

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 2023 – unaudited

<i>In thousands of RM</i>	Note	3 Months Ended		Financial Period Ended	
		31 Jul 2023	31 Jul 2022	31 Jul 2023	31 Jul 2022
Revenue		80,609	80,875	80,609	80,875
Operating profit		8,431	8,241	8,431	8,241
Finance income		263	77	263	77
Finance costs		(1,134)	(737)	(1,134)	(737)
Profit before tax		7,560	7,581	7,560	7,581
Tax expense	B6	(1,179)	(1,166)	(1,179)	(1,166)
Profit for the period	B5	6,381	6,415	6,381	6,415
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		207	236	207	236
Total comprehensive income for the period		6,588	6,651	6,588	6,651
Profit attributable to:					
Owners of the Company		5,736	5,762	5,736	5,762
Non-controlling interests		645	653	645	653
Profit for the period		6,381	6,415	6,381	6,415
Total comprehensive income attributable to:					
Owners of the Company		5,891	5,936	5,891	5,936
Non-controlling interests		697	715	697	715
Total comprehensive income for the period		6,588	6,651	6,588	6,651
Earnings per ordinary share attributable to owners of the Company (sen):					
Basic / Diluted	B11	5.27	5.29	5.27	5.29

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 2023 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 2023 – unaudited

<i>In thousands of RM</i>	Note	As at 31 Jul 2023	As at 30 Apr 2023
ASSETS			
Non-current assets			
Property, plant and equipment		103,122	99,082
Right-of-use assets		12,041	11,216
Investment property		9,208	9,251
Other investments		532	532
Trade and other receivables		369	439
		<u>125,272</u>	<u>120,520</u>
Current assets			
Inventories		32,430	34,342
Contract assets		2,261	2,517
Trade and other receivables		50,552	44,773
Current tax assets		97	94
Cash and cash equivalents		72,933	61,313
		<u>158,273</u>	<u>143,039</u>
TOTAL ASSETS		<u>283,545</u>	<u>263,559</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		54,450	54,450
Reserves		113,385	106,705
		<u>167,835</u>	<u>161,155</u>
Non-controlling interests		14,366	14,458
Total equity		<u>182,201</u>	<u>175,613</u>
Non-current liabilities			
Loans and borrowings	B8	24,924	20,746
Lease liabilities		1,369	486
Deferred tax liabilities		3,746	3,794
		<u>30,039</u>	<u>25,026</u>
Current liabilities			
Loans and borrowings	B8	28,597	24,054
Lease liabilities		605	603
Trade and other payables		40,893	37,422
Current tax liabilities		1,210	841
		<u>71,305</u>	<u>62,920</u>
Total liabilities		<u>101,344</u>	<u>87,946</u>
TOTAL EQUITY AND LIABILITIES		<u>283,545</u>	<u>263,559</u>
Net assets per share attributable to owners of the Company (RM)		<u>1.54</u>	<u>1.48</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 2023 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 2023 – unaudited

	Attributable to Owners of the Company				Non-controlling interests	Total equity
	Non-distributable		Distributable			
	Share capital	Translation reserve	Retained earnings	Total		
<i>In thousands of RM</i>						
At 1 May 2023	54,450	3,807	102,898	161,155	14,458	175,613
Profit for the period	-	-	5,736	5,736	645	6,381
Other comprehensive income for the period, net of tax	-	155	-	155	52	207
Total comprehensive income for the period, net of tax	-	155	5,736	5,891	697	6,588
Changes in ownership interests in a subsidiary	-	-	789	789	(789)	-
At 31 July 2023	<u>54,450</u>	<u>3,962</u>	<u>109,423</u>	<u>167,835</u>	<u>14,366</u>	<u>182,201</u>
At 1 May 2022	54,450	3,798	82,227	140,475	12,339	152,814
Profit for the period	-	-	5,762	5,762	653	6,415
Other comprehensive income for the period, net of tax	-	174	-	174	62	236
Total comprehensive income for the period, net of tax	-	174	5,762	5,936	715	6,651
At 31 July 2022	<u>54,450</u>	<u>3,972</u>	<u>87,989</u>	<u>146,411</u>	<u>13,054</u>	<u>159,465</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 2023 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 2023 – unaudited

