

KEIN HING INTERNATIONAL BERHAD
[Company No. 200301013636 (616056-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the 1st quarter and financial period ended 31 July 2021 – unaudited

<i>In thousands of RM</i>	Note	3 Months Ended		Financial Period Ended	
		31 Jul 2021	31 Jul 2020	31 Jul 2021	31 Jul 2020
Revenue		45,757	53,396	45,757	53,396
Operating profit		309	4,502	309	4,502
Finance income		45	114	45	114
Finance costs		(778)	(819)	(778)	(819)
Profit/(Loss) before tax		(424)	3,797	(424)	3,797
Tax expense	B6	(7)	(785)	(7)	(785)
Profit/(Loss) for the period	B5	(431)	3,012	(431)	3,012
Other comprehensive income, net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Share of capital reserve by a non-controlling interest of a subsidiary		64	68	64	68
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences (FCTR) for foreign operations		1,024	(343)	1,024	(343)
Total comprehensive income for the period		657	2,737	657	2,737
Profit/(Loss) attributable to:					
Owners of the Company		(260)	2,496	(260)	2,496
Non-controlling interests		(171)	516	(171)	516
Profit/(Loss) for the period		(431)	3,012	(431)	3,012
Total comprehensive income attributable to:					
Owners of the Company		494	2,223	494	2,223
Non-controlling interests		163	514	163	514
Total comprehensive income for the period		657	2,737	657	2,737
(Loss)/Earnings per ordinary share attributable to owners of the Company (sen):					
Basic / Diluted	B11	(0.24)	2.29	(0.24)	2.29

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

KEIN HING INTERNATIONAL BERHAD
[Company No. 200301013636 (616056-T)]

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 July 2021 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jul 2021	As at 30 Apr 2021
ASSETS			
Non-current assets			
Property, plant and equipment		82,244	79,214
Right-of-use assets		19,293	18,035
Investment property		9,555	9,598
Other investments		542	542
		<u>111,634</u>	<u>107,389</u>
Current assets			
Trade and other receivables		29,824	47,429
Inventories		25,158	22,973
Contract assets		3,121	2,965
Cash and bank balances		45,712	45,439
		<u>103,815</u>	<u>118,806</u>
TOTAL ASSETS		<u>215,449</u>	<u>226,195</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		54,450	54,450
Reserves		70,004	69,510
		<u>124,454</u>	<u>123,960</u>
Non-controlling interests		8,710	8,547
Total equity		<u>133,164</u>	<u>132,507</u>
Non-current liabilities			
Loans and borrowings	B8	19,646	18,328
Lease liabilities		2,800	2,226
Trade and other payables		1,504	1,002
Deferred tax liabilities		3,704	3,704
		<u>27,654</u>	<u>25,260</u>
Current liabilities			
Loans and borrowings	B8	23,676	27,063
Lease liabilities		2,853	2,442
Trade and other payables		28,102	38,331
Current tax liabilities		-	592
		<u>54,631</u>	<u>68,428</u>
Total liabilities		<u>82,285</u>	<u>93,688</u>
TOTAL EQUITY AND LIABILITIES		<u>215,449</u>	<u>226,195</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.14</u>	<u>1.14</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

KEIN HING INTERNATIONAL BERHAD
[Company No. 200301013636 (616056-T)]

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the financial period ended 31 July 2021 – unaudited

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Non-distributable		Distributable		Total		
	Share capital	Translation reserve	Retained earnings				
<i>In thousands of RM</i>							
At 1 May 2021	54,450	1,979	67,531	123,960		8,547	132,507
Loss for the period	-	-	(260)	(260)		(171)	(431)
Other comprehensive income for the period, net of tax	-	754	-	754		334	1,088
Total comprehensive income for the period, net of tax	-	754	(260)	494		163	657
At 31 July 2021	<u>54,450</u>	<u>2,733</u>	<u>67,271</u>	<u>124,454</u>		<u>8,710</u>	<u>133,164</u>
At 1 May 2020	54,450	4,366	55,641	114,457		7,712	122,169
Profit for the period	-	-	2,496	2,496		516	3,012
Other comprehensive expense for the period, net of tax	-	(273)	-	(273)		(2)	(275)
Total comprehensive income for the period, net of tax	-	(273)	2,496	2,223		514	2,737
At 31 July 2020	<u>54,450</u>	<u>4,093</u>	<u>58,137</u>	<u>116,680</u>		<u>8,226</u>	<u>124,906</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

KEIN HING INTERNATIONAL BERHAD
[Company No. 200301013636 (616056-T)]

