 | 1,442 | 724 | 651 |
| Loss for the year | | (25,583) | (6,202) | (40,332) | (33,724) |
| Other comprehensive income/(loss): | | | | | |
| Other comprehensive (loss)/income that will be reclassified to profits or loss in subsequent periods: | | | | | |
| Exchange translation differences on foreign subsidiaries | | 239 | (1,013) | 816 | (1,552) |
| Other comprehensive (loss)/income for the year, net of tax | | 239 | (1,013) | 816 | (1,552) |
| Total comprehensive (loss) for the year | | (25,344) | (7,215) | (39,516) | (35,276) |

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Interim report for the twelve-month period ended 31 December 2023**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)**

| | Individual Quarter 3 months ended | | Cumulative Quarter 12 months ended | |
|---|--|-------------------|---|-------------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Note | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/profit attributable to: | | | | |
| Owners of the Company | (23,242) | (6,046) | (37,429) | (33,727) |
| Non-controlling interests | (2,341) | (156) | (2,903) | 3 |
| | <u>(25,583)</u> | <u>(6,202)</u> | <u>(40,332)</u> | <u>(33,724)</u> |
| | ===== | ===== | ===== | ===== |
| Total comprehensive (loss)/income attributable to: | | | | |
| Owners of the Company | (23,089) | (6,843) | (36,822) | (34,951) |
| Non-controlling interests | (2,255) | (372) | (2,694) | (325) |
| | <u>(25,344)</u> | <u>(7,215)</u> | <u>(39,516)</u> | <u>(35,276)</u> |
| | ===== | ===== | ===== | ===== |
| (Loss)/earnings per share attributable to owners of the Company: | | | | |
| - (Loss)/earnings per share for the period (basic/diluted) (sen) | 14 | (16.57) | (4.31) | (26.69) |
| | | ===== | ===== | ===== |
| | | ===== | ===== | ===== |

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 2023**Condensed Consolidated Statement of Financial Position**

| | | 31.12.2023 | 31.12.2022 |
|-------------------------------|-------------|-------------------|-------------------|
| | | Unaudited | Audited |
| | Note | RM'000 | RM'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 106,834 | 122,383 |
| Right-of-use assets | | 60,625 | 70,151 |
| Investment properties | 16 | 29,005 | 29,574 |
| Other investments | | 17,586 | 23,719 |
| Intangible assets | 17 | 12,948 | 17,548 |
| Deferred tax assets | | 6,136 | 5,888 |
| | | <hr/> | <hr/> |
| | | 233,134 | 269,263 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Inventories | 18 | 98,741 | 123,167 |
| Trade and other receivables | | 50,637 | 57,680 |
| Other current assets | | 2,181 | 2,506 |
| Derivative asset | | 8 | - |
| Tax recoverable | | 185 | 966 |
| Cash and bank balances | 19 | 46,486 | 30,675 |
| | | <hr/> | <hr/> |
| | | 198,238 | 214,994 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS | | 431,372 | 484,257 |
| | | ===== | ===== |

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Interim report for the twelve-month period ended 31 December 2023**Condensed Consolidated Statement of Financial Position (contd.)**

