



CHIN HIN GROUP BERHAD

INTERIM FINANCIAL REPORT SECOND QUARTER ENDED 30TH JUNE 2020

CHIN HIN GROUP BERHAD

Registration No. 201401021421

Company No: 1097507-W

(Incorporated in Malaysia under the Companies Act, 1965)

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CONTENTS

Unaudited Condensed Consolidated Statement of Comprehensive Income	1-2
Unaudited Condensed Consolidated Statement of Financial Position	3-4
Unaudited Condensed Consolidated Statement of Changes in Equity	5-7
Unaudited Condensed Consolidated Statement of Cash Flows	8-9
Notes To The Interim Financial Report	10-24

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020**
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter			
	Note	30 June 2020 RM'000	30 June 2019 RM'000	Changes %	30 June 2020 RM'000	30 June 2019 RM'000	Changes %
Revenue		114,217	250,009	-54%	370,522	492,689	-25%
Cost of sales		(115,256)	(225,987)		(349,374)	(445,303)	
Gross profit		(1,039)	24,022		21,148	47,386	
Other operating income		2,085	1,677		3,785	3,498	
Gain on disposal of investment in associate		27,788	-		27,788	-	
Impairment on trade receivables		(4,366)	(1,155)		(4,366)	(1,155)	
Administrative expenses		(13,272)	(13,577)		(30,827)	(29,504)	
Operating profit		11,196	10,967	2%	17,528	20,225	-13%
Finance costs		(5,509)	(7,238)		(11,443)	(13,287)	
Share of results of associates		115	2,011		1,051	4,295	
Profit before taxation		5,802	5,740	1%	7,136	11,233	-36%
Taxation	B5	397	(1,544)		(279)	(2,981)	
Profit after taxation		6,199	4,196	48%	6,857	8,252	-17%
Other comprehensive income							
Exchange translation differences		133	123		85	61	
Total comprehensive income for the financial period		6,332	4,319		6,942	8,313	
PROFIT AFTER TAX ATTRIBUTABLE TO:							
Owners of the Company		7,474	5,109	46%	8,902	9,548	-7%
Non-controlling interests		(1,275)	(913)		(2,045)	(1,296)	
		6,199	4,196		6,857	8,252	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020 (Cont'd)**
(The figures have not been audited)

	Note	Individual Quarter			Cumulative Quarter		
		30 June 2020 RM'000	30 June 2019 RM'000	Changes %	30 June 2020 RM'000	30 June 2019 RM'000	Changes %
TOTAL COMPREHENSIVE INCOME							
ATTRIBUTABLE TO:							
Owners of the Company		7,607	5,232		8,987	9,609	
Non-controlling interests		(1,275)	(913)		(2,045)	(1,296)	
		<u>6,332</u>	<u>4,319</u>		<u>6,942</u>	<u>8,313</u>	
Earnings per share attributable to owners of the Company (sen):							
- Basic	B11	<u>1.37</u>	<u>0.93</u>		<u>1.63</u>	<u>1.74</u>	
- Diluted	B11	<u>1.37</u>	<u>0.93</u>		<u>1.63</u>	<u>1.74</u>	
Profit Before Interest and Tax		<u>11,196</u>	<u>10,967</u>	2%	<u>17,528</u>	<u>20,225</u>	-13%

Notes:

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**
(The figures have not been audited)

	30 June 2020 RM'000	(Audited) 31 December 2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	451,138	462,353
Investment properties	25,180	25,180
Investment in an associate	34,835	38,315
Goodwill	39,048	39,048
Other investment	25	25
TOTAL NON-CURRENT ASSETS	550,226	564,921
CURRENT ASSETS		
Contract assets	-	3,337
Inventories	107,292	104,901
Trade receivables	289,594	355,711
Other receivables	47,997	26,474
Net investment in lease	72	78
Tax recoverable	5,451	4,730
Fixed deposits with licensed banks	1,021	20
Cash and bank balances	53,824	55,928
	505,251	551,179
Assets held for sale	53,956	54,536
TOTAL CURRENT ASSETS	559,207	605,715
TOTAL ASSETS	1,109,433	1,170,636
EQUITY AND LIABILITIES		
EQUITY		
Share capital	325,796	325,796
Treasury shares	(6,987)	(4,992)
Merger reserve	(153,192)	(153,192)
Foreign currency translation reserve	336	251
Revaluation reserve	16,368	16,368
Retained earnings	247,598	238,686
Total equity attributable to Owners of the Company	429,919	422,917
Non-controlling interests	(2,840)	(795)
TOTAL EQUITY	427,079	422,122

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020 (Cont'd)

(The figures have not been audited)

