



CHIN HIN GROUP BERHAD

INTERIM FINANCIAL REPORT FOURTH QUARTER ENDED 31ST DECEMBER 2016

CHIN HIN GROUP BERHAD

Company No.: 1097507-W

(Incorporated in Malaysia under the Companies Act, 1965)

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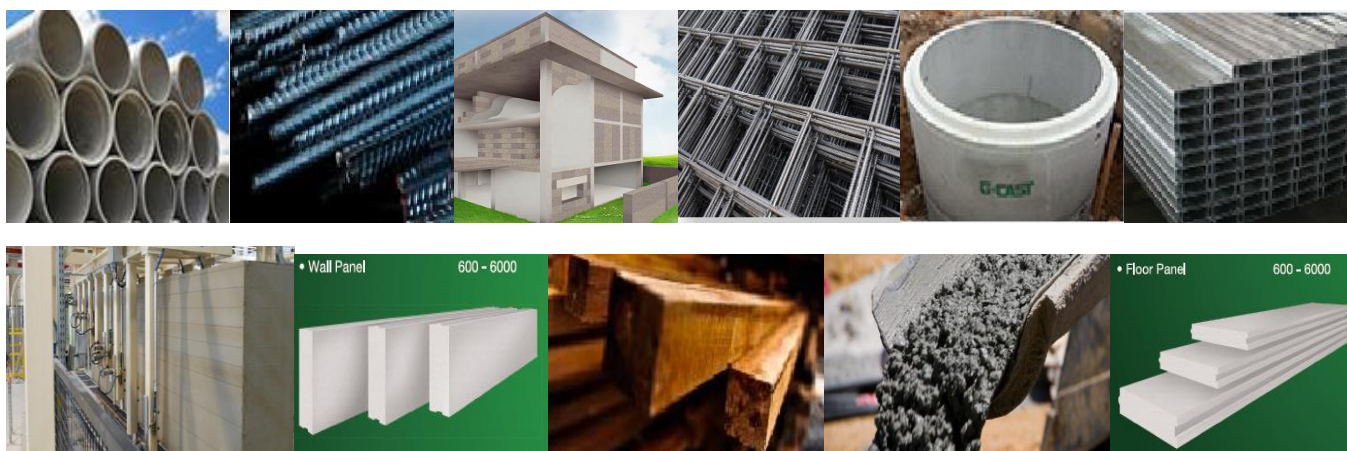
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2016**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	266,309	288,266	1,061,140	1,199,152
Cost of sales	(239,650)	(261,880)	(959,899)	(1,097,607)
Gross profit	26,659	26,386	101,241	101,545
Other operating income	14,171	4,686	21,520	8,693
Administrative expenses	(12,103)	(14,559)	(49,036)	(50,743)
Finance costs	(3,594)	(5,199)	(16,366)	(20,516)
Profit before taxation (before listing expenses)	25,133	11,314	57,359	38,979
Listing expenses	-	-	(2,920)	-
Profit before taxation (after listing expenses)	25,133	11,314	54,439	38,979
Taxation	(2,201)	(1,057)	(9,635)	(8,758)
Profit after taxation	22,932	10,257	44,804	30,221
Other comprehensive income				
Exchange translation differences	-	-	-	-
Realisation of revaluation reserve	-	-	-	-
Total comprehensive income for the financial period	22,932	10,257	44,804	30,221
PROFIT AFTER TAX ATTRIBUTABLE TO:				
-Owners of the Company	22,932	10,257	44,804	30,221
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the Company	22,932	10,257	44,804	30,221
Weighted average no. of ordinary shares ('000)	474,289	442,690	474,289	442,690
Earnings per share attributable to owners of the Company (sen):				
- Basic	4.84	2.32	9.45	6.83
- Diluted	4.53	2.03	8.86	5.97

Notes:

- (1) 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 2015 and the accompanying explanatory notes attached to the interim financial report.
- (2) Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.
- (3) The diluted net earnings per share is computed by dividing profit after taxation by the proposed enlarged number of ordinary shares of 505,888,000 shares subsequent to the listing.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**
(The figures have not been audited)