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the financial period ended 31 July 2021 – unaudited

<i>In thousands of RM</i>	Financial Period Ended	
	31 Jul 2021	31 Jul 2020
Cash flows from operating activities		
(Loss)/Profit before tax	(424)	3,797
Adjustments for:		
Non-cash items	2,886	3,109
Non-operating items	733	705
Operating profit before changes in working capital	3,195	7,611
Changes in working capital:		
Inventories	(2,185)	555
Contract assets	(156)	144
Trade and other receivables	17,606	(10,689)
Trade and other payables	(9,479)	10,359
Cash generated from operations	8,981	7,980
Interest paid	(79)	(66)
Income tax paid	(599)	(577)
Net cash from operating activities	8,303	7,337
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,042)	(408)
Proceeds from disposal of property, plant and equipment	45	186
Interest received	45	114
Net cash used in investing activities	(3,952)	(108)
Cash flows from financing activities		
Proceeds from term loans	2,277	15,940
Repayment of term loans	(1,323)	(7,491)
Payment of lease liabilities	(731)	(621)
Repayment of other borrowings	(4,091)	(1,976)
Interest paid	(682)	(734)
Net cash (used in)/from financing activities	(4,550)	5,118
Net (decrease)/increase in cash and cash equivalents	(199)	12,347
Exchange differences on translation of the financial statements of foreign operations	(60)	(89)
Cash and cash equivalents at beginning of financial year	40,098	34,772
Cash and cash equivalents at end of financial period	39,839	47,030
Cash and cash equivalents at end of financial period comprise:		
Cash and bank balances	35,360	28,347
Deposits placed with licensed banks (net of pledged deposits)	9,789	19,579
Bank overdraft	(5,310)	(896)
	39,839	47,030

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of *MFRS 134: Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities’ Listing Requirements”).

The condensed consolidated interim financial statements should also be read in conjunction with the audited consolidated financial statements of the Group for the last financial year ended 30 April 2021. These 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 last financial year ended 30 April 2021.

A2. Changes in accounting policies

The Group has adopted the MFRSs, Amendments to MFRSs and IC Interpretation (if applicable) which become effective during the current financial year. The adoption of these pronouncements did not have any material impact on the financial statements of the Group.

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial applications of these MFRSs, Amendments and Interpretations, if applicable, are not expected to have material financial impacts to the current and prior periods' consolidated financial statements of the Group upon their first adoption.

The MFRSs, Amendments and Interpretations which were issued but not yet effective have not been early adopted by the Group.

A3. Seasonal and cyclical factors

The Group's business operation results were not materially affected by any major seasonal and/or cyclical factors.

A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current 1st quarter and financial period ended 31 July 2021.

A5. Material changes in estimates

There were no changes in estimates that have had material effect for the current 1st quarter and financial period ended 31 July 2021.

A6. Issuances and repayment of debt and equity securities

There were no issuance, repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the current 1st quarter and financial period under review.

A7. Dividend Paid

No interim dividend was paid during the current 1st quarter and financial period ended 31 July 2021 (2020: Nil).

A8. Segmental information

Segmental information is presented in respect of the Group's business segments as follows:-

Results for the financial period ended 31 July 2021

	<u>Manufacturing</u>	<u>Trading</u>	<u>Investment</u>	<u>Adjustment</u>	<u>Consolidated</u>
	RM'000	RM'000	<u>Holding</u>	RM'000	RM'000
			RM'000		
Revenue from external customers	44,996	761	-	-	45,757
Inter-segment	3,237	50	-	(3,287)	-
Total revenue	48,233	811	-	(3,287)	45,757
Segment results	18	(161)	320	132	309
Finance income					45
Finance costs					(778)
Loss before tax					(424)
Tax expense					(7)
Loss for the period					(431)

A9. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current 1st quarter under review.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current 1st quarter and financial period ended 31 July 2021.

A11. Changes in contingent liabilities

There were no changes in contingent liabilities or contingent assets of a material nature since the last annual reporting period.

