



CHIN HIN GROUP BERHAD

INTERIM FINANCIAL REPORT FOURTH QUARTER ENDED 31ST DECEMBER 2019

CHIN HIN GROUP BERHAD

Company No.: 1097507-W

(Incorporated in Malaysia under the Companies Act, 1965)

Headquarters/Head Office:

A-1-9, Pusat Perdagangan Kuchai

No.2, Jalan 1/127

Off Jalan Kuchai Lama

58200 Kuala Lumpur

Tel. No.: 03-7981 7878

Fax. No.: 03-7981 7575

Email: info@chinhingroup.com



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		5-6
Unaudited Condensed Consolidated Statement of Cash Flows		7-9
Notes To The Interim Financial Report		10-26

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2019**
(The figures have not been audited)

	Note	Individual Quarter			Cumulative Quarter		
		31 Dec 2019 RM'000	31 Dec 2018 RM'000	Changes %	31 Dec 2019 RM'000	31 Dec 2018 RM'000	Changes %
Revenue		280,258	277,077	1%	1,056,145	1,105,417	-4%
Cost of sales		(255,547)	(251,165)		(956,701)	(1,003,909)	
Gross profit		24,711	25,912		99,444	101,508	
Other operating income		2,365	3,147		8,672	8,557	
Fair value adjustment on investment properties		650	5,393		650	5,393	
Administrative expenses		(20,964)	(17,599)		(67,999)	(64,609)	
Operating profit		6,762	16,853	-60%	40,767	50,849	-20%
Finance costs		(4,306)	(6,036)		(24,251)	(22,323)	
Listing expenses		-	-		-	-	
Share of results of associates		1,866	1,831		7,471	5,223	
Profit before taxation		4,322	12,648	-66%	23,987	33,749	-29%
Taxation	B5	(2,966)	(3,842)		(7,660)	(9,650)	
Profit after taxation		1,356	8,806	-85%	16,327	24,099	-32%
Other comprehensive income							
Exchange translation differences		33	16		18	(78)	
Total comprehensive income for the financial period		1,389	8,822		16,345	24,021	
PROFIT AFTER TAX							
ATTRIBUTABLE TO:							
Owners of the Company		2,157	8,224	-74%	19,074	22,946	-17%
Non-controlling interests		(801)	582		(2,747)	1,153	
		1,356	8,806		16,327	24,099	

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2019 (Cont'd)**
(The figures have not been audited)

		Individual Quarter			Cumulative Quarter		
		31 Dec	31 Dec		31 Dec	31 Dec	
		2019	2018	Changes	2019	2018	Changes
Note		RM'000	RM'000	%	RM'000	RM'000	%
TOTAL COMPREHENSIVE INCOME							
ATTRIBUTABLE TO:							
Owners of the Company		2,190	8,240		19,092	22,868	
Non-controlling interests		(801)	582		(2,747)	1,153	
		<u>1,389</u>	<u>8,822</u>		<u>16,345</u>	<u>24,021</u>	
Earnings per share attributable to owners of the Company (sen):							
- Basic	B11	0.39	1.15		3.47	2.65	
- Diluted	B11	0.39	1.15		3.47	2.65	
Profit Before Interest and Tax		6,762	16,853	-60%	40,767	50,849	-20%

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 2018 and the accompanying explanatory notes attached to the interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**
(The figures have not been audited)

	31 December 2019 RM'000	(Audited) 31 December 2018 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	462,455	469,656
Investment properties	25,180	68,460
Right-of-use assets	3,987	-
Investment in an associate	38,315	31,695
Goodwill	39,048	39,048
Other investment	26	26
TOTAL NON-CURRENT ASSETS	569,011	608,885
CURRENT ASSETS		
Inventories	105,035	88,469
Trade receivables	360,531	337,920
Other receivables	23,696	42,147
Hire purchase receivables	78	326
Tax recoverable	4,740	6,455
Fixed deposits with licensed banks	20	19
Cash and bank balances	53,565	52,729
	547,665	528,065
Assets held for sale	54,536	20,440
TOTAL CURRENT ASSETS	602,201	548,505
TOTAL ASSETS	1,171,212	1,157,390
EQUITY AND LIABILITIES		
EQUITY		
Share capital	325,796	325,796
Treasury shares	(4,992)	(4,992)
Merger reserve	(153,192)	(153,192)
Foreign currency translation reserve	253	235
Revaluation reserve	16,503	16,367
Retained earnings	239,597	231,552
Total equity attributable to Owners of the Company	423,965	415,766
Non-controlling interests	(795)	1,952
TOTAL EQUITY	423,170	417,718