	31 December 2016 RM'000	(Audited) 31 December 2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	228,928	200,759
Investment properties	139,688	103,491
TOTAL NON-CURRENT ASSETS	368,616	304,250
CURRENT ASSETS		
Inventories	52,796	44,819
Trade receivables	295,048	302,568
Other receivables	20,197	16,578
Hire purchase receivables	5,489	710
Derivative financial assets	-	38
Current tax assets	1,224	156
Fixed deposits with licensed banks	3,487	11,315
Cash and bank balances	70,554	168,855
	448,795	545,039
Assets held for sale	-	3,663
TOTAL CURRENT ASSETS	448,795	548,702
TOTAL ASSETS	817,411	852,952
EQUITY AND LIABILITIES		
EQUITY		
Share capital	252,944	221,345
Share premium	7,656	-
Merger reserve	(153,192)	(153,192)
Foreign currency translation reserve	545	453
Revaluation reserve	8,768	8,768
Retained earnings	221,089	183,873
TOTAL EQUITY	337,810	261,247
CURRENT LIABILITIES		
Trade payables	134,412	146,497
Other payables	13,748	18,087
Amount owing to directors	-	10,909
Finance lease payables	3,724	9,702
Bank borrowings	279,705	318,218
Current tax liabilities	2,417	2,936
TOTAL CURRENT LIABILITIES	434,006	506,349

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016 (Cont'd)

(The figures have not been audited)

	31 December 2016 RM'000	31 December 2015 RM'000
NON-CURRENT LIABILITIES		
Finance lease payables	1,563	10,415
Bank borrowings	39,557	70,684
Deferred tax liabilities	4,475	4,257
TOTAL NON-CURRENT LIABILITIES	45,595	85,356
TOTAL LIABILITIES	479,601	591,705
TOTAL EQUITY AND LIABILITIES	817,411	852,952
NET ASSET PER SHARE (sen)	66.78	59.01

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 2015 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 number of ordinary shares in issue for the quarter and comparative financial period.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	----- Non-Distributable -----				----- Distributable -----		
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Balance as at 1 January 2016	221,345	-	(153,192)	453	8,768	183,873	261,247
Issue of shares	31,599	9,480	-	-	-	-	41,079
Share issuance expenses ^①	-	(1,824)	-	-	-	-	(1,824)
Total comprehensive income for the financial year	-	-	-	-	-	44,804	44,804
Foreign exchange translation	-	-	-	92	-	-	92
Dividend paid	-	-	-	-	-	(7,588)	(7,588)
Balance as at 31 December 2016	252,944	7,656	(153,192)	545	8,768	221,089	337,810
Balance as at 1 January 2015	221,345	-	(153,192)	45	8,768	153,652	230,618
Total comprehensive income for the financial year	-	-	-	-	-	30,221	30,221
Foreign exchange translation	-	-	-	408	-	-	408
Balance as at 31 December 2015	221,345	-	(153,192)	453	8,768	183,873	261,247

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 2015 and the accompanying explanatory notes attached to this interim financial report.

^① Share issue expenses for the issue of the new CHINHIN shares of approximately RM1.82million were written-off against the share premium account under Section 60 of the Companies Act, 1965.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2016**
(The figures have not been audited)