A12. Capital commitments

Capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at end of the reporting period were as follows:-

	As at
	31.7.2021
	RM'000
Total approved and contracted for	<u>6,540</u>

A13. Fair Value Information

The Group uses the following hierarchy for determining the fair value of financial instruments carried at fair value and amortised cost, the different levels have been identified as follows:

Level 1 – Fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 – Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 – Fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Fair value of financial instruments carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
Financial assets						
Other investments	-	542	-	542	542	542
	-	542	-	542	542	542

	Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000		
Financial liabilities						
Amount due to a non- controlling interest of a subsidiary	-	-	2,159	2,159	2,159	2,159
Secured term loans	-	-	24,786	24,786	24,786	24,786
	-	-	26,945	26,945	26,945	26,945

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

Financial Review for the current 1st Quarter and financial period ended 31 July 2021:

	1st Quarter Ended		Changes	
	31 Jul 2021	31 Jul 2020		
<i>(In thousands of RM)</i>				
Revenue	45,757	53,396	(7,639)	-14%
Operating Profit	309	4,502	(4,193)	-93%
(Loss)/Profit Before Tax ("LBT or PBT")	(424)	3,797	(4,221)	-111%
(Loss)/Profit After Tax	(431)	3,012	(3,443)	-114%
(Loss)/Profit Attributable to Owners of the Company	(260)	2,496	(2,756)	-110%

The changes in revenue contributed by Malaysia operation and Vietnam operation respectively for the current 1st quarter and financial period under review are as follows:

	1st Quarter Ended		Changes	
	31 Jul 2021	31 Jul 2020		
<i>(In thousands of RM)</i>				
Malaysia Operation	24,123	25,412	(1,289)	-5%
Vietnam Operation	21,634	27,984	(6,350)	-23%
Total Revenue	45,757	53,396	(7,639)	-14%

For the current 1st quarter ended 31 July 2021, the revenue from Malaysia Operation declined mainly due to implementation of the Full Movement Control Order ("FMCO") which commenced on 1 June 2021 in view of sudden surge in Covid-19 cases. However, the demand for parts which are used in television product was still able to match with last year corresponding quarter, thus mitigating the impact to certain extent.

As for Vietnam Operation, its revenue dropped drastically mainly due to the 4th wave of Covid-19 which began in late April 2021 and this caused certain customers to shut down their plants in between in order to curb the spread of the Covid-19.

Due to the decline in revenue, the Group incurred a LBT of RM 424,000. The current 1st quarter results was also distorted by the foreign exchange gain or loss as show below:

	1st Quarter Ended		Variance	
	31 Jul 2021	31 Jul 2020		
<i>(In thousands of RM)</i>				
Net foreign exchange gain/(loss)	807	(400)	1,207	302%

The equity attributable to Owners of the Group stood at RM124.4 million as at 31 July 2021 (As at 30.4.2021: RM124.0) which translated into Net Assets per share of RM1.14 (As at 30.4.2021: RM1.14).

The Group's cash and bank balances slightly increased from RM45.4 million as at 30 April 2021 to RM45.7 million as at 31 July 2021 despite a loss mainly due to changes in working capital during the current quarter under review. The Group prudent management always maintains sufficient cash and available funds through an adequate amount of committed credit facilities and cash reserves.

B2. Variation of results against preceding quarter

Financial Review for the current 1st Quarter (compared with immediate preceding 4th Quarter of the last financial year):

	Quarter Ended		Changes	
	31 Jul 2021	30 Apr 2021		
<i>(In thousands of RM)</i>				
Revenue	45,757	66,679	(20,922)	-31%
Operating Profit	309	4,254	(3,945)	-93%
(Loss)/Profit Before Tax ("LBT or PBT")	(424)	3,597	(4,021)	-112%
(Loss)/Profit After Tax	(431)	3,168	(3,599)	-114%
(Loss)/Profit Attributable to Owners of the Company	(260)	3,021	(3,281)	-109%

The revenue contributed by Malaysia operation and Vietnam operation respectively were as follows:

	Quarter Ended		Changes	
	31 Jul 2021	30 Apr 2021		
<i>(In thousands of RM)</i>				
Malaysia Operation	24,123	43,163	(19,040)	-44%
Vietnam Operation	21,634	23,516	(1,882)	-8%
Total Revenue	45,757	66,679	(20,922)	-31%

Due to FMCO, the revenue from Malaysia Operation dropped drastically by RM 19.0 million or -44%. Vietnam Operation also suffered plummeting customer demand following the containment measures which disrupted production and supply chain in order to curb the spread of Covid-19. As a consequence, the Group incurred a LBT of RM 424,000 for the 1st quarter ended 31 July 2021. The Group have implemented various cost reduction measures which to certain extent mitigated the total impact arising from the significant decline in revenue.

B3. Prospects

In the July 2021 World Economic Outlook (WEO) Update, the IMF (International Monetary Fund) stated that the global economy is projected to grow 6.0% in 2021 and 4.9% in 2022. Prospect for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia. Nevertheless, there is high uncertainty surrounding the global outlook as future developments will depend on the path of the health crisis, including whether the new Covid-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage; the

evolution of financial conditions and commodity prices; and the adjustment capacity of the economy.