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (Cont'd)

(The figures have not been audited)

	31 December 2019 RM'000	(Audited) 31 December 2018 RM'000
CURRENT LIABILITIES		
Amount due to customers	4,417	6,522
Trade payables	150,702	136,017
Other payables	63,752	55,799
Amount owing to directors	5	5,964
Finance lease payables	-	551
Bank borrowings	432,573	425,307
Lease liabilities	4,033	-
Tax payable	631	2,598
TOTAL CURRENT LIABILITIES	656,113	632,758
NON-CURRENT LIABILITIES		
Finance lease payables	-	426
Bank borrowings	79,075	95,123
Lease liabilities	1,397	-
Deferred tax liabilities	11,457	11,365
TOTAL NON-CURRENT LIABILITIES	91,929	106,914
TOTAL LIABILITIES	748,042	739,672
TOTAL EQUITY AND LIABILITIES	1,171,212	1,157,390
NET ASSET PER SHARE (RM)	0.77	0.75

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 2018 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 (4TH) QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	<-----Attributable to owners of the parent----->								
	<----- Non-Distributable ----->			Distributable				Non-	
	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	Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2018	325,796	-	(153,192)	313	8,768	217,866	399,551	764	400,315
Effect of adopting MFRS 9	-	-	-	-	-	(915)	(915)	-	(915)
	325,796	-	(153,192)	313	8,768	216,951	398,636	764	399,400
Profit for the financial year	-	-	-	-	-	22,947	22,947	1,153	24,100
Foreign exchange translation	-	-	-	(78)	-	-	(78)	-	(78)
Revaluation of assets, net of tax	-	-	-	-	7,599	-	7,599	-	7,599
Total comprehensive income	-	-	-	(78)	7,599	22,947	30,468	1,153	31,621
Transactions with owners:									
Acquisition of subsidiary Companies	-	-	-	-	-	-	-	(1,165)	(1,165)
Dividend paid	-	-	-	-	-	(8,346)	(8,346)	-	(8,346)
Non-controlling interests arising from additional subscription of shares in subsidiary companies	-	-	-	-	-	-	-	1,200	1,200
Shares repurchased	-	(4,992)	-	-	-	-	(4,992)	-	(4,992)
Total transactions with owners	-	(4,992)	-	-	-	(8,346)	(13,338)	35	(13,303)
Balance as at 31 December 2018	325,796	(4,992)	(153,192)	235	16,367	231,552	415,766	1,952	417,718

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2019 (Cont'd)**

(The figures have not been audited)

	<-----Attributable to owners of the parent----->								
	<----- Non-Distributable ----->			Distributable				Non-	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	Total RM'000	Controlling Interests RM'000	Equity 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	-	-	-	-	-	(157)	(157)	-	(157)
Balance as at 1 January 2019, restated	325,796	(4,992)	(153,192)	235	16,367	231,490	415,704	1,952	417,656
Profit for the financial year	-	-	-	-	-	19,074	19,074	(2,747)	16,327
Foreign exchange translation	-	-	-	18	-	-	18	-	18
Revaluation of assets, net of tax	-	-	-	-	136	-	136	-	136
Total comprehensive income	-	-	-	18	136	19,074	19,228	(2,747)	16,481
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)	253	16,503	239,597	423,965	(795)	423,170

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 2018 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 (4TH) QUARTER ENDED 31 DECEMBER 2019**
(The figures have not been audited)