	Cumulative quarter	
	31 December 2016 RM'000	31 December 2015 RM'000
Cash Flows From Operating Activities		
Profit before taxation	54,439	38,979
Adjustment for:		
Bad debts recovered	(114)	(1)
Bad debts written off	492	1,649
Depreciation of property, plant and equipment	15,826	14,786
Loss/(Gain) on derivative financial assets	38	(34)
Gain on disposal of property, plant and equipment	(3,086)	(15)
Gain on disposal of investment properties	(892)	-
Loss on disposal of assets held for sale	-	19
Impairment on trade receivables	454	3,415
Interest expense	16,366	20,516
Interest income	(707)	(1,281)
Inventory written off	47	24
Property, plant and equipment written off	13	5
Revaluation surplus on investment properties	(13,772)	-
Reversal of allowance for doubtful debts	(850)	(3,193)
Unrealised gain on foreign exchange	187	(43)
Operating profit before working capital changes	68,441	74,826
Changes in working capital:		
Inventories	(8,024)	(689)
Trade receivables	7,538	(13,162)
Other receivables	(3,619)	2,368
Hire purchase receivables	(4,779)	421
Trade payables	(12,085)	7,723
Other payables	(4,339)	(2,461)
Exchange differences	92	407
Amount due to directors	(10,909)	52
	(36,125)	(5,341)
Cash generated from operations	32,316	69,485
Interest paid	(16,366)	(20,516)
Interest received	707	1,281
Tax paid	(11,022)	(10,886)
Tax refund	18	211
	(26,663)	(29,910)
Net cash generated from operating activities	5,653	39,575

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2016 (Cont'd)**
(The figures have not been audited)

	Cumulative Quarter	
	31 December 2016 RM'000	31 December 2015 RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(52,111)	(19,498)
Purchase of investment properties	(23,108)	(319)
Proceeds from disposal of investment properties	1,575	-
Proceeds from disposal of assets held for sales	3,663	4,616
Proceeds from disposal of property, plant and equipment	11,189	365
Net cash used in investing activities	(58,792)	(14,836)
Cash Flows From Financing Activities		
Drawdown of bank borrowings	6,188	61,057
Dividend paid	(7,588)	-
Net changes on bankers' acceptance, trust receipt and revolving credits	(32,085)	(26,160)
Release in fixed deposits pledged	7,828	18,662
Repayment of finance lease payables	(14,830)	(10,662)
Repayment of bank borrowings	(43,972)	(13,858)
Payment of listing expenses	(1,824)	-
Proceeds from issue of share capital	41,079	-
Net cash (used in)/generated from financing activities	(45,204)	29,039
Net (decrease)/increase in cash and cash equivalents	(98,343)	53,778
Cash and cash equivalents at the beginning of the financial year	165,883	112,060
Effect of exchange translation differences on cash and cash equivalents	(187)	45
Cash and cash equivalents at the end of the financial year	67,353	165,883
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	70,554	168,855
Bank overdraft	(3,201)	(2,972)
Fixed deposits with licensed banks	3,487	11,315
	70,840	177,198
Less: Fixed deposits pledged to licensed banks	(3,487)	(11,315)
	67,353	165,883

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 2015 and the accompanying explanatory notes attached to this interim financial report.

Chin Hin Group Berhad was listed on the Main Market of the Bursa Malaysia Securities Berhad on 8 March 2016.

NOTES TO THE INTERIM FINANCIAL REPORT- FOURTH QUARTER ENDED 31 DECEMBER 2016

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016

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 2015 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 2015. The Group has also adopted those standards, amendments and interpretations that have become effective 1 January 2016 and such adoptions do not have a material impact on the financial position and performance of the Group.

The Group has not applied the following standards, amendments and interpretations under MFRS framework that have been issued by the Malaysia Accounting Standards Board 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)	
MFRS 1 – Amendments to MFRS 1 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
MFRS 2 – Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 – Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 10 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) Effective Date of Amendments to MFRS 10 and MFRS 128	Deferred
MFRS 12– Amendments to MFRS 12 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017
MFRS 15 – Revenue from Contracts with Customers	1 January 2018
MFRS 15 – Clarifications to MFRS 15	1 January 2018
MFRS 16 – Leases	1 January 2019
MFRS 107 – Disclosure Initiative (Amendments to MFRS 107)	1 January 2017
MFRS 112 – Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) Effective Date of Amendments to MFRS 10 and MFRS 128	Deferred
MFRS 128 – Amendments to MFRS 128 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
MFRS 140 – Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018

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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 financial statements of the Group for the financial year ended 31 December 2015.

A6. Debt and equity securities

There were no other issuances, cancellation, repurchase resale and repayment of debt and equity securities for the current financial quarter and financial period-to-date.

