



**CHIN HIN GROUP BERHAD**

## **INTERIM FINANCIAL REPORT FOURTH QUARTER ENDED 31 DECEMBER 2020**

### **CHIN HIN GROUP BERHAD**

Registration No. 201401021421 (1097507-W)  
(Incorporated in Malaysia)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2020**
*(The figures have not been audited)*

	Individual Quarter			Cumulative Quarter			
	Note	31 Dec 2020 RM'000	31 Dec 2019 RM'000	Changes %	31 Dec 2020 RM'000	31 Dec 2019 RM'000	Changes %
Revenue		311,262	280,571	11%	968,785	1,056,458	-8%
Cost of sales		(278,166)	(255,227)		(893,581)	(956,381)	
Gross profit		33,096	25,344		75,204	100,077	
Other operating income		9,083	2,307		15,319	8,614	
Fair value adjustment on investment properties		(51)	650		(51)	650	
Gain on disposal of investment in associate		-	-		27,788	-	
Impairment on goodwill		(4,377)	-		(4,377)	-	
Impairment on trade receivables		(3,204)	(4,450)		(8,794)	(7,036)	
Administrative expenses		(17,765)	(17,722)		(63,710)	(62,171)	
Operating profit		16,782	6,129	174%	41,379	40,134	3%
Finance costs		(3,956)	(4,737)		(19,956)	(24,682)	
Share of results of associates		1,739	1,866		4,366	7,471	
Profit before taxation		14,565	3,258	347%	25,789	22,923	13%
Taxation	B5	(6,758)	(2,927)		(8,767)	(7,621)	
Profit after taxation		7,807	331	2259%	17,022	15,302	11%
Other comprehensive income							
Exchange translation differences		19	32		(4)	17	
Revaluation surplus		-	1		-	1	
Total comprehensive income for the financial period		7,826	364		17,018	15,320	
<b>PROFIT AFTER TAX ATTRIBUTABLE TO:</b>							
Owners of the Company		8,246	1,132	628%	20,402	18,049	13%
Non-controlling interests		(439)	(801)		(3,380)	(2,747)	
		7,807	331		17,022	15,302	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2020 (Cont'd)**

(The figures have not been audited)

	Note	Individual Quarter			Cumulative Quarter		
		31 Dec	31 Dec	Changes	31 Dec	31 Dec	Changes
		2020	2019		2020	2019	
	RM'000	RM'000	%	RM'000	RM'000	%	
<b>TOTAL COMPREHENSIVE INCOME</b>							
<b>ATTRIBUTABLE TO:</b>							
Owners of the Company		8,265	1,165		20,398	18,067	
Non-controlling interests		(439)	(801)		(3,380)	(2,747)	
		<u>7,826</u>	<u>364</u>		<u>17,018</u>	<u>15,320</u>	
Earnings per share attributable to owners of the Company (sen):							
- Basic	B11	<u>1.50</u>	<u>0.21</u>		<u>3.72</u>	<u>3.28</u>	
- Diluted	B11	<u>1.50</u>	<u>0.21</u>		<u>3.72</u>	<u>3.28</u>	
Profit Before Interest and Tax		<u>16,782</u>	<u>6,129</u>	174%	<u>41,379</u>	<u>40,134</u>	3%

*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 31 DECEMBER 2020**
*(The figures have not been audited)*

	31 December 2020 RM'000	(Audited) 31 December 2019 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	419,605	462,353
Investment properties	27,760	25,180
Investment in an associate	36,208	38,315
Goodwill	34,672	39,048
Deferred tax assets	4	-
Other investment	25	25
<b>TOTAL NON-CURRENT ASSETS</b>	<b>518,274</b>	<b>564,921</b>
<b>CURRENT ASSETS</b>		
Contract assets	-	3,337
Inventories	95,940	104,901
Trade receivables	367,152	355,711
Other receivables	26,265	26,474
Net investment in lease	69	78
Tax recoverable	5,488	4,730
Fixed deposits with licensed banks	21	20
Cash and bank balances	49,852	55,928
	544,787	551,179
Assets held for sale	11,450	54,536
<b>TOTAL CURRENT ASSETS</b>	<b>556,237</b>	<b>605,715</b>
<b>TOTAL ASSETS</b>	<b>1,074,511</b>	<b>1,170,636</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	325,796	325,796
Treasury shares	-	(4,992)
Merger reserve	(147,391)	(153,192)
Foreign currency translation reserve	247	251
Revaluation reserve	9,413	16,368
Retained earnings	261,227	238,686
Total equity attributable to Owners of the Company	449,292	422,917
Non-controlling interests	(3,871)	(795)
<b>TOTAL EQUITY</b>	<b>445,421</b>	<b>422,122</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020 (Cont'd)**  
*(The figures have not been audited)*