	30 June 2020 RM'000	(Audited) 31 December 2019 RM'000
CURRENT LIABILITIES		
Trade payables	113,640	140,955
Other payables	45,316	60,615
Amount owing to directors	5	15,855
Bank borrowings	432,235	434,432
Lease liabilities	860	3,072
Tax payable	388	546
TOTAL CURRENT LIABILITIES	592,444	655,475
NON-CURRENT LIABILITIES		
Bank borrowings	76,448	79,321
Lease liabilities	2,706	2,358
Deferred tax liabilities	10,756	11,360
TOTAL NON-CURRENT LIABILITIES	89,910	93,039
TOTAL LIABILITIES	682,354	748,514
TOTAL EQUITY AND LIABILITIES	1,109,433	1,170,636
NET ASSET PER SHARE (RM)	0.78	0.77

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net asset per share for the current quarter and comparative financial period is calculated based on the total equity divided by the weighted average number of ordinary shares in issue for the quarter and comparative financial period.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020**
(The figures have not been audited)

	<-----Attributable to owners of the parent----->								
	<----- Non-Distributable ----->					Distributable		Non-	
	Share	Treasury	Merger	Foreign Currency	Revaluation	Retained	Total	Controlling	Total
	Capital	Shares	Reserve	Translation Reserve	Reserve	Earnings	RM'000	Interests	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	325,796	(4,992)	(153,192)	235	16,367	231,552	415,766	1,952	417,718
Prior year adjustment*	-	-	-	-	-	95	95	-	95
Effect of adoption of MFRS 16	-	-	-	-	-	(44)	(44)	-	(44)
Balance as at 1 January 2019, restated	325,796	(4,992)	(153,192)	235	16,367	231,603	415,817	1,952	417,769
Profit for the financial year	-	-	-	-	-	18,050	18,050	(2,747)	15,303
Foreign exchange translation	-	-	-	16	-	-	16	-	16
Revaluation of assets, net of tax	-	-	-	-	1	-	1	-	1
Total comprehensive income	-	-	-	16	1	18,050	18,067	(2,747)	15,320
Transactions with owners:									
Dividend paid	-	-	-	-	-	(10,967)	(10,967)	-	(10,967)
Total transactions with owners	-	-	-	-	-	(10,967)	(10,967)	-	(10,967)
Balance as at 31 December 2019	325,796	(4,992)	(153,192)	251	16,368	238,686	422,917	(795)	422,122
Effect of adoption of MFRS 16	-	-	-	-	-	10	10	-	10
Balance as at 31 December 2019, restated	325,796	(4,992)	(153,192)	251	16,368	238,696	422,927	(795)	422,132
Profit for the financial year	-	-	-	-	-	8,902	8,902	(2,045)	6,857
Foreign exchange translation	-	-	-	85	-	-	85	-	85
Revaluation of assets, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	85	-	8,902	8,987	(2,045)	6,942
Transactions with owners:									
Shares repurchased	-	(1,995)	-	-	-	-	(1,995)	-	(1,995)
Total transactions with owners	-	(1,995)	-	-	-	-	(1,995)	-	(1,995)
Balance as at 30 June 2020	325,796	(6,987)	(153,192)	336	16,368	247,598	429,919	(2,840)	427,079

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020 (Cont'd)**
(The figures have not been audited)

	<----- Non-Distributable ----->					Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Merger Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2018	325,796	-	(153,192)	313	8,768	217,866	399,551	764	400,315
Effect of adoption of MFRS 9	-	-	-	-	-	(915)	(915)	-	(915)
Balance as at 1 January 2018, restated	325,796	-	(153,192)	313	8,768	216,951	398,636	764	399,400
Profit for the financial year	-	-	-	-	-	22,946	22,946	1,153	24,099
Foreign exchange translation	-	-	-	(78)	-	-	(78)	-	(78)
Revaluation of assets, net of tax	-	-	-	-	7,599	-	7,599	-	7,599
Total comprehensive income	-	-	-	(78)	7,599	22,946	30,467	1,153	31,620
Transactions with owners:									
Share repurchased	-	(4,992)	-	-	-	-	(4,992)	-	(4,992)
Dividend paid	-	-	-	-	-	(8,345)	(8,345)	-	(8,345)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	(1,165)	(1,165)
Non-controlling interests arising from additional subscriptions of shares in subsidiary companies	-	-	-	-	-	-	-	1,200	1,200
Total transactions with owners	-	(4,992)	-	-	-	(8,345)	(13,337)	35	(13,302)
Balance as at 31 December 2018	325,796	(4,992)	(153,192)	235	16,367	231,552	415,766	1,952	417,718
Prior year adjustment*	-	-	-	-	-	95	95	-	95
Effect of adoption of MFRS 16	-	-	-	-	-	(44)	(44)	-	(44)
Balance as at 31 December 2018, restated	325,796	(4,992)	(153,192)	235	16,367	231,603	415,817	1,952	417,769