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A7. Segmental information

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

	Unaudited Cumulative quarter 31 Dec 2016 RM'000	Unaudited Cumulative quarter 31 Dec 2015 RM'000
Revenue		
Distribution of building material and logistics services	640,442	793,607
Ready-mixed concrete	138,259	162,132
Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	126,939	95,309
Manufacturing of steel mesh and metal roofing systems	150,998	143,544
Other activities	4,502	4,560
	<u>1,061,140</u>	<u>1,199,152</u>
Profit before taxation		
Distribution of building material and logistics services	25,907	14,911
Ready-mixed concrete	7,553	7,185
Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	14,283	9,066
Manufacturing of steel mesh and metal roofing systems	5,114	3,257
Other activities	4,502	4,560
	<u>57,359</u>	<u>38,979</u>
Listing expenses	(2,920)	-
	<u>54,439</u>	<u>38,979</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. A single-tier first interim dividend of approximately 3% per ordinary shares of RM0.50 totalling to RM7,588,320 in respect of the financial year ended 31 December 2016 was paid for the financial 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 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 investment properties are revalued at regular intervals of at least once every year. The resultant revaluation surpluses of RM13.77 million were recognised in other operating income.

A11. Capital commitments

The capital commitments of the Group were as follows:-

	Unaudited 31 December 2016 RM'000	Audited 31 December 2015 RM'000
Authorised and contracted for:		
-acquisition of property, plant and equipment	33,394	289

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter.

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 2016 RM'000	Audited 31 December 2015 RM'000
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	560,306	176,863

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

- (i) Our Group's transactions with companies in which our directors or substantial shareholders have an interest in for the current quarter ended 31 December 2016 were as follows:-

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	18,490
-Sales of goods	2,352
-Purchase of goods	13,573
-Rental received/receivables	3,055
-Rental paid/payables	183
-Insurance and road tax received	869
-Hotel accommodation paid	14
These transactions have been entered into in the normal course of business.	

A16. Related party transactions (Cont'd)

- (ii) On 26 October 2016, five subsidiaries of the Company namely Metex Steel Sdn. Bhd., PP Chin Hin Sdn. Bhd., Starken AAC Sdn. Bhd., Chin Hin Concrete (KL) Sdn. Bhd. and C&H Transport Sdn. Bhd. have entered into five (5) Assets Sale Agreements with CHL Logistics Sdn. Bhd. ("CHL") respectively for the disposal of motor vehicles to CHL for a total sale considerations of RM8,665,000.00. The said disposals were completed on 16 January 2017.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**B1. Review of performance****Comparison with Corresponding results of Last Quarter**

The Group recorded revenue of RM266.31 million, a 7.62% decrease compared to the preceding year corresponding quarter's performance of RM288.27 million. The decrease was attributed to the lower revenue from our distribution of building material and ready-mixed concrete sector. However the decrease was partly mitigated by the increase in revenue from manufacturing of AAC blocks, precast concrete products and steel mesh. The decrease in revenues from the distribution of building material and ready-mixed concrete were due to sluggish construction activities. The higher revenue from manufacturing of AAC and precast concrete products were driven by strong market demand and healthy order books on hand. Whereas the higher revenue from manufacturing of steel mesh was due to the recovery of global steel prices in the fourth quarter.

For the current financial quarter under review, the Group's overall gross profit increased by RM0.27 million or 1.03% from RM26.39 million in the corresponding quarter of 2015 to RM26.66 million in the current quarter of 2016. The gross profit margin has increased from 9.15% in the fourth quarter of 2015 to 10.01% in the fourth quarter of 2016. The increase in the Group gross profit margin was mainly contributed by strong contribution from the manufacturing sectors, shifting of strategy from "high volume and low margin" to "low volume and high margin" in the distribution of building material sector and focus on higher grade and better margin ready-mixed concrete.