	31 December 2020 RM'000	(Audited) 31 December 2019 RM'000
<b>CURRENT LIABILITIES</b>		
Trade payables	144,909	140,955
Other payables	51,739	60,615
Amount owing to directors	5	15,855
Bank borrowings	345,822	434,432
Lease liabilities	1,629	3,072
Tax payable	816	546
<b>TOTAL CURRENT LIABILITIES</b>	<b>544,920</b>	<b>655,475</b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowings	66,831	79,321
Lease liabilities	3,375	2,358
Deferred tax liabilities	13,964	11,360
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>84,170</b>	<b>93,039</b>
<b>TOTAL LIABILITIES</b>	<b>629,090</b>	<b>748,514</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,074,511</b>	<b>1,170,636</b>
<b>NET ASSET PER SHARE (RM)</b>	<b>0.81</b>	<b>0.77</b>

**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 FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2020**
*(The figures have not been audited)*

	<-----Attributable to owners of the parent----->							Non-Controlling Interests	Total Equity
	<----- Non-Distributable ----->					Distributable	Total		
	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000			
Balance as at 1 January 2020	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
<b>Balance as at 1 January 2020, restated</b>	<b>325,796</b>	<b>(4,992)</b>	<b>(153,192)</b>	<b>251</b>	<b>16,368</b>	<b>238,696</b>	<b>422,927</b>	<b>(795)</b>	<b>422,132</b>
Profit for the financial year	-	-	-	-	-	20,402	20,402	(3,380)	17,022
Foreign exchange translation	-	-	-	(4)	-	-	(4)	-	(4)
Disposal of subsidiary	-	-	5,801	-	(756)	(5,045)	-	-	-
Transfer of revaluation surplus, net of tax	-	-	-	-	(6,199)	6,199	-	-	-
Total comprehensive income	-	-	5,801	(4)	(6,955)	21,556	20,398	(3,380)	17,018
<b>Transactions with owners:</b>									
Acquisition of subsidiary									
Companies	-	-	-	-	-	-	-	304	304
Shares repurchased	-	(7,886)	-	-	-	-	(7,886)	-	(7,886)
Proceed from disposal of treasury shares	-	12,878	-	-	-	6,539	19,417	-	19,417
Dividend paid	-	-	-	-	-	(5,564)	(5,564)	-	(5,564)
Total transactions with owners	-	4,992	-	-	-	975	5,967	304	6,271
Balance as at 30 Dec 2020	325,796	-	(147,391)	247	9,413	261,227	449,292	(3,871)	445,421

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2020 (Cont'd)**

*(The figures have not been audited)*

	<-----Attributable to owners of the parent----->					Distributable	Non-	Total	
	<----- Non-Distributable ----->			Distributable					Controlling
	Share Capital RM'000	Treasury Shares RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Interests 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
<b>Transactions with owners:</b>									
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

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 FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2020**
*(The figures have not been audited)*