	Cumulative quarter	
	31 December	31 December
	2019	2018
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	23,987	33,749
Adjustment for:		
Amortisation of other investments	1	1
Bad debts written-off	840	901
Depreciation of property, plant and equipment	29,364	22,034
Depreciation of right of use	1,156	-
Fair value adjustment on investment properties	(650)	(5,393)
Gain on disposal of assets held for sale	(780)	-
Gain on derivative financial liabilities	-	(34)
Gain on disposal of investment in a subsidiaries	-	(595)
Gain on disposal of investment properties	(610)	-
Gain on disposal of other investment	-	(3)
Impairment loss on property, plant & equipment	-	1,149
Impairment loss on assets held for sale	-	30
Impairment on trade receivables	4,756	3,601
Impairment on non-trade receivables	464	-
Interest expense	23,705	22,323
Interest expenses for lease liabilities	546	-
Interest income	(2,298)	(2,087)
Inventories written off	112	43
Loss/(Gain) on disposal of property, plant and equipment	10	(18)
Property, plant and equipment written-off	256	4
Reversal of impairment on trade receivables	(482)	(805)
Share of results of associates	(6,771)	(5,223)
Unrealised loss/(gain) on foreign exchange	83	(21)
Operating profit before working capital changes	73,689	69,656
Changes in working capital:		
Inventories	(16,677)	(24,169)
Trade receivables	(27,725)	(33,307)
Other receivables	17,903	(18,601)
Hire purchase receivables	248	(129)
Amount due to customers	(2,105)	6,522
Trade payables	14,685	(49,734)
Other payables	8,050	9,165
Lease liabilities	7,589	-
Exchange differences	(1,139)	-
Amount due to directors	(5,960)	(52)
	(5,131)	(110,305)
Cash generated from/(used in) operations c/f	68,558	(40,649)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2019 (Cont'd)**
(The figures have not been audited)

	Cumulative Quarter	
	31 December 2019 RM'000	31 December 2018 RM'000
Cash generated from/(used in) operations b/f	68,558	(40,649)
Interest paid	(24,251)	(22,323)
Interest received	2,298	2,087
Tax paid	(8,505)	(8,013)
Tax refund	820	65
Net cash from/(used in) operating activities	<u>38,920</u>	<u>(68,833)</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(50,596)	(56,101)
Purchase of right-of-use	(5,418)	-
Capital contribution by non-controlling interests	-	1,200
Purchase of investment properties	(520)	-
Acquisition of subsidiaries	-	(8,133)
Proceeds from disposal of associate	150	-
Proceeds from disposal of assets held for sales	21,220	-
Proceeds from disposal of investment in subsidiary companies	-	10,221
Proceeds from disposal of investment properties	20,050	-
Proceeds from disposal of other investment	-	14
Proceeds from disposal of property, plant and equipment	736	887
Net cash used in investing activities	<u>(14,378)</u>	<u>(51,912)</u>
Cash Flows From Financing Activities		
Dividend paid	(10,967)	(8,346)
Drawdown of bank borrowings	9,409	42,135
Net changes on bankers' acceptance, trust receipt and revolving credits	20,837	93,561
Release in fixed deposits pledged	(1)	-
Repayment of bank borrowings	(16,104)	(16,884)
Repayment of finance lease payables	-	(1,950)
Repayment of lease liabilities	(3,885)	-
Shares repurchased	-	(4,992)
Net cash from financing activities	<u>(711)</u>	<u>103,524</u>
Net increase/(decrease) in cash and cash equivalents	23,831	(17,221)
Cash and cash equivalents at the beginning of the financial period	29,788	47,073
Effect of exchange translation differences on cash and cash equivalents	(72)	(64)
Cash and cash equivalents at the end of the financial period	<u>53,547</u>	<u>29,788</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2019 (Cont'd)**
(The figures have not been audited)

	Cumulative Quarter	
	Cumulative Quarter 2019 RM'000	Cumulative Quarter 2018 RM'000
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	53,565	52,729
Bank overdrafts	(18)	(22,941)
Fixed deposits with licensed banks	20	19
	53,567	29,807
Less: Fixed deposits pledged to licensed banks	(20)	(19)
	53,547	29,788