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020 (Cont'd)**
(The figures have not been audited)

	<-----Attributable to owners of the parent----->						Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	<----- Non-Distributable ----->					Revaluation Reserve RM'000				
	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000					
Balance as at 1 January 2019, restated	325,796	(4,992)	(153,192)	235	16,367	231,603	415,817	1,952	417,769	
Profit for the financial year	-	-	-	-	-	9,548	9,548	(1,296)	8,252	
Foreign exchange translation	-	-	-	61	-	-	61	-	61	
Revaluation of assets, net of tax	-	-	-	-	-	-	-	-	-	
	-	-	-	61	-	9,548	9,609	(1,296)	8,313	
Balance as at 30 June 2019	325,796	(4,992)	(153,192)	296	16,367	241,151	425,426	656	426,082	

Notes:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

* Represented prior year adjustment in relation to accrued dividend payable for treasury shareholder who is not entitled to dividend payment.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020**
(The figures have not been audited)

	Cumulative quarter	
	30 June 2020	30 June 2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	7,136	11,233
Adjustment for:		
Depreciation of property, plant and equipment	16,710	13,848
Impairment on trade receivables	4,366	1,155
Interest expense	11,443	13,287
Interest income	(1,351)	(569)
Inventories written off	20	13
Gain on disposal of investment in associate	(27,788)	-
Gain on disposal of property, plant and equipment	(106)	(98)
Property, plant and equipment written-off	159	-
Reversal of impairment on trade receivables	-	(153)
Share of results of associates	(1,232)	(4,398)
Unrealised (gain)/loss on foreign exchange	(251)	3
Operating profit before working capital changes	9,106	34,321
Changes in working capital:		
Inventories	(2,411)	(12,095)
Trade receivables	61,750	19,989
Other receivables	(21,495)	593
Net investment in lease	6	241
Amount due to customers	3,337	(1,845)
Trade payables	(27,316)	(1,882)
Other payables	(15,288)	(19,620)
Exchange differences	-	82
Amount due to directors	(15,850)	(523)
	(17,267)	(15,060)
Cash (used in)/generated from operations	(8,161)	19,261
Interest paid	(11,443)	(13,287)
Interest received	1,351	569
Tax paid	(1,761)	(2,876)
Tax refund	-	7
Net cash (used in)/from operating activities	(20,014)	3,674

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020 (Cont'd)**

(The figures have not been audited)

	Cumulative Quarter	
	30 June 2020 RM'000	30 June 2019 RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(5,836)	(22,987)
Purchase of investment properties	-	(520)
Proceeds from disposal of assets held for sales	580	-
Proceeds from disposal of investment in associate	32,500	-
Proceeds from disposal of property, plant and equipment	289	204
Net cash from/(used in) investing activities	<u>27,533</u>	<u>(23,303)</u>
Cash Flows From Financing Activities		
Drawdown of bank borrowings	-	627
Net changes on bankers' acceptance, trust receipt and revolving credits	4,113	16,028
Increase in fixed deposits pledged	(1,001)	(1)
Repayment of bank borrowings	(6,897)	(6,972)
Repayment of lease liabilities	(1,865)	(333)
Shares repurchased	(1,995)	-
Net cash (used in)/from financing activities	<u>(7,645)</u>	<u>9,349</u>
Net decrease in cash and cash equivalents	(126)	(10,280)
Cash and cash equivalents at the beginning of the financial period	53,547	29,787
Effect of exchange translation differences on cash and cash equivalents	308	37
Cash and cash equivalents at the end of the financial period	<u>53,729</u>	<u>19,544</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	53,824	23,573
Bank overdrafts	(95)	(4,029)
Fixed deposits with licensed banks	1,021	20
	<u>54,750</u>	<u>19,564</u>
Less: Fixed deposits pledged to licensed banks	(1,021)	(20)
	<u>53,729</u>	<u>19,544</u>

Notes:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT- SECOND QUARTER ENDED 30 JUNE 2020

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD 30 JUNE 2020

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134- Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements (“Listing Requirements”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2020:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 16	Covid-19 Related Rent Concessions
Leases	
Amendments to MFRS 101	Classification of Liabilities as Current or Non- Current

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Boards as they have yet to be effective for the Group:

	Effective dates for financial period beginning on and after
MFRSs AND IC Interpretations (Including The Consequential Amendments)	
Amendments to MFRS 16 Leases- Covid-19-Related Rent Concessions	1 June 2020
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17- Insurance Contracts	1 January 2023
Annual Improvements to MFRS Standards 2018-2020	
– Amendment to MFRS 1	1 January 2022
– Amendment to MFRS 9	1 January 2022
– Amendment to MFRS 16	1 January 2022
– Amendment to MFRS 141	1 January 2022
Amendments to MFRS 3 – Business Combinations	1 January 2022
(Reference to the Conceptual Framework)	
Amendments to MFRS 116 – Property, Plant and Equipment	1 January 2022
(Proceeds before Intended Use)	

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2020 (CONT'D)
A1. Basis of preparation (Cont'd)

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Boards as they have yet to be effective for the Group: (Cont'd)

MFRSs AND IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 137 – Onerous Contracts (Cost of Fulfilling a Contract)
Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Effective dates for financial period beginning on and after

1 January 2022
Deferred until further notice

A2. Auditors' report of preceding annual audited financial statements

The auditors' report on the preceding year's audited financial statements of the Company and of the Group was not subject to any qualification.

A3. Seasonal or cyclical factors

The businesses of the Group were not affected by seasonal or cyclical factors during the current financial quarter and financial period-to-date.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter and financial period-to-date as compared to the audited financial statements of the Group for the financial year ended 31 December 2019.

A6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

During the financial period to date, the Company repurchase 3,460,000 ordinary shares of its issued share capital from the open market, at an average of RM0.577 per share. Total consideration paid for the share buy-back and the transaction costs amounted to RM1,995,125 and RM1,656 respectively were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 (6) of the Companies Act 2016.

During the current financial quarter and period to date, none of the treasury shares is distributed as share dividend to the shareholders.

As at 30 June 2020, the number of treasury shares held was 9,780,000 ordinary shares.

A7. Segmental information

The Group's operating activities were derived from five (5) main business segments, namely the following:-

	Unaudited Individual quarter 30 June 2020 RM'000	Unaudited Individual quarter 30 June 2019 RM'000	Unaudited Cumulative quarter 30 June 2020 RM'000	Unaudited Cumulative quarter 30 June 2019 RM'000
Revenue				
• Investment holding and management services	1,180	1,582	2,660	2,857
• Distribution of building materials and logistics services	70,071	133,466	210,605	266,760
• Ready-mixed concrete	6,317	16,485	24,116	32,905
• Manufacturing of fire-rated and wooden door	3,892	12,872	13,678	23,424
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	31,460	79,820	112,829	156,460
• Manufacturing of wire mesh and metal roofing systems	11,814	33,305	41,438	66,620
• Modular building Solutions	101	3,408	252	3,591
	<u>124,835</u>	<u>280,938</u>	<u>405,578</u>	<u>552,617</u>
Adjustments and eliminations	(10,618)	(30,929)	(35,056)	(59,928)
	<u>114,217</u>	<u>250,009</u>	<u>370,522</u>	<u>492,689</u>
Profit/(Loss) before taxation				
• Investment holding and management services	27,489	6,140	27,246	5,945
• Distribution of building materials and logistics services	(4,580)	1,093	(4,779)	2,109
• Ready-mixed concrete	(2,569)	(507)	(2,316)	(1,332)
• Manufacturing of fire-rated and wooden door	(1,506)	594	(1,930)	847
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	(10,286)	8,898	(8,444)	13,091
• Manufacturing of wire mesh and metal roofing systems	(1,488)	1,249	(1,210)	794
• Modular building Solutions	(1,073)	1,369	(1,957)	708
	<u>5,987</u>	<u>18,836</u>	<u>6,610</u>	<u>22,162</u>
Share of results of associates	115	2,011	1,051	4,295
	<u>6,102</u>	<u>20,847</u>	<u>7,661</u>	<u>26,457</u>
Adjustments and eliminations	(300)	(15,107)	(525)	(15,224)
	<u>5,802</u>	<u>5,740</u>	<u>7,136</u>	<u>11,233</u>

No other segmental information such as segment assets and liabilities are presented as the Group is principally engaged in one industry that is the building material industry.

A8. Dividend paid

There was no dividend paid for the current financial quarter and financial quarter period to date.

A9. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter and financial quarter period to date.

A10. Valuation of investment properties

The Group has not carried out any valuation on its investment properties in the current financial quarter and financial period to-date.

A11. Capital commitments

The capital commitments of the Group were as follows:-

	Unaudited	Audited
	30 June 2020	31 December 2019
	RM'000	RM'000
Authorised and contracted for:		
-acquisition of property, plant and equipment	5,335	4,034

A12. Changes in the composition of the Group

Save as disclosed in Note B6(i) on the Status of Corporate Proposal Announced, there were no material changes in the composition of the Group for the current quarter ended 30 June 2020.