	Cumulative quarter	
	31 December 2020	31 December 2019
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	25,789	22,923
Adjustment for:		
Amortisation of other investments	-	1
Bad debts written-off	1,044	584
Depreciation of property, plant and equipment	34,081	30,614
Fair value adjustment on investment properties	51	(650)
Gain on disposal of investment in a subsidiaries	(3,855)	-
Gain on disposal of investment properties	-	(610)
Gain on disposal of property, plant & equipment	(143)	10
Gain on disposal of assets held for sale	(1,842)	(780)
Gain on disposal of investement in associates	(27,788)	-
Impairment on goodwill	4,377	-
Impairment on trade receivables	8,794	7,036
Impairment on non-trade receivables	-	465
Interest expense	19,956	24,682
Interest income	(4,704)	(1,252)
Inventories written down	-	170
Inventories written off	2,133	117
Property, plant and equipment written-off	528	-
Reversal of impairment on trade receivables	(851)	(1,451)
Share of results of associates	(4,366)	(7,471)
Unrealised (gain)/loss on foreign exchange	23	89
<b>Operating profit before working capital changes</b>	<b>53,227</b>	<b>74,477</b>
<b>Changes in working capital:</b>		
Inventories	6,828	(16,719)
Trade receivables	(20,428)	(23,960)
Other receivables	1,126	15,208
Net investment in lease	9	248
Amount due to customers	3,337	(9,859)
Trade payables	3,953	4,940
Other payables	(3,542)	1,772
	<b>(8,717)</b>	<b>(28,370)</b>
Cash generated from operations	44,510	46,107
Interest paid	(19,956)	(24,682)
Interest received	4,704	1,252
Tax paid	(5,795)	(8,785)
Tax refund	-	3,106
Real property gain tax paid	-	(1,580)
<b>Net cash used in operating activities</b>	<b>23,463</b>	<b>15,418</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 31 DECEMBER 2020 (Cont'd)**
*(The figures have not been audited)*

	Cumulative Quarter	
	31 December 2020 RM'000	31 December 2019 RM'000
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(14,729)	(45,815)
Purchase of investment properties	(2,630)	(520)
Proceeds from disposal of investment in subsidiaries, net of cash disposed	20,635	-
Proceeds from disposal of assets held for sales	44,630	21,220
Proceeds from disposal of investment in associate, net of cash disposed	32,500	150
Proceeds from disposal of property, plant and equipment	1,101	511
Proceeds from disposal of investment properties	-	20,050
Net cash from/(used in) investing activities	<u>81,507</u>	<u>(4,404)</u>
<b>Cash Flows From Financing Activities</b>		
Drawdown of bank borrowings	-	10,134
Dividend paid	(5,564)	(13,752)
Net changes on bankers' acceptance, trust receipt and revolving credits	(86,066)	20,837
Increase in fixed deposits pledged	(1)	(1)
(Repayment)/Advance from directors	(15,850)	15,850
Repayment of bank borrowings	(12,654)	(17,087)
Repayment of lease liabilities	(112)	(3,169)
Proceeds from disposal of treasury shares	19,416	-
Shares repurchased	(7,886)	-
Net cash (used in)/from financing activities	<u>(108,717)</u>	<u>12,812</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,747)</b>	<b>23,826</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>53,547</b>	<b>29,787</b>
Effect of exchange translation differences on cash and cash equivalents	52	(66)
<b>Cash and cash equivalents at the end of the financial period</b>	<u><b>49,852</b></u>	<u><b>53,547</b></u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	49,852	55,928
Bank overdrafts	-	(2,381)
Fixed deposits with licensed banks	21	(20)
	<u>49,873</u>	<u>53,527</u>
Less: Fixed deposits pledged to licensed banks	(21)	20
	<u>49,852</u>	<u>53,547</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.

## NOTES TO THE INTERIM FINANCIAL REPORT- THIRD QUARTER ENDED 31 DECEMBER 2020

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD 31 DECEMBER 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:

Revised Conceptual Framework for Financial Reporting	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of the above standards and interpretation did not have any material effect on the financial statements of the Group and of the Company.

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:

	<b>Effective dates for financial period beginning on and after</b>
<b>MFRSs AND IC Interpretations (Including The Consequential Amendments)</b>	
Amendments to MFRS 16 Leases- Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3 – Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 – Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137 – Onerous Contracts (Cost of Fulfilling a Contract)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	
– Amendment to MFRS 1	1 January 2022
– Amendment to MFRS 9	1 January 2022
– Amendments to MFRS 16	1 January 2022
– Amendment to MFRS 141	1 January 2022

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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)

<b>MFRSs AND IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective dates for financial period beginning on and after</b>
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17- Insurance Contracts	1 January 2023
Amendments to MFRS 101 – Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 ended 31.12.2020, the Company has repurchased 7,760,000 ordinary shares of its issued share capital from the open market, at an average price of RM1.017 per share. Total consideration paid for the share buy-back and the transaction costs amounted to RM7,886,125 and RM6,189 respectively. The purchase was financed by internally generated funds.