| | | 31.12.2023 | 31.12.2022 |
|---|-------------|---------------------|-------------------|
| | Note | Unaudited RM'000 | Audited RM'000 |
| EQUITY AND LIABILITIES | | | |
| Current liabilities | | | |
| Loans and borrowings | 20 | 13,062 | 14,680 |
| Derivative liabilities | 21 | - | 5 |
| Trade and other payables | | 68,700 | 72,201 |
| Provisions | | 4,891 | 4,463 |
| Lease liabilities | | 9,686 | 9,373 |
| Tax payable | | 594 | 1,191 |
| | | <hr/> | <hr/> |
| | | 96,933 | 101,913 |
| | | <hr/> | <hr/> |
| Non-current liabilities | | | |
| Loans and borrowings | 20 | 5,714 | 8,159 |
| Deferred tax liabilities | | 3,394 | 4,774 |
| Provisions | | 276 | 303 |
| Lease liabilities | | 22,823 | 27,252 |
| | | <hr/> | <hr/> |
| | | 32,207 | 40,488 |
| | | <hr/> | <hr/> |
| TOTAL LIABILITIES | | 129,140 | 142,401 |
| | | <hr/> | <hr/> |
| Equity | | | |
| Share capital | 22 | 206,658 | 206,658 |
| Treasury shares | 22 | (24,309) | (24,309) |
| Other reserves | | 17,973 | 17,366 |
| Retained earnings | | 91,665 | 129,094 |
| | | <hr/> | <hr/> |
| | | 291,987 | 328,809 |
| Non-controlling interests | | 10,245 | 13,047 |
| | | <hr/> | <hr/> |
| TOTAL EQUITY | | 302,232 | 341,856 |
| | | <hr/> | <hr/> |
| TOTAL EQUITY AND LIABILITIES | | 431,372 | 484,257 |
| | | <hr/> | <hr/> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | | 2.08 | 2.34 |
| | | <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 twelve-month period ended 31 December 2023**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 2023 | 206,658 | (24,309) | 7,015 | 10,351 | 129,094 | 328,809 | 13,047 | 341,856 |
| Loss net of tax | - | - | - | - | (37,429) | (37,429) | (2,903) | (40,332) |
| Other comparative income | - | - | - | 607 | - | 607 | 209 | 816 |
| Total comprehensive income | - | - | - | 607 | (37,429) | (36,822) | (2,694) | (39,516) |
| Transaction with owners | | | | | | | | |
| Dividend paid to NCI | - | - | - | - | - | - | (108) | (108) |
| At 31 December 2023 | 206,658 | (24,309) | 7,015 | 10,958 | 91,665 | 291,987 | 10,245 | 302,232 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

KIM HIN INDUSTRY BHD

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Interim report for the twelve-month period ended 31 December 2023**Condensed Consolidated Statement of Changes in Equity (contd.)**

| | ← 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 2022 | 206,658 | (24,309) | 6,932 | 11,575 | 162,904 | 363,760 | 14,057 | 377,817 |
| Loss net of tax | - | - | - | - | (33,727) | (33,727) | 3 | (33,724) |
| Other comparative income | - | - | - | (1,224) | - | (1,224) | (328) | (1,552) |
| Total comprehensive income | - | - | - | (1,224) | (33,727) | (34,951) | (325) | (35,276) |
| Transaction with owners | | | | | | | | |
| Capital repayment to NCI | - | - | - | - | - | - | (460) | (460) |
| Dividend paid to NCI | - | - | - | - | - | - | (225) | (225) |
| Transfer between Reserves | - | - | 83 | - | (83) | - | - | - |
| At 31 December 2022 | 206,658 | (24,309) | 7,015 | 10,351 | 129,094 | 328,809 | 13,047 | 341,856 |

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 twelve-month period ended 31 December 2023**Condensed Consolidated Statement of Cash Flows**

| | Note | 12 months ended | |
|--|------|-----------------|------------|
| | | 31.12.2023 | 31.12.2022 |
| | | RM'000 | RM'000 |
| Operating activities | | | |
| Loss before tax | | (41,056) | (34,375) |
| Adjustments for: | | | |
| Expected credit losses on trade receivables, net | | 171 | 504 |
| Depreciation of investment properties | | 349 | 349 |
| Depreciation of property, plant and equipment | | 10,329 | 10,268 |
| Depreciation of right-of-use assets | | 11,873 | 12,070 |
| Dividend income | | (4) | (1,972) |
| (Gain)/loss on fair value changes | | (512) | 4,177 |
| Gain on disposal of other investments | | (265) | (12) |
| Gain on disposal of property, plant and equipment | | (8,989) | (1,227) |
| Impairment loss on investment properties | | 757 | 17 |
| Impairment on intangibles | | 4,600 | - |
| Impairment loss on property, plant and equipment | | 9,015 | 1,874 |
| Impairment loss on right-of-use assets, net | | 4,010 | (724) |
| Interest expense | | 2,445 | 2,315 |
| Interest income | | (449) | (171) |
| Inventories written off | | 45 | 192 |
| Loss/(gain) on de-recognition of right-of-use assets | | 14 | (70) |
| Property, plant and equipment written off | | 425 | 145 |
| Write-down/(write-back) of inventories, net | | 790 | (3,885) |
| Unrealised (gain)/loss on foreign exchange, net | | (2,297) | 897 |
| Operating cash flows before working capital changes | | (8,749) | (9,628) |
| Changes in working capital: | | | |
| Inventories | | 26,024 | 9,750 |
| Receivables | | 8,014 | 1,634 |
| Payables | | (5,281) | (6,619) |
| Cash generated from/(used in) operations | | 20,008 | (4,863) |
| Interest paid | | (2,445) | (2,315) |
| Taxes paid, net of refund | | (477) | (778) |
| Net cash flows from/(used in) operating activities carried forward | | 17,086 | (7,956) |