The Group recorded a much higher profit before tax of RM25.13 million in the current financial quarter as compared to RM11.31 million in the corresponding quarter of 2015 due to the reduction in the finance cost, earnings from the 2.425MW solar power panels and the revaluation surplus from investment properties of RM13.77 million. For comparative purposes if the revaluation surplus of RM13.77 million and one-off listing expenses of RM2.92 million were excluded from our 2016 year to date operating profit before tax, our Group's profit before tax would have increased by RM4.61 million or 11.82% as compared to last year despite the drop in revenue of RM138.01 million.

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

	31 December 2016	30 September 2016
	RM'000	RM'000
Revenue	266,309	241,807
Profit Before Taxation	25,133	10,361

The Group's revenue for the current quarter ended 31 December 2016 has increased by RM24.50 million or 10.13% to RM266.31 million as compared to RM241.81 million in the preceding financial quarter ended 30 Sept 2016.

The increase in revenue was due to higher sales volume recorded at the distribution of building material and steel mesh segments as a result of lesser festivities in this quarter. The Group has recorded a huge increase in the profit before tax of RM14.77 million or 142.57% from RM10.36 million in the preceding financial quarter ended 30 September 2016 to RM25.13 million for the current financial quarter ended 31 December 2016. The huge increase was mainly attributable to the higher profit from manufacturing of steel mesh due to the recovery of global steel prices in the fourth quarter and additional earnings from the new 1MW solar power panels and revaluation surplus on investment properties of RM13.77 million.

B3. Prospects

The Group is fully cognisant of the challenging business and operational environment ahead and is confident to register encouraging financial results barring any unforeseen circumstances.

The Group has actively expanded its production capacity of its autoclaved aerated concrete (AAC) block, precast concrete and steel mesh by setting up more plants locally to strengthen its product presence and customer portfolio in Asia Pacific.

Precast concrete capacity will be increased to 300,000 metric tonne in 2017 from the four plants which are located at Serendah, Kulai (10 acres of a leased industrial land), Bidor and Rawang (18 acres of a leased industrial land). The new plants at Bidor and Rawang already started operation in January 2017. Contribution from these plant will kick in by the first quarter of 2017. With the government's continuous initiatives in the water and sewerage sector, we are optimistic on precast concrete business prospect ahead.

The Group has finalised the acquisition of 50.6 acres of land in Kota Tinggi, Johor for RM22 million. The company's production capacity will further enhance with the set-up of a 45,000 tonnes pre-cast plant and a 420,000 m3 AAC block plant on the site. The two plants in Johor are targeted to commence operation in the first quarter of 2018 to ease the current strong and rising order demand for AAC block as a result of high adoption rate in the market (as reflected in longer lead time of 4-5 months). The Johor production line of AAC is interchangeable between AAC block and wall panel. The wall panel is well established in overseas market especially in Singapore. As announced earlier, The Housing and Development Board of Singapore (HDB) has accepted Starken's wall panel for their government affordable housing project. This plant will be geared up to increase the production quantity of wall panel to cater for the increasing demand from local market as well as neighbouring countries.

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B3. Prospects (Cont'd)

The Group has also installed the world's latest wide-body fast-speed CTS welder, MG 800 from Schlatter Industries AG of Switzerland in December 2016 at Nilai steel mesh plant. Its production capacity will increase by 2,000 tonnes per month. The Group's wire mesh capacity is expected to increase from 6,000 to 8,000 metric tonnes per month. This new machine is expected to contribute positively to our Group's earnings in 2017.

As for our distribution of building materials, ready-mixed concrete and other segments, we shall continue to benefit from the kicking of the affordable housing developments and infrastructure projects such as Light Rail Transit Line 3 "LRT3" and Mass Rapid Transit Second Line "MRT 2" under the 11th Malaysia Plan.

The acquisition of Midah Industries Sdn Bhd (manufacturing of quality fire rated door business) and Epic Diversity Sdn Bhd (supplies various types of high quality door locks and accessories) are expected to be completed by the first quarter of 2017. These companies are expected to contribute significantly to the earnings of the group in 2017. The Group view this deal as an accretive acquisition as it is in line with the group's vertical integration strategy. This acquisition could further expand Chin Hin's product portfolio such as hollow metal doors, fire rated roller shutter which fetch higher margin. As such, it should improve profit margins of the company's trading segment. Besides, Chin Hin is also able to leverage on its 4,000 customers network. To-date, the fire rated door plant located at Semenyih has a total capacity of 60,000 units per annum.