**A6. Debt and equity securities (Cont'd)**

During the financial period ended 31.12.2020, the Company disposed of 14,080,000 ordinary shares through open market, at an average price of RM1.38 per share. Total consideration received from the disposal and the transaction costs were approximately RM19,430,319 and RM14,071 respectively. Net gain on disposal of the said shares approximately RM6,539,000 was credited to the retained-earning during the current financial quarter. The shares repurchased are held as treasury shares in accordance with Section 127 (6) of the Companies Act 2016.

During the financial period ended 31.12.2020, none of the treasury shares is distributed as share dividend to the shareholders. As at 31.12.2020, the Company did not hold any treasury shares.

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**A7. Segmental information**

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

	<b>Unaudited Individual quarter 31 December 2020 RM'000</b>	<b>Unaudited Individual quarter 31 December 2019 RM'000</b>	<b>Unaudited Cumulative quarter 31 December 2020 RM'000</b>	<b>Unaudited Cumulative quarter 31 December 2019 RM'000</b>
<b>Revenue</b>				
• Investment holding and management services	1,726	2,082	5,873	6,341
• Distribution of building materials and logistics services	171,208	157,632	546,059	587,639
• Ready-mixed concrete	18,523	16,803	59,224	64,174
• Manufacturing of fire-rated and wooden door	10,244	10,816	33,196	43,294
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	96,503	86,981	287,502	332,636
• Manufacturing of wire mesh and metal roofing systems	37,867	32,911	115,568	136,717
• Modular building Solutions	-	824	353	6,637
	<u>336,071</u>	<u>308,049</u>	<u>1,047,775</u>	<u>1,177,438</u>
Adjustments and eliminations	(24,809)	(27,478)	(78,990)	(120,980)
	<u>311,262</u>	<u>280,571</u>	<u>968,785</u>	<u>1,056,458</u>
<b>Profit/(Loss) before taxation</b>				
• Investment holding and management services	(332)	(6,050)	26,516	(127)
• Distribution of building materials and logistics services	3,512	2,432	1,631	6,842
• Ready-mixed concrete	(1,285)	(3,607)	(4,142)	(5,835)
• Manufacturing of fire-rated and wooden door	24	(22)	(2,304)	1
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	10,784	6,405	2,248	26,983
• Manufacturing of wire mesh and metal roofing systems	6,209	50	6,549	1,003
• Modular building Solutions	(1,600)	(169)	(4,141)	795
	<u>17,312</u>	<u>(961)</u>	<u>26,357</u>	<u>29,662</u>
Share of results of associates	1,739	1,866	4,366	7,471
	<u>19,051</u>	<u>905</u>	<u>30,723</u>	<u>37,133</u>
Adjustments and eliminations	(4,486)	2,353	(4,934)	(14,210)
	<u>14,565</u>	<u>3,258</u>	<u>25,789</u>	<u>22,923</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**

A single-tier first interim dividend of RM0.010 per ordinary share totalling RM5,466,080 in respect of the financial year ending 31 December 2020 was paid on 14 October 2020.

**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 values captured are based upon a valuation exercise carried out by independent firms of professional valuer. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. This was in line with our policy upon adoption of MFRS 140, that investments properties are revalued at regular intervals of at least once every year. The resultant revaluation deficit of approximately RM51,000 were recognised in other operating income.

**A11. Capital commitments**

The capital commitments of the Group were as follows:-

	Unaudited 31 December 2020	Audited 31 December 2019
	RM'000	RM'000
Authorised and contracted for:		
-acquisition of property, plant and equipment	3,572	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 31 December 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 31 December 2020	Audited 31 December 2019
	RM'000	RM'000
<b>Unsecured</b>		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	407,437	525,936
Bank guarantee issued to third parties	3,364	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 31 December 2020 were as follows:-

	<b>Unaudited RM'000</b>
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	4,292
-Sales of goods	677
-Purchase of goods	7,135
-Rental received/receivables	610
-Rental paid/payables	368
-Insurance and road tax received	224
-Hotel accommodation paid	1
	<hr/>