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Interim report for the twelve-month period ended 31 December 2023**Condensed Consolidated Statement of Cash Flows (contd.)**

| | Note | 12 months ended | |
|--|------|----------------------|----------------------|
| | | 31.12.2023 RM'000 | 31.03.2022 RM'000 |
| Net cash flows from/(used in) operating activities brought forward | | 17,086 | (7,956) |
| Investing activities | | | |
| Acquisition of property, plant and equipment | 13 | (9,240) | (11,331) |
| Interest received | | 449 | 171 |
| Proceeds from disposal of other investments | | 6,900 | 6,000 |
| Proceeds from disposal of property, plant and equipment | | 13,945 | 2,777 |
| Upliftment/(placement) of short-term deposits with maturity more than 3 months | | (8,410) | 2,625 |
| Net cash generated from investing activities | | <u>3,644</u> | <u>242</u> |
| Financing activities | | | |
| Capital repayment to non-controlling interests | | - | (460) |
| Dividend paid to non-controlling interests | | (108) | (225) |
| Drawdown of trade facilities | | (1,300) | 2,722 |
| Payment of principal portion of lease liabilities | | (9,052) | (10,548) |
| Principal portion of hire purchase obtained/(repaid) | | 191 | (61) |
| Repayment of term loans | | (4,091) | (3,642) |
| Net cash used in financing activities | | <u>(14,360)</u> | <u>(12,214)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 6,370 | (19,928) |
| Net foreign exchange differences | | 846 | 434 |
| Cash and cash equivalents at 1 January | | <u>27,553</u> | <u>47,047</u> |
| Cash and cash equivalents at 31 December | 22 | <u><u>34,769</u></u> | <u><u>27,553</u></u> |

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

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 2023 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 2022. 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 2022.

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 2022, except for the adoption of the following standards and amended MFRSs (collectively referred to as “pronouncements”) with effect from 1 January 2023:

| | Effective for annual periods beginning on or after |
|---|---|
| Amendments to MFRS 101 and Practice Statement 2: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |

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 2023.

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 2023.

8. Material subsequent events

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

9. Changes in composition of the Group

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

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 2022.

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

| | 12 months ended | |
|---------------------------------------|------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 |
| Revenue from contracts with customers | 310,114 | 338,016 |
| Dividend income | 4 | 1,972 |
| | <u>310,118</u> | <u>339,988</u> |
| | ===== | ===== |

12. Loss before tax

| | 12 months ended | |
|--|------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 |
| Loss before tax for the year is arrived at after charging/(crediting): | | |
| Expected credit losses on trade receivables, net | 171 | 504 |
| Depreciation of investment properties | 349 | 349 |
| Depreciation of property, plant and equipment | 10,329 | 10,268 |
| Depreciation of right-of-use assets | 11,873 | 12,070 |
| Dividend income | (4) | (1,972) |
| (Gain)/loss on fair value changes | (512) | 4,177 |
| Gain on disposal of other investments | (265) | (12) |
| Gain on disposal of property, plant and equipment | (8,989) | (1,227) |
| Impairment loss on intangibles | 4,600 | - |
| Impairment loss on investment properties | 757 | 17 |
| Impairment loss on property, plant and equipment | 9,015 | 1,874 |
| Impairment loss on right-of-use assets, net | 4,010 | (724) |
| Interest expense | 2,445 | 2,315 |
| Interest income | (449) | (171) |
| Inventories written off | 45 | 192 |
| Loss/(gain) on de-recognition of right-of-use assets, net | 14 | (70) |
| Property, plant and equipment written off | 425 | 145 |
| Write-down/(write-back) of inventories, net | 760 | (3,885) |
| Unrealised (gain)/loss on foreign exchange, net | (2,297) | 897 |
| | <u>=====</u> | <u>=====</u> |

