

CHIN HIN GROUP PROPERTY BERHAD

INTERIM FINANCIAL REPORT FIRST QUARTER ENDED 31ST MARCH 2022

CHIN HIN GROUP PROPERTY BERHAD

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(Incorporated in Malaysia)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**
(The figures have not been audited)

	Individual Quarter 31 March 2022 RM'000	Cumulative Quarter 31 March 2022 RM'000
Note		
Revenue	33,607	33,607
Cost of sales	(29,661)	(29,661)
Gross Profit	3,946	3,946
Other operating income	3,317	3,317
Finance income	96	96
Gain on liquidation of a subsidiary company	176	176
Administrative and selling expenses	(6,269)	(6,269)
Profit from operations	1,266	1,266
Finance costs	(1,142)	(1,142)
Share of results of associate companies	2,289	2,289
Share of results of joint venture company	292	292
Profit before taxation	2,705	2,705
Taxation	(366)	(366)
Profit after taxation	2,339	2,339
Other comprehensive income	-	-
Total comprehensive income for the financial period	2,339	2,339

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022 (CONT'D)**
(The figures have not been audited)

	Note	Individual Quarter 31 March 2022 RM'000	Cumulative Quarter 31 March 2022 RM'000
PROFIT AFTER TAX ATTRIBUTABLE TO:			
Owners of the Company		1,306	1,306
Non-controlling interests		1,033	1,033
		2,339	2,339
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		1,306	1,306
Non-controlling interests		1,033	1,033
		2,339	2,339
Earnings per share attributable to owners of the Company:			
- Basic (sen)	B9	0.30	0.30
- Diluted (sen)	B9	0.29	0.29

Notes:

There is no comparative for the financial quarter/period ended 31 March 2022 due to the change in the financial year end from 31 March to 31 December as stated in Note A3 of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2022 are not comparable with the individual and cumulative quarter previously reported.

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2021 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 MARCH 2022**
(The figures have not been audited)

	As At 31 March 2022 RM'000	(Audited) As At 31 December 2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	42,235	40,865
Right-of-use assets	4,399	3,448
Investment properties	31,610	31,610
Goodwill on consolidation	3,459	3,459
Investment in associate companies	49,910	47,625
Investment in joint venture company	1,812	1,590
Other investment	70	70
Inventories	163,399	159,540
Trade receivables	3,186	3,186
TOTAL NON-CURRENT ASSETS	300,080	291,393
CURRENT ASSETS		
Inventories	14,592	19,274
Contract assets	27,735	19,288
Trade receivables	119,687	131,554
Other receivables	51,709	50,661
Tax recoverable	835	11
Fixed deposits with licensed banks	12,586	12,505
Cash and bank balances	24,345	21,341
TOTAL CURRENT ASSETS	251,489	254,634
TOTAL ASSETS	551,569	546,027
EQUITY AND LIABILITIES		
EQUITY		
Share capital	125,218	124,480
Treasury shares	(255)	(255)
Foreign currency translation reserve	-	176
Revaluation reserve	14,242	14,284
Capital reserve	(28)	(28)
Warrant reserve	3,817	3,988
Retained earnings	52,538	51,190
Equity attributable to owners of the parent	195,532	193,835
Non-controlling interest	21,646	20,613
TOTAL EQUITY	217,178	214,448

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022 (CONT'D)
(The figures have not been audited)

	As At 31 March 2022 RM'000	(Audited) As At 31 December 2021 RM'000
NON-CURRENT LIABILITIES		
Contract liabilities	19	25
Trade payables	6,681	6,681
Bank borrowings	107,860	108,764
Lease liabilities	1,994	1,289
Deferred tax liabilities	3,934	3,833
TOTAL NON-CURRENT LIABILITIES	120,488	120,592
CURRENT LIABILITIES		
Contract liabilities	14	14
Trade payables	64,271	57,199
Other payables	48,593	61,920
Amount due to holding company	12,333	9,501
Amount due to related companies	1,041	274
Bank borrowings	86,152	79,903
Lease liabilities	1,186	1,004
Tax Payable	313	1,172
TOTAL CURRENT LIABILITIES	213,903	210,987
TOTAL LIABILITIES	334,391	331,579
TOTAL EQUITY AND LIABILITIES	551,569	546,027
NET ASSET PER SHARE (RM)	0.49	0.56

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 period ended 31 December 2021 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 FIRST (1ST) QUARTER ENDED 31 MARCH 2022**

(The figures have not been audited)