A13. Contingent liabilities and contingent assets

There were no contingent assets as at the date of this interim financial report. Contingent liabilities of the Group were as follows:-

	Unaudited	Audited
	30 June 2020	31 December 2019
	RM'000	RM'000
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	512,943	525,936
Bank guarantee issued to third parties	4,043	4,120

A14. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of current quarter and financial period-to-date that have not been reflected in this interim financial report.

A15. Related party transactions

- (1) Our Group's transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 30 June 2020 were as follows:-

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	2,288
-Sales of goods	198
-Purchase of goods	3,486
-Rental received/receivables	280
-Rental paid/payables	117
-Insurance and road tax received	125
-Hotel accommodation paid	<u>1</u>

These transactions have been entered into in the normal course of business.

A. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of performance

Comparison with Corresponding results of Last Quarter

For the current financial quarter under review, the Group reported a revenue of RM114.22 million, a considerable decrease of RM135.79 million or 54.31% as compared to RM250.00 million in the preceding year corresponding quarter. The sharp decline was due to the implementation of Movement Control Order ("MCO") enforced by the Government to curb the spread of Covid-19 pandemic effective from 18 March 2020. Up until 4 May 2020, almost all economic sectors and businesses are allowed to resume operation by the government. Hence, it resulted in a gross loss of RM1.04 million, a significantly decrease of RM25.06 million as compared to the preceding year corresponding quarter whereby all our manufacturing plants had to incur fixed overheads such as labour cost, rental and depreciation although the plants were shut down.

Other operating income has increased by RM0.41 million due entirely to the wage subsidy received from PERKESO's Wage Subsidy Programme, Prihatin PKS1200 Fund of RM0.98 million. The gain on disposal of investment in associate of RM27.79 million derived solely from the disposal of 25,000,000 units shares in Solarvest Holdings Berhad ("Solarvest"). Our shareholding in Solarvest has depleted from 33.61% to 27.21% after the disposal. The Rationale of the disposal is for Chin Hin to unlock and realize its investment in Solarvest. The proceeds from the Disposal was utilised to reduce Chin Hin group's bank borrowings and strengthen its balance sheet.

B1. Review of performance (Cont'd)**Comparison with Corresponding results of Last Quarter (Cont'd)**

The increase in impairment on trade receivables of RM3.21 million principally caused by the provision made in the ready-mixed concrete and the distribution of building materials sector.

The Group's finance cost for the current quarter has decreased by RM1.73 million as compared to the preceding year corresponding quarter principally due to the pare down of term loan and bank overdraft.

Share of profit from our associate companies have decreased by RM1.90 million or 94.28% as compared to the preceding year corresponding quarter primarily due to our share in associate company, Solarvest Holdings Berhad ("Solarvest") has reduced from 45% to 27.21%, after Solarvest Initial Public Offering in 26 November 2019 and the disposal of 25,000,000 units of the said shares. Moreover, the sharp decline also attributable to the MCO enforced by the Government due to Covid-19 pandemic.

Given the abovementioned decreased in the gross profit as a results of the enforcement of MCO, increased in the impairment of trade receivables and the declined in share of results of associates, offset entirely by the significant increase in the gain on disposal of investment in associate, the Group reported an increase in profit before tax ("PBT") for this quarter of RM0.06 million as compared to the preceding year corresponding quarter.

The gain on disposal of our investment in associate company and the deferred tax asset have distorted the effective tax rate calculation for this quarter.

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B2. Comparison with immediate preceding quarter's results**CURRENT QUARTER vs. PRECEDING QUARTER**

	Unaudited Individual quarter 30 June 2020 RM'000	Unaudited Individual quarter 31 March 2020 RM'000	Changes %
Revenue	114,217	256,305	-55%
Operating Profit	11,196	6,332	77%
Profit Before Interest and Tax	11,196	6,332	77%
Profit Before Tax	5,802	1,334	335%
Profit After Tax	6,199	658	842%
Profit Attributable to Ordinary Equity Holders of the Parent	6,199	658	842%

For the quarter under review, the Group posted a revenue of RM114.22 million as compared to RM256.31 million in the preceding quarter, a decrease of RM142.09 million or 55.44%. The Group reported a higher profit before tax ("PBT") of RM5.80 million, an increase of RM4.47 million as compared to the preceding quarter PBT of RM1.33 million. The main contributor for the increase in PBT was due to the huge gain on disposal of investment in associate of RM27.79 million offset by the massive operation losses sustained of RM21.99 million due to the enforcement of MCO and impairment of trade receivables as mentioned earlier.