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

| | 12 months ended | |
|--|------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 |
| Current income tax: | | |
| Malaysian income tax | 735 | 485 |
| Foreign tax | - | 266 |
| Under/(over) provision in previous year: | | |
| Malaysian income tax | 86 | 13 |
| Foreign tax | (93) | (69) |
| | <u>728</u> | <u>695</u> |
| Deferred income tax | (1,452) | (1,346) |
| Income tax expense for the year | <u>(724)</u> | <u>(651)</u> |
| | ===== | ===== |

The Group's effective tax rate for both current financial year ended 31 December 2023 and the preceding 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)/earnings per share**Basic/Diluted**

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit 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:

| | 12 months ended | |
|---|------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 |
| Loss, net of tax attributable to owners of the Company (RM'000) | <u>(37,429)</u> | <u>(33,727)</u> |
| Number of ordinary shares in issue ('000) | 155,616 | 155,616 |
| Number of treasury shares ('000) | <u>(15,377)</u> | <u>(15,377)</u> |
| Weighted average number of ordinary shares | | |
| For basic earnings per share computation ('000) | <u>140,239</u> | <u>140,239</u> |
| Basic loss per share (sen) | <u>(26.69)</u> | <u>(24.05)</u> |
| | ===== | ===== |

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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 RM9,240,000 (31 December 2022: RM11,631,000)

The Group disposed of property, plant and equipment with carrying amount of RM4,956,000 (31 December 2022: RM1,550,000) during the current financial year and resulting in gains on disposal of RM8,989,000 (31 December 2022: gains of RM1,227,000) recognised and included in other income in the consolidated statement of profit or loss and other comprehensive income.

16. Investment properties

| | 31.12.2023 | 31.12.2022 |
|---------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Cost | | |
| At 1 January | 34,514 | 34,889 |
| Translation differences | 635 | (375) |
| | <hr/> | <hr/> |
| At 31 December | 35,149 | 34,514 |
| | <hr/> | <hr/> |
| Accumulated depreciation | | |
| At 1 January | 4,940 | 4,599 |
| Charge for the period | 349 | 349 |
| Impairment | 757 | 17 |
| Translation difference | 98 | (25) |
| | <hr/> | <hr/> |
| At 31 December | 6,144 | 4,940 |
| | <hr/> | <hr/> |
| Net carrying amount | | |
| At 31 December | 29,005 | 29,574 |
| | <hr/> <hr/> | <hr/> <hr/> |

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PART A – Explanatory Notes Pursuant to MFRS 134**17. Intangible assets**

| | 31.12.2023 | 31.12.2022 |
|-------------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Cost | | |
| Goodwill | 9,838 | 9,838 |
| Arrangements with franchisee | 12,691 | 12,691 |
| Brands | 4,857 | 4,857 |
| | <u>27,386</u> | <u>27,386</u> |
| At 31 December | | |
| Accumulated impairment | | |
| At 1 January | (9,838) | (9,838) |
| Impairment provided during the year | (4,600) | - |
| | <u>(14,438)</u> | <u>(9,838)</u> |
| At 31 December | | |
| Net carrying amount | | |
| At 31 December | <u>12,948</u> | <u>17,548</u> |

18. Inventories

During the current financial year ended 31 December 2023, the Group recognised a write-down on inventories of RM790,000 (31 December 2022: write-back of RM3,885,000). The provision was included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

19. Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

| | 31.12.2023 | 31.12.2022 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Cash on hand and at bank | 35,412 | 28,011 |
| Deposits with financial institutions | 11,074 | 2,664 |
| | <u>46,486</u> | <u>30,675</u> |
| Cash and bank balances | 46,486 | 30,675 |
| Bank overdraft | (643) | (458) |
| Deposits with maturity more than 3 months | (11,074) | (2,664) |
| | <u>34,769</u> | <u>27,553</u> |
| Cash and cash equivalents | <u>34,769</u> | <u>27,553</u> |

KIM HIN INDUSTRY BHD

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PART A – Explanatory Notes Pursuant to MFRS 134**20. Loans and Borrowings**

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

| | 31.12.2023 | 31.12.2022 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Current | | |
| Bank overdraft, unsecured | 643 | 458 |
| Trade facilities, unsecured | 9,531 | 10,047 |
| Hire purchase, unsecured | 154 | 80 |
| Term loans, secured | 2,734 | 4,095 |
| | <u>13,062</u> | <u>14,680</u> |
| Non-current | | |
| Trade facilities, unsecured | 274 | 552 |
| Hire purchase, unsecured | 276 | 159 |
| Term loans, secured | 5,164 | 7,448 |
| | <u>5,714</u> | <u>8,159</u> |
| Total loans and borrowings | 18,776 | 22,839 |
| | ===== | ===== |
| Changes in liabilities arising from financing activities | | |
| At 1 January | 22,839 | 23,652 |
| Drawn down of borrowings | (1,300) | 2,722 |
| Repayment of borrowings | (3,900) | (3,703) |
| Translation differences | 1,137 | 168 |
| | <u>18,776</u> | <u>22,839</u> |
| At 31 December | 18,776 | 22,839 |
| | ===== | ===== |

The term loans are based on the floating interest rate and are secured by way of fixed charge over certain assets of the Group and corporate guarantees from the Company.

PART A – Explanatory Notes Pursuant to MFRS 134**21. Derivative liabilities**

As at the end of the current financial year, 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 2023 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 | 878 ===== | 870 ===== | (8) ===== | Weakening of USD |

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.

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 2022: 155,616,013) issued and fully paid ordinary shares as at 31 December 2023, 15,376,900 (31 December 2022: 15,376,900) issued and fully paid ordinary shares are held as treasury shares by the Company.

As at 31 December 2023, the number of outstanding ordinary shares in issue after the set off is therefore 140,239,113 (31 December 2022: 140,239,113) ordinary shares of RM1 each.

PART A – Explanatory Notes Pursuant to MFRS 134**23. Financial instruments***Determination of fair value*

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

| | 31.12.2023 | | 31.12.2022 | |
|------------------------------|---------------------------|----------------------|---------------------------|----------------------|
| | Carrying Amount RM'000 | Fair Value RM'000 | Carrying Amount RM'000 | Fair Value RM'000 |
| Financial liabilities | | | | |
| Loans and borrowings | 18,776 | 18,776 | 22,839 | 22,839 |
| | ===== | ===== | ===== | ===== |

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities,
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets measured at fair value consist of other investments.

| | RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 |
|--|--------|-------------------|-------------------|-------------------|
| 31.12.2023 | | | | |
| Financial assets | | | | |
| Other investments - unquoted unit trust | 17,586 | - | 17,586 | - |
| Derivative assets | 8 | - | 8 | - |
| | ===== | ===== | ===== | ===== |
| 31.12.2022 | | | | |
| Financial assets/(liabilities) | | | | |
| Other investments - unquoted unit trusts | 23,719 | - | 23,719 | - |
| Derivative liabilities | (5) | - | (5) | - |
| | ===== | ===== | ===== | ===== |

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 twelve-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 financial year ended 31 December 2023 and 31 December 2022:

| | 12 months ended | |
|--|------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | 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 | 93 | 102 |
| A subsidiary of holding company, Kam Kam Sanitaryware Sdn Bhd | | |
| Purchases of sanitary ware for resale | 765 | 868 |
| Directors' interest | | |
| Renovation and maintenance costs | 185 | 91 |
| Sales of ceramic tiles | 31 | 23 |
| | ===== | ===== |

The transactions have been entered into with related parties on terms and conditions that are not more favorable to the related party than those generally available to the public.