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

## B. 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 revenue climbed 10.94% to RM311.26 million from RM280.57 million in the preceding year corresponding quarter. As such, the gross profit has also increased by 30.59%, from RM25.34 million to RM33.10 million. The distribution of building materials sector and almost all the manufacturing of building material segment's revenue except for the manufacturing of fire-rated and wooden door sector cum Modular Building Solutions have increased noticeably in the current quarter as construction site progress started to catch up after the total suspension of works during the movement control order ("MCO") and conditional MCO ("CMCO"). The hike in the sales of our Industrialised Building System ("IBS") products i.e. autoclaved aerate concrete ("AAC") block and wall panel lately undoubtedly proven that the products have gained traction during the Covid-19 pandemic as the products are tested to resolve the labour shortage issues faced by the market as it can reduce the construction time by approximately 20%. The labour shortage was resulted from the government's move to freeze the intake of foreign labour. The revenue of manufacturing of fire-rated and wooden door have fell slightly due to the shortage of foreign workers which has affected their production. Whereas, the Modular Building Solutions has yet to secure any new project after the completion of the initial six (6) blocks of integrated worker squatters.



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

Gross profit margin has improved by 1.60%, from 9.03% in the preceding year corresponding quarter to 10.63% in the current quarter. The hike was contributed by the increase in demand for AAC block, wall panel, wire mesh and drymix products which has pushed down the production cost per unit due to the enlarge output. Almost all the manufacturing plants are able to achieve economies of scale. The increase in gross profit margin also contributed by the hike in steel price for mesh and CQ bar. Besides, G-Cast UHPC Sdn Bhd has turnaround in the last quarter of 2020 as compared to the losses sustained in the preceding year corresponding quarter.

Other operating income has increased by RM6.78 million or 293.71% from RM2.31 million in the preceding year corresponding quarter to RM9.08 million in the current quarter. Bulk of the increase was contributed by the disposal gain on the twenty-nine properties to Midas Signature Sdn Bhd of RM1.84 million and the disposal gain on Ace Logistic Sdn Bhd of RM3.86 million. The balance of the increased was contributed by the collection of overdue interest paid by the delinquent debtors.

The decrease in the impairment of trade receivables of RM1.25 million was principally due to the improvement in collection for the current quarter. There was an impairment on goodwill totalling RM4.38 million being provided for investment in Midah Industries Sdn Bhd, Epic Diversity Sdn Bhd and Saujana Vision Sdn Bhd.

The Group's finance cost for the current quarter has decreased by RM0.78 million as compared to the preceding year corresponding quarter principally due to the pare down of term loan, bankers' acceptance and bank overdraft.

Share of profit from our associate companies, Solarvest Group have decreased by RM0.13 million or 6.81% as compared to the preceding year corresponding quarter primarily due to the reduction in our shareholding in Solarvest Holdings Berhad ("Solarvest") from the initial 45% to 33.61% after Solarvest Initial Public Offering in 26 November 2019 and subsequently reduced to 27.21%, after our disposal of 25,000,000 units of the said shares and finally to 25.15% after the private placement of 32,000,000 units taken placed on 30 November 2020. Overall, Solarvest Group's profit before tax has improved by 48.30% as compared to the preceding year corresponding quarter despite the decline in our shareholdings in the said company. The growth in earnings were largely contributed by the commercial and industrial business segment.

Given the abovementioned increased in the gross profit and other operating income coupled with the decrease in the impairment of trade receivables and finance cost, offset partially by the impairment of goodwill and decrease in share of results of associates, the Group reported a 347.05% hike in profit before tax ("PBT") for this quarter, from RM3.26 million in the preceding year corresponding quarter to RM14.57 million in this quarter.

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

	Unaudited Individual quarter 31 December 2020 RM'000	Unaudited Individual quarter 30 September 2020 RM'000	Changes %
Revenue	311,262	287,001	8%
Operating Profit	16,782	7,069	137%
Profit Before Interest and Tax	18,521	8,645	114%
Profit Before Tax	14,565	4,088	256%
Profit After Tax	7,807	2,358	231%
Profit Attributable to Ordinary Equity Holders of the Parent	7,807	2,358	231%

For the quarter under review, the Group posted a revenue of RM311.26 million as compared to RM287.00 million in the preceding quarter, an increase of RM24.26 million or 8.45% due to the construction site progress started to catch up after the total suspension of works during the movement control order ("MCO") and conditional MCO ("CMCO").