B3. Prospects

The Covid-19 pandemic has caused a broadest collapse of the global economy. According to the World Bank's report, world economy is projected to contract by 5.2 percent this year, the worst recession in 80 years. The operating environment in Malaysia is envisaged to remain very challenging in the remaining half of 2020 in view of the economic meltdown.

The management is busy focusing on closing down and scaling down those unprofitable plants to reduce operation losses in view of the soft market demand for construction materials as a result of property overhang and the economic meltdown due to the Covid-19 pandemic and MCO. The Company also concentrated its full attention on the cost cutting measure to lower down its operation cost and to stay competitive in the market.

G-Cast Concrete Sdn Bhd is actively quoting for East Coast Rail Link ("ECRL") Project and other infrastructure projects in the overseas market. G-Cast already secured some projects from the Philippines for the supply of jacking pipes since last year end and is continued to export to them this year. We expect G-Cast's order book to increase steadily.

Starken Drymix Solutions Sdn Bhd has managed to catch back to the previous production utilisation rate of 49% during this Recovery Movement Control Order ("RMCO") period. The Company has launched a series of new product under the construction chemical sector lately i.e. bonding agent for substrate before plastering, to reduce hollowness and cracks on conventional plastering method. This new series are targeted to enhance the profitability of the company.

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B3. Prospects (Cont'd)

Our new autoclaved aerated concrete (“AAC”) production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor cannot sustain its production utilisation rate at 30% level during this RMCO period as the demand from construction material industry is still remained soft. Moreover, the export sales for panel and block to Singapore have suspended due the lockdown in Singapore as a result of Covid-19 pandemic. The Building and Construction Authority will only allow construction work in Singapore to resume in a controlled manner in phases after the Covid-19 circuit breaker period ended on 1 June 2020. Likewise, for the Philippines market, the export to this country has suspended since its total lockdown on 16 March 2020. The delivery to the Philippines has resumed back in July 2020. We continue to penetrate and expand overseas market to fill up the excess capacity in Starken AAC 2 Sdn Bhd.

The government has recently rolled out the Renewable Energy Investment (LSS@MenTARI) programme which offer 1,000MWp of solar quota via competitive bidding process under the Large Scale Solar (“LSS”) will further enhances the prospects of the domestic solar industry. This was the biggest quota offered under the LSS programme and double the quota offered for the previous LSS3 aims to generate investments amounting to RM4 billion as a move by the government to revive and stimulate the economy following the Covid-19 outbreak. The LSS@MenTARI programme is only offered to fully owned local companies or those companies listed on Bursa Malaysia which has at least 75 percent local shareholding. Undisputedly, this programme will be the growth driver for Solarvest’s LSSPV segments.

B4. Estimates/Forecast

The Group has not provided any revenue or profit guidance in any public documents.

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B5. Taxation

The applicable income tax rate is 24% except for the Group's subsidiary companies, PP Chin Hin Pte Ltd and MI Polymer Concrete Pipes Pte Ltd which are subject to the statutory rate of 17% based on Singapore's tax regime.

	Individual Quarter		Cumulative Quarter	
	Unaudited		Unaudited	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Income tax expense				
- Current financial period	13	1,426	1,264	2,688
- (Over)/Under provision in prior year	-	-	(144)	-
	<u>13</u>	<u>1,426</u>	<u>1,120</u>	<u>2,688</u>
Deferred tax				
- Current financial period	(410)	118	(623)	293
- (Over)/Underprovision in prior year	-	-	(218)	-
Total tax expense	<u>(397)</u>	<u>1,544</u>	<u>279</u>	<u>2,981</u>

B6. Status of corporate proposals and utilisation of proceeds**I. Status of corporate proposal**

Saved as disclosed below, there were no other corporate proposals which had been announced by the Company and are pending for completion as of to date:

- (a) Starken AAC Sdn Bhd ("Starken Malaysia"), a wholly-owned subsidiary of the Company, had on 19 June 2019 entered into a subscription agreement with Starken Philippines Inc. to subscribe for thirty percent (30%) equity in Starken Philippines Inc. ("Proposed Subscription"). The Proposed Subscription is expected to be completed by fourth quarter of 2020;
- (b) Metex Steel Sdn Bhd, a wholly-owned subsidiary of the Company, has on 8 November 2019 entered into a conditional share sale agreement with PP Chin Hin Realty Sdn Bhd ("PP CH Realty") for the disposal of 100% equity interest in Ace Logistic Sdn Bhd to PP Chin Hin Realty for a cash consideration of RM20,800,000 ("Proposed Disposal of Ace Logistic"). The Proposed Disposal of Ace Logistic is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. On 15 July 2020, The Proposed Disposal of Ace Logistic has been approved in the Company's Extraordinary General Meeting.