For Malaysia Operation, it is expected that sales should gradually recover post the FMCO or moving into Phase Two of the National Recovery Plan (NRP Phase 2). As for Vietnam Operation, sales were still impacted by various containment measures implemented by the Government of Vietnam in order to curb the spread of Covid-19. In view of the uncertainty and challenging operating environment, the Board of Directors foresees that the Group's results for the financial year ending 30 April 2022 will be affected. However, the overall performance should still be satisfactory.

B4. Variance of actual and forecast profit

The Group did not provide any financial estimate, forecast or projection, or profit guarantee for the financial year ending 30 April 2022.

B5. Profit/(Loss) for the period

Profit/(Loss) for the period is arrived at after charging/(crediting):-	3 Months Ended 31.7.2021 RM'000	Period Ended 31.7.2021 RM'000
Depreciation and amortisation	2,924	2,924
Finance costs	778	778
Property, plant and equipment written off	1	1
Gain on disposal of property, plant and equipment	(38)	(38)
Net foreign exchange gain	(807)	(807)
Finance income	(45)	(45)

B6. Income tax expense

	3 Months Ended 31.7.2021 RM'000	Period Ended 31.7.2021 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	7	7
- <i>Foreign income tax</i>	-	-
	<u>7</u>	<u>7</u>
Deferred tax expense	-	-
Total	<u><u>7</u></u>	<u><u>7</u></u>

B7. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at the date of this report.

B8. Group loans and borrowings (secured)

The Group's loans and borrowings as at 31 July 2021 (compared with that of the last financial year) were as follows:

	As at 31 July 2021					
	Long Term (Secured)		Short Term (Secured)		Total Borrowings (Secured)	
	Foreign	RM	Foreign	RM	Foreign	RM
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	19,019	627	3,948	1,192	22,967	1,819
Bankers' acceptance	-	-	-	3,253	-	3,253
Bills payable	-	-	9,223	750	9,223	750
Bank overdrafts	-	-	-	5,310	-	5,310
Total	19,019	627	13,171	10,505	32,190	11,132
Grand Total		19,646		23,676		43,322

	As at 30 April 2021					
	Long Term (Secured)		Short Term (Secured)		Total Borrowings (Secured)	
	Foreign	RM	Foreign	RM	Foreign	RM
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	17,396	932	3,792	1,176	21,188	2,108
Bankers' acceptance	-	-	-	7,194	-	7,194
Bills payable	-	-	9,373	750	9,373	750
Bank overdrafts	-	-	-	4,778	-	4,778
Total	17,396	932	13,165	13,898	30,561	14,830
Grand Total		18,328		27,063		45,391

The Group's loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM 11.3 million (as at 30 April 2021: RM 11.8 million) and RM 20.9 million (as at 30 April 2021: RM 18.8 million) which are denominated in US Dollar and Vietnam Dong respectively. The repayment of these foreign denomination loans and borrowings will be funded by the net cash generated from operating activities in their own foreign denomination respectively.

The Group's loans and borrowings decreased by RM 2.1 million mainly due to changes in utilisation of trade facilities in tandem with sales.

B9. Changes in material litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries.

B10. Dividend payable

No interim dividend was declared during the current 1st quarter and financial period ended 31 July 2021 (2020: NIL).

On 30 July 2021, the Board of Directors has proposed a first and final single-tier dividend of 1.0 sen per ordinary share totalling RM1,089,000 in respect of the last financial year ended 30 April 2021 (2020: NIL), subject to the approval of the Shareholders at the forthcoming 18th Annual General Meeting of the Company.

B11. Basic (loss)/earnings per ordinary share

The basic (loss)/earnings per ordinary share is calculated by dividing (loss)/profit attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the current 1st quarter under review as follows:-

	3 Months Ended 31.7.2021 RM'000	3 Months Ended 31.7.2020 RM'000
(Loss)/Earnings		
(Loss)/Profit attributable to Owners of the Company	<u>(260)</u>	<u>2,496</u>
Weighted average number of ordinary shares in issue ('000)	<u>108,900</u>	<u>108,900</u>
Basic (loss)/earnings per ordinary share (sen)	<u>(0.24)</u>	<u>2.29</u>

B12. Auditors' report on preceding annual financial statements

The independent auditors' report on the audited annual financial statements of the Group and of the Company for the last financial year ended 30 April 2021 was unmodified.

B13. Authorisation for issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 September 2021.

By Order of the Board,

Yap Toon Choy
Group Managing Director
24 September 2021