<i>In thousands of RM</i>	Financial Period Ended	
	31 Jul 2023	31 Jul 2022
Cash flows from operating activities		
Profit before tax	7,560	7,581
Adjustments for:		
Non-cash items	3,436	3,020
Non-operating items	871	660
Operating profit before changes in working capital	11,867	11,261
Changes in working capital:		
Inventories	1,831	(5,196)
Contract assets	277	(3,080)
Trade and other receivables	(5,708)	797
Trade and other payables	3,723	5,978
Cash generated from operations	11,990	9,760
Interest paid	(33)	(25)
Income tax paid	(866)	(917)
Net cash from operating activities	11,091	8,818
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,156)	(4,117)
Proceeds from disposal of property, plant and equipment	41	15
Interest received	297	77
Net cash used in investing activities	(4,818)	(4,025)
Cash flows from financing activities		
Proceeds from/(Repayment of) term loans	4,379	(1,255)
Repayment of hire purchase liabilities	(729)	(659)
Proceeds from other borrowings	3,403	1,188
Payment of lease liabilities	(256)	(289)
Interest paid	(1,135)	(712)
Net cash from/(used in) financing activities	5,662	(1,727)
Net increase in cash and cash equivalents	11,935	3,066
Effect of exchange rate fluctuations on cash held	(38)	(43)
Cash and cash equivalents at beginning of financial year	60,492	41,569
Cash and cash equivalents at end of financial period	72,389	44,592
Cash and cash equivalents at end of financial period comprise:		
Cash and bank balances	50,529	36,388
Deposits placed with licensed banks (net of pledged deposits)	22,098	10,302
Bank overdrafts	(238)	(2,098)
	72,389	44,592

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the year ended 30 April 2023 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 2023. 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 2023.

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 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosure – Supplier Finance Agreements*

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 Venture - 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 2023.

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 2023.

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 2023 (2022: 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 2023

	<u>Manufacturing</u>	<u>Trading</u>	Investment <u>Holding</u>	<u>Adjustment</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	79,039	1,570	-	-	80,609
Inter-segment	5,237	30	-	(5,267)	-
Total revenue	<u>84,276</u>	<u>1,600</u>	<u>-</u>	<u>(5,267)</u>	80,609
Segment results	<u>8,215</u>	<u>(113)</u>	<u>1,003</u>	<u>(674)</u>	8,431
Finance income					263
Finance costs					<u>(1,134)</u>
Profit before tax					7,560
Tax expense					<u>(1,179)</u>
Profit for the period					<u>6,381</u>

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 2023 save as disclosed below.

On 5 May 2023, the Company entered into a Transfer Agreement with Kein Hing Muramoto (Vietnam) Co., Ltd. ("KHMV") to transfer the entire charter and contributed capital in Kein Hing Thai Nguyen (Vietnam) Co., Ltd. ("KHTV") to KHMV as an internal restructuring exercise so that KHTV would become a direct subsidiary of KHMV. The Transfer of Capital was completed on 16 June 2023.

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 Jul 2023
	RM'000
Total approved and contracted for	<u>825</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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Financial assets						
Other investments	-	532	-	532	532	532
	-	532	-	532	532	532
Fair value of financial instruments not carried at fair value						
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Financial liabilities						
Secured term loans	-	-	26,704	26,704	26,704	26,704
Hire purchase liabilities	-	-	5,919	5,919	5,919	5,919
	-	-	32,623	32,623	32,623	32,623

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 2023:

	1st Quarter Ended		Changes	
	31 Jul 2023	31 Jul 2022		
<i>(In thousands of RM)</i>				
Revenue	80,609	80,875	(266)	-0.3%
Operating Profit	8,431	8,241	190	2%
Profit Before Tax ("PBT")	7,560	7,581	(21)	-0.3%
Profit After Tax	6,381	6,415	(34)	-1%
Profit Attributable to Owners of the Company	5,736	5,762	(26)	-0.5%

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 2023	31 Jul 2022		
<i>(In thousands of RM)</i>				
Malaysia Operation	37,173	38,986	(1,813)	-5%
Vietnam Operation	43,436	41,889	1,547	4%
Total Revenue	80,609	80,875	(266)	-0.3%

For the current 1st quarter, the Group reported a lower revenue mainly due to the decline in customer demand for parts used in television products in Malaysia. However, the increase in sales of parts used in printer products in Vietnam mitigated the overall drop in the Group's revenue. Therefore, the ratios of revenue from Malaysia Operation and Vietnam Operation have changed to 46% : 54% (2022 – 48% : 52%).

Due to lower revenue, the Group's PBT decreased by RM21,000 and it was also distorted by the foreign exchange gain as shown below:

	1st Quarter Ended		Variance	
	31 Jul 2023	31 Jul 2022		
<i>(In thousands of RM)</i>				
Net foreign exchange gain	1,036	589	447	76%

The equity attributable to owners of the Group stood at RM167.8 million as at 31 July 2023 (As at 30.4.2023: RM161.2 million), which translated into Net Assets per share of RM1.54 (As at 30.4.2023: RM1.48).