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 2018 and the accompanying explanatory notes attached to this interim financial report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

NOTES TO THE INTERIM FINANCIAL REPORT- FOURTH QUARTER ENDED 31 DECEMBER 2019

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD 31 DECEMBER 2019

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 2018 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 2018, except for the adoption of standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayments Features with Negative Compensation
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates or Joint Ventures
Annual Improvements to MFRSs 2015-2017 Cycle:	
- Amendments to MFRS 3	
- Amendments to MFRS 11	
- Amendments to MFRS 112	
- Amendments to MFRS 123	

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:

MFRSs AND IC Interpretations (Including The Consequential Amendments)	Effective dates for financial period beginning on and after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 3 – Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 7 – Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	
MFRS 10 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred until further notice
MFRS 17 – Insurance Contracts	1 January 2021
MFRS 101 – Definition of Material (Amendments to MFRS 101)	1 January 2020
MFRS 108 – Definition of Material (Amendments to MFRS 108)	1 January 2020
MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred until further notice
MFRS 139 – Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONT'D)**A1. Basis of preparation (Cont'd)**

Note:

Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standards or annual periods beginning before 1 January 2021.

The adoption of these new MFRSs, amendments and IC interpretations did not have any material impact on the interim financial report of the Group, except for:

I. MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis.

The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117. In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company are assessing the impact of the above new standard on the financial statements of the Group and of the Company in the year of initial adoption.

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.

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019 (CONT'D)**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 2018.

A6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter and period to date.

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 31 December 2019, the number of treasury shares held was 6,320,000 ordinary shares.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

A7. Segmental information

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

	Unaudited Individual quarter 31 December 2019 RM'000	Unaudited Individual quarter 31 December 2018 RM'000	Unaudited Cumulative quarter 31 December 2019 RM'000	Unaudited Cumulative quarter 31 December 2018 RM'000
Revenue				
• Investment holding and management services	13,181	1,483	17,440	7,756
• Distribution of building materials and logistics services	157,632	157,751	587,639	633,467
• Ready-mixed concrete	16,804	19,774	64,175	96,939
• Manufacturing of fire-rated and wooden door	10,815	7,035	43,294	24,532
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	86,664	69,915	332,318	221,020
• Manufacturing of wire mesh and metal roofing systems	32,910	41,766	136,717	167,478
• Modular building Solutions	824	7,298	6,637	52,892
	318,830	305,022	1,188,220	1,204,084
Adjustments and eliminations	(38,572)	(27,945)	(132,075)	(98,667)
	280,258	277,077	1,056,145	1,105,417
Profit/(Loss) before taxation				
• Investment holding and management services	5,061	(255)	10,984	(322)
• Distribution of building materials and logistics services	3,234	2,215	7,644	7,783
• Ready-mixed concrete	(2,726)	78	(4,954)	2,882
• Manufacturing of fire-rated and wooden door	175	762	197	2,381
• Manufacturing of autoclaved aerate concrete ("AAC") and precast concrete	6,305	2,179	26,883	11,481
• Manufacturing of wire mesh and metal roofing systems	133	4,152	1,087	2,258
• Modular building Solutions	(169)	3,695	795	9,167
	12,013	12,826	42,636	35,630
Share of results of associates	1,866	1,831	7,471	5,223
	13,879	14,657	50,107	40,853
Adjustments and eliminations	(9,557)	(2,009)	(26,120)	(7,104)
	4,322	12,648	23,987	33,749

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 RM0.010 per ordinary share totalling RM5,500,680 in respect of the financial year ended 31 December 2018 was paid on 14 October 2019.

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 surpluses of approximately RM650,000 were recognised in other operating income.

A11. Capital commitments

The capital commitments of the Group were as follows:-

	Unaudited 31 December 2019 RM'000	Audited 31 December 2018 RM'000
Authorised and contracted for:		
-acquisition of property, plant and equipment	4,034	9,128

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 2019.