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B6. Status of corporate proposals and utilisation of proceeds (Cont'd)**I. Status of corporate proposal (Cont'd)**

- (c) PP Chin Hin Sdn Bhd ("PP Chin Hin"), a wholly-owned subsidiary of the Company, has on 8 November 2019 entered into 35 conditional sale and purchase agreements ("Properties SPAs") with Midas Signature Sdn Bhd ("Midas") for the disposal of properties to Midas for a total cash consideration of RM55,650,000 ("Proposed Disposal of Properties"). The Proposed Disposal of Properties are deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. On 15 July 2020, the Proposed Disposal of Properties have been approved in the Company's Extraordinary General Meeting.

- (d) In conjunction with the Proposed Disposal of Properties, PP Chin Hin will enter into 14 tenancy agreements with Midas for the proposed tenancies of 5 units of shop offices at Kuala Lumpur, 7 units of shop offices at Alor Setar, Kedah and 89 units of car parks at Kuala Lumpur ("Proposed Tenancies"). The tenancies will commence on the day immediately after the completion of the respective Properties SPAs. The Proposed Tenancies are deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. On 15 July 2020, the Proposed Tenancies have been approved in the Company's Extraordinary General Meeting.

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B6. Status of corporate proposals and utilisation of proceeds (Cont'd)
II. Utilisation of proceeds

(a) The status of utilisation of the proceeds of approximately RM65.650 million from the private placement as at 30 June 2020 are as follow:-

No.	Details of the utilisation	Utilisation						Expected timeframe for utilisation of proceeds (from the listing date)	Revised expected timeframe for utilisation of proceeds (from the listing date)
		⁽ⁱ⁾ Proceeds raised RM'000	Actual utilisation RM'000	Balance of proceeds unutilised RM'000	Variations of the proceeds utilisation RM'000	After Variations of the proceeds utilisation RM'000	Balance of Private Placement Proceeds utilised RM'000		
(a)	Construction of new manufacturing and operation facility of G-Cast Concrete Sdn Bhd ("GCCSB") in Kota Tinggi, Johor	12,000	12,000	-	-	-	-	Within 18 months	^(iv) Up to 30 months
(b)	Expansion of existing manufacturing facilities and purchase of new equipment and machineries of GCCSB in Rawang, Selangor	6,200	6,200	-	⁽ⁱⁱⁱ⁾ 285	285	-	Within 12 months	Up to 24 months
(c)	Expansion of existing manufacturing facilities, purchase of new equipment and machineries of MI Polymer Concrete Pipes Sdn Bhd ("MIPCP") in Batu Pahat, Johor as well as undertaking related product testing, certification and related works for its products	2,693	2,408	285	⁽ⁱⁱⁱ⁾ (285)	-	-	Within 12 months	No change
(d)	Repayment of bank borrowings	23,600	23,600	-	-	-	-	Within 6 months	No change
(e)	Future expansion plans	10,000	10,000	-	-	-	-	Within 24 months	No change
(f)	Working capital purposes	9,757	9,757	-	⁽ⁱⁱ⁾ 865	865	-	Within 6 months	No change
(g)	Estimated expenses for the Private Placement	1,400	535	865	⁽ⁱⁱ⁾ (865)	-	-	Within 1 months	No change
		65,650	64,500	1,150	-	1,150	-	-	

Notes:

(i) As per Chin Hin's announcement dated 6 June 2017.

(ii) Pursuant to the Private Placement announcement dated 6 June 2017, the Company has transferred the unutilised proceeds of RM0.87 million from the estimated expenses incurred for the Private placement to its working capital requirements.

B6. Status of corporate proposals and utilisation of proceeds (Cont'd)

II. Utilisation of proceeds (Cont'd)

Notes: (Cont'd)

- (iii) The Company had earmarked RM2.70 million of the Placement Proceeds for the expansion of existing manufacturing facilities and purchase of new equipment and machineries of MIPCP. However, the actual utilisation for the said expansion was lower than the budgeted proceeds and the balance yet to be utilised stands at RM0.29 million. Therefore, the Company proposes to reallocate the unutilised proceeds of RM0.29 million for the purchase of 2 units of gantry cranes for GCCSB's manufacturing facility located in Rawang, Selangor and the purchase is expected to be completed by the third quarter of 2019.
- (iv) The Company requires additional time to complete the construction of GCCSB's new manufacturing and operation facility in Kota Tinggi, Johor, as the Group had mainly focused on the construction and expansion of its new manufacturing facilities in Rawang, Selangor and Bidor, Perak. The Group has commenced construction of its new manufacturing and operation facilities in Kota Tinggi, Johor since April 2019 and is expected to be completed by last quarter of 2019.