The Group's cash and cash equivalents increased from RM61.3 million as at 30 April 2023 to RM72.9 million as at 31 July 2023 mainly attributed to the net cash from operating activities during the financial period 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 2023	30 Apr 2023		
<i>(In thousands of RM)</i>				
Revenue	80,609	71,590	9,019	13%
Operating Profit	8,431	3,477	4,954	142%
Profit Before Tax ("PBT")	7,560	2,692	4,868	181%
Profit After Tax	6,381	2,517	3,864	154%
Profit Attributable to Owners of the Company	5,736	2,075	3,661	176%

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

	Quarter Ended		Changes	
	31 Jul 2023	30 Apr 2023		
<i>(In thousands of RM)</i>				
Malaysia Operation	37,173	30,506	6,667	22%
Vietnam Operation	43,436	41,084	2,352	6%
Total Revenue	80,609	71,590	9,019	13%

In the current 1st quarter, the Group achieved a higher revenue as the sales from Malaysia Operation resumed after a long holiday celebrated in Malaysia in the month of April 2023. Vietnam Operation also experienced an improvement in the sales of parts for home appliances products. Following the increase in revenue, the Group reported an increase in PBT by RM4.9 million, and the PBT was also distorted by the forex exchange gain as shown below:

	Quarter Ended		Variance	
	31 Jul 2023	30 Apr 2023		
<i>(In thousands of RM)</i>				
Net foreign exchange gain	1,036	1,359	(323)	-24%

B3. Prospects

In the July 2023 World Economic Outlook ("WEO") Update, the International Monetary Fund ("IMF") forecasted that global growth will be 3.0% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 WEO, it remains weak by historical standards. Global inflation will decrease from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2014 have been revised upward. It may mean that below the surface, turbulence is building, and the situation is quite fragile.

In view of the global uncertainties and economic slowdown, both Malaysia Operation and Vietnam Operation are expected to face some fluctuation in customer demand in the coming months. The Group will be actively monitoring and assessing the economic impact arising from these downside risks and inflation in order to minimise any adverse impact on its business operation for the financial year ending 30 April 2024.

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 2024.

B5. Profit for the period

Profit for the period / year is arrived at after charging/(crediting):-	1st Quarter Ended 31 Jul 2023 RM'000	Period Ended 31 Jul 2023 RM'000
Depreciation and amortisation	3,351	3,351
Finance costs	1,134	1,134
Property, plant and equipment written off	21	21
Write-down of inventories	102	102
Gain on disposal of property, plant and equipment	(38)	(38)
Net foreign exchange gain	(1,036)	(1,036)
Finance income	(263)	(263)

B6. Income tax expense

	1st Quarter Ended 31 Jul 2023 RM'000	Period Ended 31 Jul 2023 RM'000
Current tax expense		
- <i>Malaysian income tax</i>	1,260	1,260
- <i>Foreign income tax</i>	272	272
- <i>Over provision in prior year</i>	(305)	(305)
	<u>1,227</u>	<u>1,227</u>
Deferred tax expense	<u>(48)</u>	<u>(48)</u>
Total	<u><u>1,179</u></u>	<u><u>1,179</u></u>

The effective tax rate of the Group for the financial period was lower than the statutory income tax rate of 24% mainly due to the tax incentive enjoyed by foreign subsidiaries.

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 2023 (compared with that of the last financial year) were as follows:

	As at 31 July 2023					
	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	22,105	-	4,599	-	26,704	-
Hire purchase	-	2,819	-	3,100	-	5,919
Bankers' acceptance	-	-	-	2,776	-	2,776
Bills payable	-	-	17,484	400	17,484	400
Bank overdrafts	-	-	-	238	-	238
Total	22,105	2,819	22,083	6,514	44,188	9,333
Grand Total		24,924		28,597		53,521

	As at 30 April 2023					
	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	18,785	-	3,617	-	22,402	-
Hire purchase	-	1,961	-	2,553	-	4,514
Bankers' acceptance	-	-	-	4,494	-	4,494
Bills payable	-	-	12,475	400	12,475	400
Bank overdrafts	-	-	-	515	-	515
Total	18,785	1,961	16,092	7,962	34,877	9,923
Grand Total		20,746		24,054		44,800

The Group's loans and borrowings are denominated in Ringgit Malaysia except for certain term loans and bills payable amounting to approximately RM12.0 million (as at 30 April 2023: RM10.7 million) and RM32.2 million (as at 30 April 2023: RM24.1 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.

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 2023 (2022: NIL).

The first and final single tier dividend of 2.0 sen per share totalling RM2,178,000 in respect of the last financial year ended 30 April 2023 (2022: 1.5 sen per share totalling RM1,633,500), if passed, shall be payable on 21 November 2023.

B11. Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing profit attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the current 4th quarter under review as follows:-

	1st Quarter Ended 31 Jul 2023 RM'000	1st Quarter Ended 31 Jul 2022 RM'000
Earnings		
Profit attributable to Owners of the Company	<u>5,736</u>	<u>5,762</u>
Weighted average number of ordinary shares in issue ('000)	<u>108,900</u>	<u>108,900</u>
Basic earnings per ordinary share (sen)	<u>5.27</u>	<u>5.29</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 2023 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 29 September 2023.

By Order of the Board,

Yap Toon Choy
Group Managing Director
29 September 2023