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 2019 RM'000	Audited 31 December 2018 RM'000
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to related companies	525,936	520,562

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 2019 were as follows:-

	Unaudited RM'000
Transaction with companies in which the Directors or substantial shareholders have financial interest:	
-Transportation services	5,025
-Sales of goods	1,991
-Purchase of goods	8,878
-Rental received/receivables	999
-Rental paid/payables	243
-Insurance and road tax received	197
-Hotel accommodation paid	9

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 reported a revenue of RM280.26 million, an increase of RM3.18 million or 1.15% as compared to RM277.08 million in preceding year corresponding quarter. The increase in revenue for the current quarter were mainly due to higher revenue from our manufacturing of autoclaved aerated concrete ("AAC") and precast concrete and the manufacturing of fire-rated and wooden door sector despite the decrease in revenue from the ready-mixed concrete sector, the manufacturing of wire mesh and the modular building solutions segment. The higher revenue from the manufacturing of autoclaved aerated concrete ("AAC") block and precast concrete was contributed to the increase in revenue from the precast concrete products as a results of our product portfolio expansion plan in the infrastructure sector i.e. prestress and reinforce concrete beam, crosshead, cable trough, long-span bridge, prestress slab, arch culvert, medium pressure jacking pipe and emergency walkway. Moreover, the increase also contributed by the surge in export of polymer pipes to Singapore as we continued to dominate the market for jacking pipes of diameter 800mm and below. Furthermore, the 2.3 times growth in turnover for Starken Drymix also contributed to the surge in revenue in the manufacturing of autoclaved aerated concrete ("AAC") block and precast concrete sector. The surge in revenue from the manufacturing of fire-rated and wooden door sector were contributed by the steel door frame business which was acquired during the last quarter of 2018 and the new wooden door business ventured into since mid of the first quarter of 2019. The sluggish property market arising from the property overhang and lack of growth substance to spur the momentum of construction activities have affected the performance of the ready-mixed concrete and the manufacturing of wire mesh sector. The modular building solutions revenue for the current quarter was considerably low as the project works for the initial six block of integrated workers complex in Mukim Pengerang, Daerah Kota Tinggi, Johor has fully completed.

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

The Group's gross profit has decreased by RM1.20 million or 4.63% from RM25.91 million in the preceding year corresponding quarter of 2018 to RM24.71 million in the current quarter of 2019. The gross profit margin for the current quarter was recorded at 8.82%, a decrease of 0.53% as compared to the preceding year corresponding quarter of 9.35%. The decrease was primarily due to intense competition encountered in the local building material industry as a result of subdued market. Market players tried to lower down their selling price in order to maintain the market share. Hence, the overall profit margin in the said industry was heading towards down trend.

Other operating income has decreased by approximately RM0.78 million or 24.85% from RM3.15 million in the preceding year corresponding quarter to RM2.37 million in the current quarter. The higher other operating income in the preceding year was mainly due to the overdue interest income charged to its Modular project developer as a result of delay payment for progress construction works certified.

The fair value adjustment on investment properties for the preceding year corresponding quarter was much higher than the current quarter by RM4.74 million resultants from the valuation of a piece of land and industrial factory located at Daerah Seberang Perai Tengah, Pulau Pinang which belongs to the mesh business.

The Group's administration expenses for the current quarter has increased by RM3.37 million as compared to the preceding year corresponding quarter primarily contributed by the impairment of trade and non-trade receivables of RM2.33 million. The balance was contributed by the new business administration expenses i.e. steel door frame and timber door in the central region, new fire door in the northern region, full swing operation team in Starken Drymix and G-Cast UHPC and precast concrete new plant in Kuantan and Kota Tinggi.

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 full settlement of overdrafts against progressive claim ("ODPC") in the third quarter of 2019 which was drawdown to fund the Modular project in Mukim Pengerang, Daerah Kota Tinggi, Johor and lesser usage of overdraft due to improve collection.

Given the abovementioned decreased in the gross profit margin, drop in other operating income and fair value adjustment on investment properties coupled with the increase in the administrative expenses which were set-off partially by the reduction in finance cost, the Group reported a considerable reduction in profit before tax ("PBT") for this quarter, RM4.32 million as compared to RM12.65 million reported in the preceding year corresponding quarter.