(b) The status of utilisation of the proceeds of approximately RM21.150 million from the disposal of 17 properties as at 30 June 2020 are as follow:-

	Details of the utilisation of proceeds	Utilisation					Balance of 17 properties disposal Proceeds unutilised RM'000	Estimated timeframe for utilisation from the completion of the proposed disposal
		Proceeds received RM'000	Actual utilisation RM'000	Balance of proceeds unutilised RM'000	Variations of 17 properties disposal proceeds RM'000	After Variations of 17 properties disposal proceeds RM'000		
i)	Repayment of bank borrowings	15,000	1,000	14,000	-	-	-	Within 3 months
ii)	Working capital to purchase inventories	5,150	5,150	-	64*	64	-	Within 12 months
iii)	Expenses for the exercise	1,000	936	64	(64)*	-	-	Within 3 months
		21,150	7,086	14,064	-	64	-	

Notes:* The Company has transferred the unutilised disposal proceeds of RM0.064 million from the estimated expenses incurred to its working capital to purchase inventories.

B7. Borrowings

The Group's borrowings are all secured and denominated in Ringgit Malaysia, details are as follows:-

	As at 30 June 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Bank overdrafts	95	2,381
Revolving credits	122,186	101,100
Bankers' acceptance	292,003	308,693
Trust Receipts	164	447
Term loans	94,235	101,132
Total bank borrowings	508,683	513,753
Total bank borrowings comprise:-		
Current:		
Bank overdraft	95	2,381
Revolving credits	122,186	101,100
Bankers' acceptance	292,003	308,693
Trust Receipts	164	447
Term loans	17,787	21,811
	432,235	434,432
Non-current:		
Term loans	76,448	79,321
	508,683	513,753

B8. Lease liabilities

The Group's lease liabilities are denominated in Ringgit Malaysia, details are as follows:-

	As at 30 June 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Present value of minimum lease payments:		
Repayable within twelve months	860	3,072
Repayables after twelve months	2,706	2,358
	3,566	5,430

B9. Changes in material litigation

As at a date not earlier than seven (7) days from the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B10. Dividend Proposed

On 25 August 2020, the Board of Directors of the Company has approved the declaration and payment of first interim single-tier dividend of RM0.010 per ordinary share totalling RM5,466,080 in respect of the financial year ending 31 December 2020. The entitlement and payment dates of the first interim single-tier dividend are 2 October 2020 and 14 October 2020 respectively.

B11. Earnings per share**Basic earnings per ordinary share**

The basic earnings per share is calculated based on the Group's profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares as follows:

	Individual Quarter		Cumulative Quarter	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Profit attributable to ordinary equity holders of the Group (RM'000)	7,474	5,109	8,902	9,548
Number of ordinary shares in issues as at 1 January ('000)	550,068	550,068	550,068	550,068
Effect of shares issued during the financial period ('000)	(2,816)	-	(2,816)	-
Weighted average number of ordinary shares in issue ('000)	547,252	550,068	547,252	550,068
Basic earnings per share (sen)	1.37	0.93	1.63	1.74

Diluted earnings per ordinary share

The Group and the Company have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the end of this quarter.

	Individual Quarter		Cumulative Quarter	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Profit attributable to ordinary equity holders of the Group (RM'000)	7,474	5,109	8,902	9,548
Weighted average number of ordinary shares as above	547,252	550,068	547,252	550,068
Basic earnings per share (sen)	1.37	0.93	1.63	1.74

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B12. Disclosure on selected expense/income items as required by the Listing Requirements

Included in profit before tax comprised the following expense/(income) items:

	Unaudited As at 30 June 2020 RM'000	Unaudited As at 30 June 2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	165	175
- (Over)/underprovision in prior year	(31)	2
Bad debts recovered	(21)	(179)
Depreciation of property, plant and equipment	16,710	13,866
Directors' fee	120	120
Directors remuneration		
- Salary, EPF and Socso	1,017	979
- Other emoluments	123	135
Impairment on trade receivables	4,366	1,155
Interest expense	11,443	13,287
Interest income	(1,351)	(570)
Inventories written off	20	13
Gain on disposal of investment in associate	(27,788)	-
Gain on disposal of property, plant and equipment	(106)	(97)
Property, plant and equipment written-off	159	-
Realised loss on foreign exchange	174	192
Rental income	(1,526)	(1,443)
Rental expenses	1,747	2,384
Reversal of impairment on trade receivables	-	(153)
Share of results of associates, net of tax	(1,232)	(4,398)
Unrealised (gain)/loss on foreign exchange	(251)	3

B13. Comparative figures

Comparatives figures, where applicable, have been modified to conform to the current presentation.

BY ORDER OF THE BOARD

25 August 2020