The Group reported a profit before tax ("PBT") of RM14.57 million, an increase of RM10.48 million as compared to the preceding quarter's PBT of RM4.09 million. The higher PBT in the current quarter were mainly contributed by the gain on disposal of the twenty-nine properties and Ace Logistic Sdn Bhd which amounting to RM1.84 million and RM3.86 million respectively coupled with the reasons as stated above for the increase in revenue for the distribution of building materials sector and almost all the manufacturing of building material and infrastructure segment. The increase in demand for AAC block, wall panel, wire mesh, drymix products, precast concrete and MI polymer pipes in the current quarter has enabled the plants to reap economies of scale as a result of operational efficiency. Hence the Group is seen on track for earnings recovery. Besides the improved result was also contributed by the considerably lower losses sustained by G-Cast UHPC Sdn Bhd as the cost over-run project, construction of façade wall at Bukit Jalil Pavilion 2 Mall has almost reached its completion stage.

Share of profit from our associate companies, Solarvest Group has increased despite the dilution of our shareholding after their recent private placement of 32,000,000 units of shares taken placed on 30 November 2020. The rebound in earnings were contributed by the increase in revenue generated from commercial and industrial business segment following the easing of movement restrictions and resumption of works at sites.

**B3. Prospects**

Despite the challenging business environment, the Group is consciously optimistic to deliver a better results following the strong recovery in our current quarter performance.

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### B3. Prospects (Cont'd)

The management continued to initiate cost cutting measures via digitalisation and automation across plantwide and officewide to lower down its operation cost and to stay competitive in the market. The Company has performed a thorough review on those loss-making businesses' prospect and finally shut down all the ready-mixed concrete plants in the Northern region in view of the lacklustre market. The businesses' performance is seen on track for earnings recovery in the last quarter of 2020. Besides, the Company has further pared down its bank borrowings by RM56.23 million, from RM468.88 million in the preceding quarter to RM412.65 million in the current quarter.

G-Cast Concrete Sdn Bhd continue to follow up closely on the East Coast Rail Link ("ECRL") Project and other infrastructure projects in the overseas market. However, the progress is slow due to the lock down of our neighbouring country as a result of Covid-19 outbreak. The Company will continuously bid for new contracts to replenish its order book. MI Polymer Concrete Sdn Bhd's export sales to Singapore has increased gradually due to the slowly lifting of circuit breaker, works were slow as contractors had to test all their workers and follow strict standard operating procedure ("SOP").

Starken Drymix Solutions Sdn Bhd's production utilisation rate has ramped up to 56.7% as at end of January 2021 by running extended shift to cater for the increase in demand as construction site progress started to catch up after the total suspension of works during last year MCO and CMCO. Moving forward, the company will continue to focus on product portfolio and market share expansion to broaden its coverage on various construction needs.

Our Starken AAC 2's autoclaved aerated concrete ("AAC") production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor has managed to beef up the production utilisation rate to 34% in view of the increase demand for the IBS products due to the shortage of foreign labour in the market. The export sales for panel and block to Singapore has doubled in the current quarter after the lifting of circuit breaker. The export of AAC block by Starken AAC Sdn Bhd to the Philippines market has also growth by 210% in the last quarter of 2020 when compared to the preceding quarter. The Company will continue to penetrate and expand overseas market to fill up the excess capacity in Starken AAC 2.

The outlook remains positive for the renewable energy ("RE") sector. Malaysia Budget 2021 highlights that the sustainable initiatives in the RE are consistent with the United Nations' (UN) Sustainable Development Goals (SDGs), to achieve a carbon free power sector by 2035. On 29th December 2020, the Government has introduced the new Net Energy Metering 3.0 programme ("NEM 3.0") to provide more opportunities to electricity consumers to install solar PV systems on the roofs of their premises to save on their electricity bill. The NEM 3.0 will be in effect from 2021 to 2023 and the total quota allocation is up to 500 MW. The NEM 3.0 will be divided into three (3) new initiatives/categories i.e. Programme NEM Rakyat (100 MW), Programme NEM GoMEn (Government Ministries and Entities) (100 MW) and Programme NOVA (Net Offset Virtual Aggregation) (300 MW). With the roll out of LSS@Mentari and NEM 3.0 programme, injecting approximately 1,000 megawatts ("MW") and 500 MW fresh new quotas in 2021, the solar industry is set to experience a busy year ahead. Our associate company, Solarvest Group is expected to benefit from the government's strong commitment to revive and stimulate the RE sector.