	Attributable to Owners of the Parent							Total	Non-controlling interests	Total Equity
	Non-Distributable			Distributable						
	Share Capital	Treasury Shares	Warrant Reserve	Foreign Currency Translation Reserve	Capital Reserve	Revaluation Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	124,480	(255)	3,988	176	(28)	14,284	51,190	193,835	20,613	214,448
Profit for the financial period	-	-	-	-	-	-	1,306	1,306	1,033	2,339
Foreign currency translation reserve	-	-	-	(176)	-	-	-	(176)	-	(176)
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	(176)	-	-	1,306	1,130	1,033	2,163
Realisation of revaluation surplus	-	-	-	-	-	(42)	42	-	-	-
Transactions with owners:										
Exercise of warrants	738	-	(171)	-	-	-	-	567	-	567
Total transactions with owners of the Company	738	-	(171)	-	-	-	-	567	-	567
At 31 March 2022	125,218	(255)	3,817	-	(28)	14,242	52,538	195,532	21,646	217,178

Notes:

There is no comparative for the financial quarter/period ended 31 March 2022 due to change of financial year end from 31 March to 31 December as stated in Note A3 of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2022 is not comparable with the cumulative quarter previously reported.

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 period ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022**
(The figures have not been audited)

	Cumulative Quarter 31 March 2022 RM'000
Cash Flows From Operating Activities	
Profit before taxation	2,705
Adjustments for :	
Depreciation of property, plant and equipment	409
Depreciation of right-of-use assets	297
Gain on disposal of property, plant and equipment	(81)
Interest expense	1,142
Interest income	(96)
Gain on liquidation of a subsidiary company	(176)
Reversal of impairment loss on trade receivables	(922)
Share of results of associate company	(2,289)
Share of results of joint venture company	(292)
Unrealised loss on foreign exchange	131
Operating profit before changes in working capital	828
Changes in working capital:	
Inventories	823
Trade receivables	12,789
Other receivables	(1,126)
Trade payables	7,023
Other payables	(13,327)
Contract assets	(8,447)
Contract liabilities	(5)
Cash used in operations	(1,442)
Interest paid	(1,142)
Tax paid	(1,874)
Net cash flows used in operating activities	(4,458)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022 (CONT'D)**
(The figures have not been audited)

	Cumulative Quarter 31 March 2022 RM'000
Cash Flows From Investing Activities	
Interest received	96
Purchase of property, plant and equipment	(1,780)
Proceeds from disposal of property, plant and equipment	81
Net cash flows used in investing activities	<u>(1,603)</u>
Cash Flows From Financing Activities	
Advance from holding company	2,833
Advance from related companies	767
Increase in fixed deposits pledged	(81)
Payment of lease liabilities	(361)
Net changes in banker's acceptances, revolving credit and trust receipts	4,466
Repayment of term loans	(886)
Proceeds from exercise of warrants	567
Net cash flows from financing activities	<u>7,305</u>
Net increase in cash and cash equivalents	1,244
Effects of changes in exchange rates	(5)
Cash and cash equivalents at beginning of the financial period	16,480
Cash and cash equivalents at end of the financial period	<u>17,719</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2022 (CONT'D)**

(The figures have not been audited)

**Cumulative Quarter
 31 March 2022
 RM'000**

Cash and cash equivalents at the end of the financial period comprises:

Cash and bank balances	24,345
Fixed deposits with licensed banks	12,586
Bank overdrafts	(6,626)
	30,305
Less: Fixed deposits pledged with licensed banks	(12,586)
	17,719

Notes:

There is no comparative for the financial quarter/period ended 31 March 2022 due to change of financial year end from 31 March to 31 December as stated in Note A3 of Explanatory Notes to the Unaudited Interim Financial Report. The Unaudited Condensed Consolidated Statement of Cash Flows for the financial period ended 31 March 2022 is not comparable with the cumulative quarter previously reported.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT- FIRST QUARTER ENDED 31 MARCH 2022

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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 period ended 31 December 2021 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 period ended 31 December 2021, except for the adoption of standards and interpretations that are mandatory for the Group for financial year beginning 1 January 2022:-

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	
- Amendment to MFRS 1	
- Amendment to MFRS 9	
- Amendment to MFRS 16	
- Amendment to MFRS 141	

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
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9 (Comparative information)	1 January 2023
Amendments to MFRS 101 – Classification of Liabilities as Current or Non- Current	1 January 2023
Amendments to MFRS 101 – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2022 (CONT'D)

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. Change of financial year end

As announced on 6 September 2021, the Group changed its financial year end from 31 March to 31 December. Due to the change, the Unaudited Condensed Consolidated Statement of Comprehensive Income, Unaudited Condensed Consolidated Statement of Changes in Equity and Unaudited Condensed Consolidated Statement of Cash Flows for the current quarter ended 31 March 2022, being the first quarter of the current financial year ending 31 December 2022. Accordingly, no comparative figures are presented.