With a solid order book, back by its capability in securing major infrastructure jobs in Malaysia, Chin Hin presents an exciting growth story. On top of the solid order books, the Group will continue to record 2.425 MW Feed-in Tariff solar panels recurring income throughout the 21 years tenure as per the renewable energy power purchase agreement signed with TNB.

B4. Estimates/Forecast

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

B5. Taxation

The applicable income tax rate is 25% except for the Group's subsidiary company, PP Chin Hin Pte Ltd which is 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
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current financial period	2,271	1,837	9,356	9,921
- Overprovision in prior year	(425)	(156)	(420)	(1,298)
	<u>1,846</u>	<u>1,681</u>	<u>8,936</u>	<u>8,623</u>
Deferred tax				
- Current financial period	355	(293)	699	454
- Overprovision in prior year	-	(331)	-	(319)
Total tax expense	<u>2,201</u>	<u>1,057</u>	<u>9,635</u>	<u>8,758</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 today :

- I. On 15 September 2016, Sage Evergreen Sdn. Bhd. an indirect wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with TKW Capital Sdn. Bhd. for the acquisition of a piece of freehold land located at Mukim of Kota Tinggi, Daerah Kota Tinggi, Johor for a total cash consideration of RM21,935,236.00 ("Proposed Acquisition").

The "Proposed Acquisition" was completed on 3 January 2017.

- II. On 22 September 2016, PP Chin Hin Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into conditional shares sale agreements with the vendors of Midah Industries Sdn. Bhd. ("Midah") and the vendors of Epic Diversity Sdn. Bhd. ("Epic") respectively for the following acquisitions:

- (a) proposed acquisition of 500,000 ordinary shares of RM1.00 each in Midah which represents the entire issued and paid-up share capital of Midah for a total cash consideration of RM14,500,000.00; and
- (b) proposed acquisition of 300,000 ordinary shares of RM1.00 each in Epic which represents the entire issued and paid-up share capital of Epic for a total cash consideration of RM3,800,000.00.

(collectively referred to as "Proposed Acquisition of Midah and Epic")

There was no material development pertaining to the above transaction and the Proposed Acquisitions of Midah and Epic are expected to be completed by the first quarter of 2017.

- III. On 26 October 2016, the following subsidiaries of the Company have entered into five (5) separate related party agreements with CHL Logistics Sdn. Bhd. ("CHL") respectively for the disposal of motor vehicles for a total sale considerations of RM8,665,000.00:

- (a) Metex Steel Sdn. Bhd., a wholly-owned subsidiary of Chin Hin had on 26 October 2016 entered into an Assets Sale Agreement with CHL to dispose of motor vehicles for a total consideration of RM264,600.00;
- (b) PP Chin Hin Sdn. Bhd., a wholly-owned subsidiary of Chin Hin had on 26 October 2016 entered into an Assets Sale Agreement with CHL to dispose of motor vehicles for a total consideration of RM4,336,700.00;
- (c) Starken AAC Sdn. Bhd., a wholly-owned subsidiary of Chin Hin had on 26 October 2016 entered into an Assets Sale Agreement with CHL to dispose of motor vehicles for a total consideration of RM275,000.00;

B6. Status of corporate proposals and utilisation of proceeds

(i) Status of corporate proposal (Cont'd)

- (d) Chin Hin Concrete (KL) Sdn. Bhd., a sub-subsidiary of Chin Hin had on 26 October 2016 entered into an Assets Sale Agreement with CHL to dispose of motor vehicles for a total consideration of RM2,870,600.00; and
- (e) C&H Transport Sdn. Bhd., a sub-subsidiary of Chin Hin had on 26 October 2016 entered into an Assets Sale Agreement with CHL to dispose of motor vehicles for a total consideration of RM918,100.00.

(collectively referred to as "Proposed Disposal")

The "Proposed Disposal" was completed on 16 January 2017.