The current financial quarter effective tax rate of 68.63% was much higher than the corresponding quarter of 2018 of 30.38% mainly due to losses before tax suffered by Starkan AAC 2 and G-Cast UHPC which has pulled down the denominator considerably. Hence, it has distorted the effective tax rate. Besides, the hike also caused by the under provision of taxation in prior quarter for Modular Building Solutions sector.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

	Unaudited Individual quarter 31 December 2019 RM'000	Unaudited Individual quarter 30 September 2019 RM'000	Changes %
Revenue	280,258	283,198	-1%
Operating Profit	6,762	13,780	-51%
Profit Before Interest and Tax	6,762	13,780	-51%
Profit Before Tax	4,322	8,432	-49%
Profit After Tax	1,356	6,719	-80%
Profit Attributable to Ordinary Equity Holders of the Parent	1,356	6,719	-80%

For the quarter under review, the Group posted a revenue of RM280.26 million as compared to RM283.20 million in the preceding quarter, a slight decrease of RM2.94 million. The Group reported a lower profit before tax ("PBT") of RM4.32 million, a decrease of RM4.11 million as compared to the preceding quarter PBT of RM8.43 million. The main contributor for the considerable drop in the PBT was due to the impairment of trade and non-trade receivables of RM2.33 million in the ready-mixed concrete and the distribution of building materials sector. Intense price war encountered by the autoclaved aerate concrete ("AAC") block sector in the local market as a result of subdued property market coupled with the losses sustained by G-Cast UHPC as a result of cost over-run due to complexity of installation work attributable to site condition for Pavilion Project were the remainder reason for the profit decline in this quarter. These negative impact has fully offset the hike in the profit earned from our precast concrete sector which involved in the supply of prestress and reinforce concrete beam, crosshead, cable trough and emergency walkway to mega infrastructure projects in town i.e. Duke Highway, Mass Rapid Transit ("MRT"), Light Rapid Transit ("LRT"), Gemas-Johor Baru (JB) Electrified Double Track Project ("EDTP") and West Coast Expressway ("WCE).

B3. Prospects

The operating environment is envisaged to remain very challenging in 2020 especially we are in the building material sector in view of the current sluggish property market and lack of growth catalyst to stimulate the momentum of construction activities in the near term. Chin Hin has continued to adopt a cautious strategy to focus on consolidating its existing business, turnaround the loss-making investment and to transform digitally all the processes in its manufacturing plant and corporate offices to gear towards "Industrial 4.0 Revolution". The efforts to penetrate into the regional markets like the Philippines and Australia has shown some positive signs. Precast concrete and Polymer concrete pipe division are delivering their mock-up products lately to the foreign customers.

Our new autoclaved aerated concrete ("AAC") production line with 600,000 m3 installed capacity located at Kota Tinggi, Johor is still hovering its production utilisation rate at 30% level as at mid of February 2020 in view of the excess supply of block in the local market as a result of the subdued property market in Malaysia. Nevertheless, the export market demand for panel and block are fast gaining in popularity for the affordable housing in Singapore, to supplement the reduction in demand from the local market.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B3. Prospects (Cont'd)

Starken Drymix Solutions Sdn Bhd whom has turnaround since end of FY2018 has reached its production utilisation rate of 49% as at the end of December 2019. This company has achieved a satisfactory performance in the financial year ended December 2019. Starken Drymix will continue with the organic growth and will focus seriously on the market share expansion programme especially in the infrastructure sector such as Light Rail Transit ("LRT") and Mass Rail Transit ("MRT") projects as well as hospital projects after we had accumulated enough profiles in the past one year. In addition, Starken Drymix is busy exploring the possibilities to joint venture with overseas investor to expand its market share in the Asean region.