A4. Seasonal or cyclical factors

The businesses of the Group were not affected by seasonal or cyclical factors during the current financial quarter.

A5. Unusual items

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

A6. 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 period ended 31 December 2021.

A7. Debt and equity securities

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

During the current financial period, there were issuance of 2,833,100 new ordinary shares pursuant to the conversion of Warrants 2013/2023 at an exercise price of RM0.20 per ordinary share for a total cash consideration of RM566,620.

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

As at 31 March 2022, the number of treasury shares held was 700,000 ordinary shares.

A8. Dividend

No dividend was declared or paid in the current financial quarter.

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2022 (CONT'D)
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.

A10. Valuation of investment properties

The Group has not carried out any valuation on its investment properties in the current financial quarter.

A11. Capital commitments

There were no outstanding capital commitments as at the date of this quarterly report, except for the followings:-

	Unaudited	Audited
	31 March 2022	31 December 2021
	RM'000	RM'000
Approved and contracted for:		
- acquisition of land held for property development	126,723	50,223
- acquisition of property, plant and equipment	1,644	-
Contracted and subject for shareholders' approvals:		
- acquisition of land held for property development	-	85,000
	<u>128,367</u>	<u>135,223</u>

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter and financial period to-date, except for the followings:-

Boon Koon Vehicles Pte. Ltd. ("BKVPL"), a wholly-owned subsidiary of the Company has been struck off from the register on 7 February 2022.

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2022 (CONT'D)
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: -

Unsecured	Unaudited 31 March 2022 RM'000	Audited 31 December 2021 RM'000
Bank guarantee issued for execution of contract of the subsidiary companies	45	45
Bank guarantee in favour of third parties granted in the ordinary course of its construction business of subsidiary company	66,482	66,482
Corporate guarantees by a subsidiary for credit facilities granted to a joint venture company	11,550	11,550
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	159,583	159,638

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

Our Group's transactions with companies in which our directors or substantial shareholders have an interest for current financial quarter and financial period to-date were as follows: -

	Individual Quarter 31 March 2022 RM'000	Cumulative Quarter 31 March 2022 RM'000
Rental expense paid/payables	54	54
Rental income received/receivables	3	3
Purchase of goods	1,064	1,064
Progress billing receivables	1,859	1,859
Road tax and insurance paid	66	66

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

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**B1. Review of performance**

Segmental information is presented in respect of the Group's business segments. The Group comprises of the following main business segments:-

- (a) Commercial vehicles and bodyworks - Manufacturing and trading of rebuilt and new commercial vehicles, bodyworks and their related services.
- (b) Property development - Property development activities.
- (c) Rental and fleet management services - Rental of commercial vehicles and forklift, provision of fleet management and other related services.
- (d) Construction – Building and general construction.
- (e) Other segment - Investment holding and the provision of management services.

	Unaudited Individual Quarter 31 March 2022 RM'000	Unaudited Individual Quarter 31 December 2021 RM'000	Unaudited Cumulative Quarter 31 March 2022 RM'000
Revenue			
(a) Commercial vehicles and bodyworks	18,201	31,464	18,201
(b) Property development	-	1,639	-
(c) Rental and fleet management services	755	758	755
(d) Construction	14,648	32,427	14,648
(e) Others segment	171	172	171
	33,775	66,460	33,775
Less : Elimination	(168)	(168)	(168)
Total	33,607	66,292	33,607
Profit before taxation			
(a) Commercial vehicles and bodyworks	637	2,155	637
(b) Property development	(2,790)	(3,173)	(2,790)
(c) Rental and fleet management services	365	70	365
(d) Construction	2,692	8,056	2,692
(e) Others segment	(763)	(674)	(763)
	141	6,434	141
Less : Elimination	(17)	4	(17)
	124	6,438	124
Share of results of associates	2,289	(144)	2,289
(f) Share of results of joint venture company	292	271	292
Total	2,705	6,565	2,705

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**B1. Review of performance (Cont'd)**Comparison with preceding quarter