25. Capital commitments

The amount of capital expenditure for property, plant and equipment not provided for in the interim financial statements as at 31 December 2023 was as follows:

| | 31.12.2023 | 31.12.2022 |
|-----------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Authorised and contracted for | 140 | - |
| Authorised but not contracted for | 669 | 431 |
| | ===== | ===== |

PART A – Explanatory Notes Pursuant to MFRS 134

26. 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 |
| 31.12.2023 | | | | | |
| <i>Segment Revenue</i> | | | | | |
| Total sales | 173,359 | 24,540 | 131,074 | 1,659 | 330,632 |
| Inter-segment sales | (17,019) | (3,495) | - | - | (20,514) |
| | <u>156,340</u> | <u>21,045</u> | <u>131,074</u> | <u>1,659</u> | <u>310,118</u> |
| | ===== | ===== | ===== | ===== | ===== |
| <i>Segment Results</i> | | | | | |
| Segment operating loss | (7,425) | (12,636) | (17,340) | (1,210) | (38,611) |
| Finance cost | (720) | - | (1,725) | - | (2,445) |
| | <u>(8,145)</u> | <u>(12,636)</u> | <u>(19,065)</u> | <u>(1,210)</u> | <u>(41,056)</u> |
| Loss before tax | (8,145) | (12,636) | (19,065) | (1,210) | (41,056) |
| Income tax expense | (821) | 247 | 1,298 | - | 724 |
| | <u>(8,966)</u> | <u>(12,389)</u> | <u>(17,767)</u> | <u>(1,210)</u> | <u>(40,332)</u> |
| Loss for the year | (8,966) | (12,389) | (17,767) | (1,210) | (40,332) |
| Non-controlling interest | - | 2,540 | - | 363 | 2,903 |
| | <u>-</u> | <u>2,540</u> | <u>-</u> | <u>363</u> | <u>2,903</u> |
| | ===== | ===== | ===== | ===== | ===== |
| Loss attributable to owners of the parent | (8,966) | (9,849) | (17,767) | (847) | (37,429) |
| | <u>(8,966)</u> | <u>(9,849)</u> | <u>(17,767)</u> | <u>(847)</u> | <u>(37,429)</u> |
| | ===== | ===== | ===== | ===== | ===== |

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2023:

| | 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 | 260,466 | 58,964 | 110,053 | 1,889 | 431,372 |
| Inter-segment assets | - | - | - | - | - |
| | <u>260,466</u> | <u>58,964</u> | <u>110,053</u> | <u>1,889</u> | <u>431,372</u> |
| | ===== | ===== | ===== | ===== | ===== |
| <i>Segment Liabilities</i> | | | | | |
| Total liabilities | 39,881 | 11,924 | 77,194 | 141 | 129,140 |
| Inter-segment liabilities | - | - | - | - | - |
| | <u>39,881</u> | <u>11,924</u> | <u>77,194</u> | <u>141</u> | <u>129,140</u> |
| | ===== | ===== | ===== | ===== | ===== |

PART A – Explanatory Notes Pursuant to MFRS 134

26. Segmental information (contd.)

The information for each of the Group’s geographical segments for the preceding financial year is as follows:

| | Malaysia Operation RM’000 | China Operation RM’000 | Australia Operation RM’000 | Vietnam Operation RM’000 | Total RM’000 |
|--|---|--------------------------------------|--|--|------------------------|
| 31.12.2022 | | | | | |
| <i>Segment Revenue</i> | | | | | |
| Total sales | 180,424 | 29,607 | 146,744 | 3,947 | 360,722 |
| Inter-segment sales | (18,267) | (2,467) | - | - | (20,734) |
| | <u>162,157</u> | <u>27,140</u> | <u>146,744</u> | <u>3,947</u> | <u>339,988</u> |
| <i>Segment Results</i> | | | | | |
| Segment operating (loss)/profit | (20,711) | 407 | (11,455) | (301) | (32,060) |
| Finance costs | (869) | - | (1,446) | - | (2,315) |
| | <u>(21,580)</u> | <u>407</u> | <u>(12,901)</u> | <u>(301)</u> | <u>(34,375)</u> |
| Income tax expense | (933) | 45 | 1,539 | - | 651 |
| | <u>(22,513)</u> | <u>452</u> | <u>(11,362)</u> | <u>(301)</u> | <u>(33,724)</u> |
| Non-controlling interests | - | (93) | - | 90 | (3) |
| | <u>(22,513)</u> | <u>359</u> | <u>(11,362)</u> | <u>(211)</u> | <u>(32,727)</u> |
| (Loss)/profit attributable to owners of the parent | <u>(22,513)</u> | <u>359</u> | <u>(11,362)</u> | <u>(211)</u> | <u>(32,727)</u> |

