

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 6. Goodwill on consolidation (cont'd)

The recoverable amounts of CGUs in respect of the goodwill were determined based on value-in-use ("VIU") calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three to five-year period.

Key assumptions used in the VIU calculations for the goodwill impairment assessment is gross profit margin. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

A pre-tax discount rates of 8.5% (2016: Nil) were applied in determining the recoverable amounts of the CGUs. The discount rate used is pre-tax and reflect the specific risks relating to the respective CGU.

Based on the impairment test, no impairment is required for the goodwill.

A reasonable possible change in the key assumptions would not result in any impairment.

## 7. Investment in Subsidiary Companies

	Company	
	2017 RM	2016 RM
<b>At cost</b>		
Unquoted share in Malaysia	271,739,897	251,739,895

Details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Interest		Principal Activities
		2017 %	2016 %	
PP Chin Hin Sdn. Bhd.	Malaysia	100	100	Dealing in cement, hardware and general trading, letting of properties, hire purchase financing and property development
Chin Hin Concrete Holdings Sdn. Bhd.	Malaysia	100	100	Management company
Metex Steel Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of welded mesh and wire products
Starken AAC Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of AAC products
Chin Hin Academy Sdn. Bhd.	Malaysia	100	-	Provide human resource training services

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 7. Investment in Subsidiary Companies (cont'd)

Details of the subsidiary companies are as follows (cont'd):

Name of Company	Country of Incorporation	Effective Interest		Principal Activities
		2017 %	2016 %	
<b>Held through</b>				
<b>PP Chin Hin Sdn. Bhd.</b>				
- PP Chin Hin Pte. Ltd.*	Singapore	100	100	Wholesale of construction material, hardware, plumbing, heating equipment and supplies of NEC products
- C&H Transport Sdn. Bhd.	Malaysia	100	100	Transportation
- Midah Industries Sdn. Bhd.	Malaysia	100	-	Manufacturing and trading in wood products
- Epic Diversity Sdn. Bhd.	Malaysia	100	-	Dealing in consumer products including lock set, alarm system and other related business
<b>Held through Starken</b>				
<b>AAC Sdn. Bhd.</b>				
- Starken Drymix Solutions Sdn. Bhd. (Formerly known as G-Cast Polymer Concrete Sdn. Bhd.)	Malaysia	100	100	Property investment and contract worker provider
- G-Cast Concrete Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of precast concrete products
- Green Cement Sdn. Bhd.	Malaysia	100	100	Dormant
- Sage Evergreen Sdn. Bhd.	Malaysia	100	100	Dormant
- MI Polymer Concrete Pipes Sdn. Bhd.	Malaysia	100	-	Manufacturing and supply of pipes
- MI Polymer Concrete Pipes (S) Pte. Ltd. *	Singapore	100	-	Trading, import and export of polymer concrete products
- G-Cast UHPC Sdn. Bhd. (Formerly known as Diva Victory Sdn. Bhd.)	Malaysia	70	-	Manufacturing and sales of ultra- high performance concrete product

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

## 7. Investment in Subsidiary Companies (cont'd)

Details of the subsidiary companies are as follows (cont'd):

Name of Company	Country of Incorporation	Effective Interest		Principal Activities
		2017 %	2016 %	
<b>Held through Metex Steel Sdn Bhd.</b>				
- Formino Metal Sdn. Bhd. (Formerly known as Metal Sphere Sdn. Bhd.)	Malaysia	100	100	Manufacturing and supplies of metal roof and structural steel system
- Comet Steel Sdn. Bhd.	Malaysia	100	100	Dormant
- Ace Logistic Sdn. Bhd.	Malaysia	100	100	Investment holding
- Metex Modular Sdn. Bhd.	Malaysia	70	-	Manufacture of prefabricated buildings mainly of metal
<b>Held through Chin Hin Concrete Holdings Sdn. Bhd.</b>				
- Chin Hin Concrete (North) Sdn. Bhd.	Malaysia	100	100	Processing and trading in mixed concrete
- Chin Hin Concrete (KL) Sdn. Bhd.	Malaysia	100	100	Selling, distribution and transporting of ready-mixed concrete

\* Subsidiary company not audited by UHY

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

### Acquisition of subsidiary companies

- (a) On 22 September 2016, PP Chin Hin Sdn. Bhd. ("PPCH"), a wholly-owned subsidiary company of the Company, had entered into a Share Sale Agreement ("SSA") with:
- (i) Tan Peng Cheong, Lim Eng Hong, Cheah Chee Wei, Se Kok Weng and Tan Wee Leong for an acquisition of 300,000 ordinary shares in Epic Diversity Sdn. Bhd. ("EPIC") for a total cash consideration of RM3,800,000; and
  - (ii) Tan Peng Cheong, Lim Eng Hong, Cheah Chee Wei and Se Kok Weng for an acquisition of 500,000 ordinary shares in Midah Industries Sdn. Bhd. ("Midah") for a total cash consideration of RM14,500,000.

The aggregate purchase consideration is subject for adjustment in case that aggregate profit guarantee of not less than RM6,000,000 for the financial year ended 31 December 2017 and aggregate net tangible asset of not less than RM6,600,000 as at 31 December 2016 could not met. The total purchase consideration had been adjusted from RM18,300,000 to RM17,079,000 pursuant to EPIC's and Midah's terms of SSA.

Upon completion of the acquisition, EPIC and Midah became wholly-owned subsidiary companies of PPCH. The acquisition is completed during the financial year.