- (a) For commercial vehicles and bodyworks segment, revenue for the current quarter was RM18.20 million, a decrease of RM13.26 million as compared to RM31.46 million in the preceding quarter. The revenue drop was due to lower demand for rebuilt commercial vehicles in the current quarter. Profit before taxation ("PBT") in the current quarter was RM0.64 million, a decrease of RM1.52 million as compared to PBT of RM2.16 million in the preceding quarter. The lower PBT was attributable to lower revenue recorded in the current quarter.
- (b) For property development segment, revenue for the current quarter was RM Nil, a decrease of RM1.64 million as compared to RM1.64 million in the preceding quarter. As at 31 March 2022, the stage of recognition for Aera Project was 100.00% (as at 31 December 2021: 100%). There was no revenue generated due to nil construction activities at site as Aera project already reached tail end and new project has yet to launch. This segment has suffered a loss before taxation ("LBT") of RM2.79 million, a decrease of RM0.38 million as compared to LBT of RM3.17 million in the preceding quarter. The lower LBT was attributable to nil provision for impairment loss on trade receivables in the current quarter.
The "8th & Stellar" Project has recorded a share of joint venture profits ("share of results of associates") of RM1.86 million for the current quarter, with weighted stage of recognition of approximately 21.95% for commercial lots and 30.50% for residential lots as at 31 March 2022 (as at 31 December 2021: commercial lots: 20.68%, residential lots: 23.11%).
- (c) For the rental and fleet management services segment, revenue for the current quarter was recorded at RM0.76 million, which was almost the same as preceding quarter. PBT in the current quarter was RM0.36 million, an increase of RM0.29 million as compared to RM0.07 million in the preceding quarter. The higher PBT was due to nil provision for impairment loss on trade receivables in the current quarter.
- (d) For the construction segment, revenue for the current quarter was recorded at RM14.65 million, a decrease of RM17.78 million as compared to RM32.43 million in the preceding quarter. PBT recorded at RM2.69 million, a decrease of RM5.37 million as compared to RM8.06 million in the preceding quarter. The lower revenue was attributable to shorter working months due to the Chinese New Year festival holidays observed by the construction industry coupled with the heavy rain fall in March 2022 as the country is experiencing a transitional phase of the monsoon which affected the progress of the construction work at site.
- (e) Other segment's revenue for the current quarter was recorded at RM0.17 million, which was the same as preceding quarter. However, LBT for the current quarter was RM0.76 million, an increase of RM0.09 million as compared to LBT of RM0.67 million in the preceding quarter. The higher LBT suffered was due to higher administrative expenses incurred for corporate exercise in the current quarter.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B1. Review of performance (Cont'd)

Comparison with preceding quarter (Cont'd)

- (f) Share of results of joint venture company, R Synergy Sdn Bhd has increased by RM0.02 million as compared to the preceding quarter solely derived from the profit recognised on the construction of Miri Hospital Annex Building, Sarawak (Design and Build).

B2. Prospects

Moving forward, the Company still expecting the economies to be challenging in FY 2022 but at a much manageable level since the government has eased the community and border measures. Subsequently all activities are allowed to operate on 15 May, 2022 which mark the start of the country's transition to the endemic phase of Covid-19. Malaysia's economy is expected to strengthen. However, due to the building materials cost index continues to rise, it has posted great challenges to our property development and construction industry. The weakening of Ringgit Malaysia against US Dollar has also posted pressure to our commercial vehicles and bodyworks sector. The Group will reposition itself to cope with the challenges and remain vigilant for new prospects.

(i) Commercial vehicles and bodyworks

The Group anticipates that the commercial vehicles market to remain very challenging in view of the weakening Malaysian Ringgit against others major currencies which put pressure on the profit margin. The effect of the weakening Ringgit has become more pronounced in recent years. However, due to the Group's competitive costs advantage strategy especially in the light-trucks models, where demand remains strong for logistic and food delivery business, and moving forward, the Group will also be strengthening its marketing efforts for the heavy trucks model to increase its market share.

(ii) Property development and construction

The Group has emphasised on applying real estate video marketing to showcase properties, social media and Zoom Application Portability Profile ("App") to drive sales for "8th & Stellar" joint developments project which comprises mixed residential and commercial lots in Sri Petaling during the pandemic period. Social media channels are the perfect place to promote property among younger millennials. The Company has managed to boost sales up to 88.41% as at 31 March 2022.

The unit sold to-date for Aera Project already reached the tail end of 100%, the Group will continue to beef up efforts for vacant possession and deliver to the end purchasers soon.