Two new plants have been rolled out in Kuantan and Kota Tinggi in the mid of 2019 to cater for the hike in demand for the precast concrete products. Now our precast concrete capacity has reached 400,000 metric tonnes per annum. These enlarged capacity has enabled Chin Hin Group to experience a strong growth in the infrastructure precast concrete business particularly within the railway sub-sector in FY2019 after our recent expansion of product portfolio i.e. prestress and reinforce concrete beam, crosshead, cable trough, long-span bridge, prestress slab, arch culvert, medium pressure jacking pipe, eco-module and emergency walkway which require added technical expertise. The Company is supplying prestressed and reinforce concrete beam, crosshead, cable trough and emergency walkway to the mega infrastructure projects in town i.e. Duke Highway, Mass Rapid Transit ("MRT"), Light Rapid Transit ("LRT"), Gemas-Johor Baru (JB) Electrified Double Track Project ("EDTP") and West Coast Expressway ("WCE"). The production and delivery of the said products to the above infrastructure projects are ahead of construction progress. The Group continue to pursue its product portfolio expansion plan in the infrastructure precast concrete business. The new products to be introduced into the local market include cable plinth, fencing pole, turn out bearer, prestress plank and tunnel walkway for Gemas-Johor Baru (JB) Electrified Double Track Project ("EDTP") and Mass Rapid Transit 2 ("MRT 2"). G-Cast is the main earnings growth driver for Chin Hin in FY2019.

Our associate companies Solarvest Holding Bhd ("Solarvest") has made a strong debut on the Ace Market of Bursa Malaysia on 26 November 2019, opening at 60 sen or 25 sen above its offer price of 35 sen. On the last day of trading in FY2019, Solarvest closed at 74.5 sen, 112.86% higher than its offer price. The outlook for the solar photovoltaic ("PV") industry in Malaysia is optimistic, in line with the government's commitments to support growth of PV solar industry by setting target for electricity generated from renewable energy at 20% of all power produced. Tax incentives aimed at boosting the Malaysian green economy which was tabled in the recent Budget 2020 were also in line with the Government's commitment. Chin Hin is confident that Solarvest could be the strong earnings growth driver to the Group after G-Cast.

B4. Estimates/Forecast

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 Unaudited		Cumulative Quarter Unaudited	
	31 December 2019 RM'000	31 December 2018 RM'000	31 December 2019 RM'000	31 December 2018 RM'000
Income tax expense				
- Current financial period	3,929	2,084	7,297	8,208
- (Over)/Under provision in prior year	<u>72</u>	<u>(975)</u>	<u>248</u>	<u>(1,466)</u>
	4,001	1,109	7,545	6,742
Deferred tax				
- Current financial period	(485)	1,891	119	2,066
- (Over)/Underprovision in prior year	<u>(550)</u>	<u>842</u>	<u>(4)</u>	<u>842</u>
Total tax expense	<u>2,966</u>	<u>3,842</u>	<u>7,660</u>	<u>9,650</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 ("SA") 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 first quarter of 2020; and
- (b) Bursa Malaysia Securities Berhad had on 10 January 2020 approved the extension of time up to 28 February 2020 to submit the draft circular for the Proposals ("**Proposed Disposal of Ace Logistic**", "**Proposed Disposal of Properties**" and "**Proposed Tenancy**").

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 31 December 2019 are as follow:-

No.	Details of the utilisation	Utilisation							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	Expected timeframe for utilisation of proceeds (from the listing date)	
(a)	Construction of new manufacturing and operation facility of G-Cast Concrete Sdn Bhd ("GCCSB") in Kota Tinggi, Johor	12,000	11,477	523	-	-	523	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	-	285	(iii) 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	(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	(ii) 9,757	-	*865	865	-	Within 6 months	No change
(g)	Estimated expenses for the Private Placement	1,400	(ii) 535	865	*(865)	-	-	Within 1 months	No change
		65,650	63,977	1,673	-	1,150	523	-	

Notes:

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

- (i) 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

- (ii) 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.
- (iii) 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 31 December 2019 are as follow:-

		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	Variations of 17 properties disposal proceeds RM'000	After Variations of 17 properties disposal proceeds RM'000	Balance of 17 properties disposal Proceeds unutilised RM'000	
	Details of the utilisation of proceeds							
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:-