### 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	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial period	3,365	2,613	5,554	5,981
- Real property gain tax	624	1,580	624	1,580
- (Over)/Under provision in prior year	45	(112)	19	64
	<u>4,034</u>	<u>4,081</u>	<u>6,197</u>	<u>7,625</u>
Deferred tax				
- Current financial period	2,562	(536)	2,450	68
- (Over)/Underprovision in prior year	162	(618)	120	(72)
Total tax expense	<u>6,758</u>	<u>2,927</u>	<u>8,767</u>	<u>7,621</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 3 December 2020 entered into subscription contract in relation to subscription to Starken Philippines Inc.'s ("Starken Philippines") unsubscribed share capital, subscription contract in relation to subscription to Starken Philippines's increase in its share capital and a deed of revocation to terminate the original subscription agreement dated 19 June 2019 to subscribe for 33,000 shares in Starken Philippines Inc. ("Proposed Subscription"). The Proposed Subscription is expected to be completed by the first quarter of 2021;
- (b) 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 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 and finally completed on 15 February 2021;

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

### I. Status of corporate proposal (Cont'd)

- (c) 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 and finally completed on 15 February 2021.
- (d) Proposed acquisition by Chin Hin Group Berhad ("Chin Hin") of 176,608,435 ordinary shares and 37,561,700 warrants in Chin Hin Group Property Berhad for a total consideration of RM88.86 million;
- (e) Proposed Bonus Issue of 278,194,000 new ordinary shares in Chin Hin ("Bonus Shares") on the basis of 1 Bonus Share for every 2 ordinary shares in Chin Hin held at an entitlement date to be determined later. Bursa Securities has approved the listing and quotation for the proposed Bonus Shares on the Main Market of Bursa Securities on 19 February 2021; and
- (f) Proposed Private Placement of up to 20% of the issued ordinary shares in Chin Hin (excluding treasury shares). Bursa Securities has approved the listing and quotation for the proposed Private Placement Shares on the Main Market of Bursa Securities on 19 February 2021.

### II. Utilisation of proceeds

The status of utilisation of proceeds of approximately RM76.45 million from the disposal of Ace Logistic Sdn Bhd and the 35 properties as at 31 December 2020 are as follow:-

	Details of the utilisation of proceeds	Proposed proceeds to be received RM'000	Utilisation			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	
i)	Repayment of bank borrowings	50,000	41,880	21,770	20,110	Within 3 months
ii)	Working capital to purchase inventories	23,450	23,450	5,950	17,500	Within 12 months
iii)	Expenses for the exercise	3,000	3,000	2,192	808	Within 3 months
		<b>76,450</b>	<b>68,330</b>	<b>29,912</b>	<b>38,418</b>	

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**B7. Borrowings**

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

	As at 31 December 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Bank overdrafts	-	2,381
Revolving credits	101,079	101,100
Bankers' acceptance	222,878	308,693
Trust Receipts	218	447
Term loans	88,478	101,132
<b>Total bank borrowings</b>	<b>412,653</b>	<b>513,753</b>
<b>Total bank borrowings comprise:-</b>		
<b>Current:</b>		
Bank overdraft	-	2,381
Revolving credits	101,079	101,100
Bankers' acceptance	222,878	308,693
Trust Receipts	218	447
Term loans	21,647	21,811
	<b>345,822</b>	<b>434,432</b>
<b>Non-current:</b>		
Term loans	66,831	79,321
	<b>412,653</b>	<b>513,753</b>

**B8. Lease liabilities**

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

	As at 31 December 2020 RM'000	(Audited) As at 31 December 2019 RM'000
Present value of minimum lease payments:		
Repayable within twelve months	1,629	3,072
Repayables after twelve months	3,375	2,358
	<b>5,004</b>	<b>5,430</b>

**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 except as otherwise stated here.

Save as disclosed, as at 26 February 2021, there are no material litigation, claims or arbitrations, proceedings pending or threatened, against Chin Hin Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect Chin Hin Group.

**B9. Changes in material litigation (Cont'd)**

On 30 June 2017, Chin Hin Concrete (KL) Sdn Bhd (“CHCKL”), our wholly owned subsidiary sued Betamusifa Trading Sdn Bhd & Anor (“BTSB”) for the sum of RM579,568.00 being goods sold and delivered. BTSB counter claimed CHCKL on 5 March 2019 for the following: -

- (a) rectification works of approximately RM1.4 million due to understrength concrete; and
- (b) liquidated ascertained damages for delay caused to the completion of the project/development (“LAD”) attributable to CHCKL’s provision of alleged under-strength cement.