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

| | Malaysia Operation RM’000 | China Operation RM’000 | Australia Operation RM’000 | Vietnam Operation RM’000 | Total RM’000 |
|----------------------------|---|--------------------------------------|--|--|------------------------|
| <i>Segment Assets</i> | | | | | |
| Total assets | 280,316 | 66,742 | 133,856 | 3,343 | 484,257 |
| Inter-segment assets | - | - | - | - | - |
| | <u>280,316</u> | <u>66,742</u> | <u>133,856</u> | <u>3,343</u> | <u>484,257</u> |
| <i>Segment Liabilities</i> | | | | | |
| Total liabilities | 47,203 | 6,114 | 88,833 | 251 | 142,401 |
| Inter-segment liabilities | - | - | - | - | - |
| | <u>47,203</u> | <u>6,114</u> | <u>88,833</u> | <u>251</u> | <u>142,401</u> |

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

27. Performance review

Current financial year as compared with preceding financial year

Revenue of the Group for the current financial year declined to RM310.1 million from RM340.0 million, recorded in the preceding financial year ended 31 December 2022. The lower revenue for the current financial year was mainly due to the slow-down in domestic markets of all geographical segments in which the Group operates.

The Group registered a loss before tax of RM41.1 million for the current financial year as compared to a loss before tax of RM34.4 million suffered in the preceding financial year mainly due to higher impairment of assets provided amounting to RM18.4 million (2022: RM1.2 million), and higher gain on disposal of property, plant and equipment of RM9.0 million (2022: RM1.2 million) during the current financial year.

28. 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 increased sequentially from RM78.6 million to RM80.2 million.

The Group recorded a loss before tax of RM26.9 million for the current financial quarter under review as compared to a profit before tax of RM0.7 million for the immediate preceding quarter, mainly due to impairment of assets amounting to RM18.4 million provided during the current financial quarter, beside gains on disposal of property, plant and equipment of RM8.3 million recorded in the immediate preceding financial quarter.

29. Commentary on prospects

The results of the Group for the ensuing year are affected by the performance of the global economy, fluctuations in main operating costs and foreign exchange movement, beside the impact of influx of imported tiles into domestic markets.

The Group has taken measures to rationalize its production matrix and made changes to its business model in addressing current challenges faced by it.

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30. 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.

31. 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.

32. 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.

33. Status of corporate proposals

There were no corporate proposals announced but not completed as at 27 February 2024.

34. Changes in material litigation

As at the date of this announcement, the Group is not engaged in any pending material litigation.

35. Dividend payable

No interim dividend has been declared for the financial year ended 31 December 2023 (31 December 2022: Nil).

36. Disclosure of nature of outstanding derivatives

Please refer to Note 21 for details.

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PART B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**37. 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 2023 and 31 December 2022.

38. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

39. Realised and unrealised earnings

The breakdown of the retained earnings of the Group as at 31 December 2023 and 31 December 2022, into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | As at 31.12.2023 | As at 31.12.2022 |
|---|-----------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Total retained earnings of the Company and its subsidiaries | | |
| - Realised | 83,164 | 117,695 |
| - Unrealised | 8,453 | 10,966 |
| | <hr/> | <hr/> |
| | 91,617 | 128,661 |
| Less: Consolidated adjustments | 48 | 433 |
| | <hr/> | <hr/> |
| Total Group's retained earnings as per financial statements | 91,665 | 129,094 |
| | ===== | ===== |

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

28 February 2023