	(Audited)	
	As at	As at
	31 December 2019	31 December 2018
	RM'000	RM'000
Bank overdrafts	18	22,941
Revolving credits	121,826	59,500
Bankers' acceptance	287,968	329,456
Trust Receipts	447	448
Term loans	101,389	108,085
Total bank borrowings	511,648	520,430
Total bank borrowings comprise:-		
Current:		
Bank overdraft	18	22,941
Revolving credits	121,826	59,500
Bankers' acceptance	287,968	329,456
Trust Receipts	447	448
Term loans	22,314	12,962
	432,573	425,307
Non-current:		
Term loans	79,075	95,123
	511,648	520,430

B8. Finance lease payables

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

	(Audited)	
	As at	As at
	31 December 2019	31 December 2018
	RM'000	RM'000
Present value of minimum lease payments:		
Repayable within twelve months	-	551
Repayables after twelve months	-	426
	-	977

B9. Lease liabilities

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

	(Audited)	
	As at	As at
	31 December 2019	31 December 2018
	RM'000	RM'000
Present value of minimum lease payments:		
Repayable within twelve months	4,033	-
Repayables after twelve months	1,397	-
	5,430	-

B10. 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.

B11. Dividend Proposed

On 28 February 2019, 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 RM5,466,080 in respect of the financial year ended 31 December 2019. The entitlement date and the payment date of the single-tier second interim dividend are 26 March 2020 and 15 April 2020 respectively.

B12. 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 2019	31 December 2018	31 December 2019	31 December 2018
Profit attributable to ordinary equity holders of the Group (RM'000)	2,157	8,224	19,074	22,946
Number of ordinary shares in issues as at 1 January ('000)	556,388	556,388	556,388	556,388
Effect of shares issued during the financial period ('000)	(6,320)	145	(6,320)	145
Weighted average number of ordinary shares in issue ('000)	550,068	556,533	550,068	556,533
Basic earnings per share (sen)	0.39	1.48	3.47	4.12

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B12. Earnings per share**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 2019	31 December 2018	31 December 2019	31 December 2018
Profit attributable to ordinary equity holders of the Group (RM'000)	2,157	8,224	19,074	22,946
Weighted average number of ordinary shares as above	550,068	556,533	550,068	556,533
Basic earnings per share (sen)	0.39	1.48	3.47	4.12

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

B13. 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 2019 RM'000	Audited As at 31 December 2018 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Auditor remuneration		
- Current year	425	426
- (Over)/underprovision in prior year	37	17
Non-statutory		
- Current year	5	5
- Under/(over)provision in prior year	-	-
Amortisation of other investments	1	1
Bad debts recovered	181	(144)
Bad debts written-off	840	901
Depreciation of property, plant and equipment	29,364	22,034
Depreciation of right of use	1,156	-
Directors' fee	240	240
Directors remuneration		
- Salary, EPF and Socso	2,010	2,055
- Other emoluments	268	22
Fair value adjustment on investment properties	(650)	(5,393)
Gain on disposal of assets held for sale	(780)	-
Gain on derivative financial liabilities	-	(34)
Gain on disposal of investment in a subsidiaries	-	(595)
Gain on disposal of investment properties	(610)	-
Gain on disposal of other investment	-	(3)
Impairment loss on property, plant & equipment	-	1,149
Impairment loss on assets held for sale	-	30
Impairment on trade receivables	4,756	3,601
Impairment on non-trade receivables	464	-
Incorporation fee	-	4
Interest expense	23,705	22,323
Interest expenses for lease liabilities	546	-
Interest income	(2,298)	(2,087)
Inventories written off	112	43
Loss/(Gain) on disposal of property, plant and equipment	10	(18)
Other income from solar power panels		(3,957)
Preliminary expenses	-	211
Property, plant and equipment written off	256	4
Realised loss on foreign exchange	255	508
Rental income	(4,012)	(381)
Rental expenses	5,519	5,509
Reversal of impairment on trade receivables	(482)	(805)
Share of results of associates, net of tax	(6,771)	(4,597)
Unrealised loss/(gain) on foreign exchange	83	(21)

B13. Comparative figures

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

BY ORDER OF THE BOARD

28th February 2020