On 3 September 2019, the Kuala Lumpur High Court held as follows: -

- (i) BTSB is liable to pay CHCKL for goods sold and delivered of RM579,568.00;
- (ii) CHCKL is liable to pay BTSB rectification costs of approximately RM1.4 million and cost of RM30,000.00; and
- (iii) LAD was dismissed on the ground that the said LAD was not provided for or agreed in writing by the parties.

Both parties made an appeal to the Court of Appeal whereupon BTSB appealed against the payment of RM579,568.00 to CHCKL and dismissal of LAD of approximately RM36.8 million; and CHCKL appealed against the rectification cost of RM1.4mil. Trial on the appeal was conducted on 5 January 2021. Decision for the appeal was initially fixed on 17 February 2021. Trial on the appeal was conducted on 5 January 2021 and the decision for the appeal was originally fixed on 17 February 2021 but was re-scheduled to 20 April 2021.

Our Company sought the necessary legal advice on the above subject matter and is of the opinion that we have a valid defence against appeal for the LAD by BTSB. In addition, the Board is of the view that the decision by Kuala Lumpur High Court to dismiss the LAD is justified because CHCKL is merely a construction material supplier to BTSB and in the absence of any express LAD contractual clause between CHCKL and BTSB, the claim for LAD is frivolous and it cannot be substantiated at law.

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**B10. Dividend Proposed**

On 26 February 2021, the Board of Directors of the Company has approved the declaration and payment of single-tier second interim dividend of RM0.010 per ordinary share totalling RM5,563,880 in respect of the financial year ended 31 December 2020. The entitlement date and the payment date of the single-tier second interim dividend are 24 March 2021 and 5 April 2021 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	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Profit attributable to ordinary equity holders of the Group (RM'000)	8,246	1,132	20,402	18,049
Number of ordinary shares in issues as at 1 January ('000)	556,388	556,388	556,388	556,388
Effect of treasury shares held	(10,414)	(6,320)	(10,414)	(6,320)
Effect of treasury shares sold	3,105	-	3,105	-
Weighted average number of ordinary shares in issue ('000)	549,079	550,068	549,079	550,068
Basic earnings per share (sen)	1.50	0.21	3.72	3.28

**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	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Profit attributable to ordinary equity holders of the Group (RM'000)	8,246	1,132	20,402	18,049
Weighted average number of ordinary shares as above	549,079	550,068	549,079	550,068
Basic earnings per share (sen)	1.50	0.21	3.72	3.28

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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 31 December 2020 RM'000	Unaudited As at 31 December 2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	448	408
- (Over)/underprovision in prior year	(27)	(11)
Non-statutory		
- Current year	5	5
Amortisation of other investments	-	1
Bad debts recovered	57	(186)
Bad debts written-off	1,044	584
Depreciation of property, plant and equipment	34,081	30,614
Directors' fee	225	240
Directors remuneration		
- Salary, EPF and Socso	2,061	2,010
- Other emoluments	259	36
Fair value adjustment on investment properties	51	(650)
Gain on disposal of assets held for sale	(1,842)	(780)
Gain on disposal of investment in associates	(27,788)	-
Gain on disposal of investment in a subsidiaries	(3,855)	-
Gain on disposal of investment properties	-	(610)
Gain on disposal of property, plant and equipment	(143)	10
Impairment on goodwill	4,377	-
Impairment on trade receivables	8,794	7,036
Impairment on non-trade receivables	-	465
Interest expense	19,956	24,682
Interest income	(4,704)	(1,252)
Inventories written down	-	170
Inventories written off	2,133	117
Property, plant and equipment written-off	528	-
Realised loss on foreign exchange	334	236
Lease income	(3,177)	(831)
Lease expenses	2,698	4,622
Reversal of impairment on trade receivables	(851)	(1,451)
Share of results of associates, net of tax	(4,366)	(7,471)
Unrealised (gain)/loss on foreign exchange	23	89

**B13. Comparative figures**

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

**BY ORDER OF THE BOARD**
**26 February 2021**