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

The status of utilisation of the proceeds of approximately RM41.079 million from the IPO as at 31 December 2016 are as follow:-

	Details of the utilisation of proceeds	Utilisation				Estimated timeframe for utilisation from the date of listing
		Proposed RM'000	Actual RM'000	Deviation RM'000	Balance RM'000	
i)	Expansion of existing manufacturing facility and purchase of new equipment and machinery	15,000	5,973	-	9,027	Within twenty four (24) months
ii)	Repayment of bank borrowings	15,000	15,000	-	-	Within six (6) months
iii)	Working capital requirements	7,079	7,079	-	-	Within twenty four (24) months
iv)	Listing expenses	4,000	4,000	-	-	Immediately
		41,079	32,052	-	9,027	

Note: The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 18 February 2016.

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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 2016 RM'000	(Audited) As at 31 December 2015 RM'000
Bank overdrafts	3,201	2,972
Revolving credits	7,000	6,000
Bankers' acceptance	243,263	277,084
Term loans	65,798	102,846
Total bank borrowings	319,262	388,902
Total bank borrowings comprise:-		
Current:		
Bank overdraft	3,201	2,972
Revolving credits	7,000	6,000
Bankers' acceptance	243,263	277,084
Term loans	26,241	32,162
	279,705	318,218
Non-current:		
Term loans	39,557	70,684
	319,262	388,902

B8. 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.

B9. Dividend Proposed

On 27 February 2017, the Board of Directors of the Company has approved the declaration and payment of single-tier second interim dividend of approximately 4% per ordinary shares totalling RM10,117,760 in respect of the financial year ended 31 December 2016. The entitlement date and the payment date of the second interim dividend have been fixed on 31 March 2017 and 5 April 2017 respectively.

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B10. Earnings per 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 2016	31 December 2015	31 December 2016	31 December 2015
Profit attributable to ordinary equity holders of the Group (RM'000)	22,932	10,257	44,804	30,221
Weighted average number of ordinary shares in issue ('000)	<u>474,289</u>	<u>442,690</u>	<u>474,289</u>	<u>442,690</u>
Basic earnings per share (sen) ^	<u>4.84</u>	<u>2.32</u>	<u>9.45</u>	<u>6.83</u>
Diluted earnings per share (sen) #	<u>4.53</u>	<u>2.03</u>	<u>8.86</u>	<u>5.97</u>

Note:

^ Basic earnings per share for the quarter and financial period is calculated based on the net profit divided by the weighted average number of ordinary shares for the quarter and financial period respectively.

The diluted net earnings per share is computed by dividing profit after taxation by the proposed enlarged number of ordinary shares of 505,888,000 shares subsequent to the listing.

B11. Retained and unrealised profits/losses

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Group		
- Realised	179,253	181,383
- Unrealised	<u>41,836</u>	<u>2,490</u>
Total retained earnings as per statement of financial position	<u>221,089</u>	<u>183,873</u>

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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 2016 RM'000	Unaudited As at 31 December 2015 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Bad debts written off	492	1,649
Bad debts recovered	(114)	(1)
Depreciation of property, plant and equipment	15,826	14,786
Directors' fee	200,000	-
Directors remuneration		
- Salary, EPF and Socso	1,720	1,554
- Other emoluments	250	142
Gain on disposal of property, plant and equipment	(3,086)	(15)
Gain on disposal of investment properties	(892)	-
Loss on disposal of assets held for sale	-	19
Impairment on trade receivables	454	3,415
Interest expense	16,366	20,516
Interest income	(707)	(1,281)
Inventory written off	47	24
Loss/(Gain) on derivative financial assets	38	(34)
Property, plant and equipment written off	13	5
Realised gain on foreign exchange	(368)	(212)
Revaluation surplus on investment properties	(13,772)	-
Reversal of allowance for doubtful debts	(850)	(3,193)
Unrealised gain on foreign exchange	187	(43)

B13. Comparative figures

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

BY ORDER OF THE BOARD

27th February 2017