The property development division has embarked on a robust landbank accumulation strategy in FY2021 especially in the Klang Valley in anticipation of a positive market recovery in 2022. Aggressive properties launching will be in the pipeline soon. The newly acquired construction business, Kayangan Kemas Group with the strong order banks of approximately RM595.86 million as of end of April 2022 is expected to boost the construction division's financial performance in FY2022 up till FY2025.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B2. Prospects (Cont'd)

The property development division has further expanded its construction business through the proposed acquisition of 60% equity interest in Makna Setia Sdn Bhd ("Makna Setia") by its subsidiary, Chin Hin Construction Sdn Bhd for RM9.00 million in cash. Makna Setia is also a Grade 7 contractor registered with CIDB. The Company is mainly involved in the construction of public infrastructure, which includes bridges, railway tracks and highways. Some of its prominent projects include Mass Rapid Transit ("MRT") Package V210, Pan Borneo Highway, West Coast Expressway, SUKE Highway, Kajang 2 – Jalan Reko Flyover, Bandar Utama Elevated Bridge and Sunway Serene Scenic Lake Bridge. The acquisition will enable CHGP to further diversify and tap into the infrastructure construction industry.

On 16 February 2022, our subsidiary Chin Hin Construction Sdn Bhd has proposed the acquisition of 60% equity stake in Asia Baru Construction Sdn Bhd ("ABC"). ABC is a Grade 7 contractor registered with Construction Industry Development Board ("CIDB") with 5 stars rating by CIDB. ABC is principally engaged in the civil engineering and building construction specializing in water works project (including all mechanical electrical installation) ranging from dams, water or sewerage treatment plants, river intakes, pumping stations, reservoirs and pipelines to major pipeline diversion or interconnection with live pipeline. The Proposed Acquisition will enable CHGP to diversify further and tap into the water infrastructure construction works, which is complementary to the Company's existing property development and construction business.

Barring any unforeseen circumstances, the board is cautiously optimistic that the long-term outlook for GHGP remains positive.

B3. Estimates/Forecast

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

B4. Taxation

	Individual Quarter 31 March 2022 RM'000	Cumulative Quarter 31 March 2022 RM'000
Income tax expense		
- Current financial period	(265)	(265)
Deferred tax		
- Current financial period	(101)	(101)
	<u>(366)</u>	<u>(366)</u>

The effective tax rate for the financial period ended 31 March 2022 is lower than the statutory tax rate due to unutilised tax losses and unabsorbed capital allowances.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B5. Status of corporate proposals

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) Proposed Acquisition of a piece of freehold land from Frazel Luxe Sdn Bhd and proposed private placement of up to 10% of the issued ordinary shares in Chin Hin Group Property Berhad ("CHGP")

On 28 October 2021, the Company announced the following proposals:-

- (i) BKSP Autoworld Sdn Bhd ("BKSP"), a wholly-owned subsidiary of BKG Development Sdn Bhd, which in turn is a wholly-owned subsidiary of CHGP, had on 28 October 2021 entered into a conditional sale and purchase agreement ("SPA") with Frazel Luxe Sdn Bhd ("FLSB") to acquire a freehold land identified as Geran Mukim 98, Lot 797, Mukim Petaling, Tempat 9 3/4 Mile, Kuchai Road, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan for a cash consideration of RM85.00 million ("Proposed Acquisition"); and
- (ii) CHGP proposed to undertake a private placement of up to 10% of the issued ordinary shares of CHGP. Subsequently on 22 November 2021, the Company has submitted additional listing application to Bursa Securities ("Proposed Private Placement")

On 30 November 2021, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had via its letter dated 29 November 2021, approved the listing and quotation of up to 49,535,100 new ordinary shares to be issued pursuant to the Proposes Private Placement.

The approval granted by Bursa Securities for the Placement Shares is subject to the following conditions:-

- (i) CHGP and M&A Securities Sdn Bhd ("M&A Securities") must fully comply with the relevant provisions under the Main Market Listing Requirements ("Main LR") pertaining to the implementation of the Proposed Private Placement;
- (ii) CHGP and M&A Securities are required to inform Bursa Securities upon the completion of the Private Placement;
- (iii) CHGP is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed; and
- (iv) M&A Securities is required to furnish Bursa Securities with details of the places in accordance with paragraph 6.15 of the Main LR as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.

On 27 January 2022, the Company announced that BKSP and FLSB agreed to extend the conditional period of the SPA to 28 March 2022.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B5. Status of corporate proposals (Cont'd)

- (b) Proposed Acquisition by Kayangan Kemas Sdn Bhd, a subsidiary company of CHGP, of 60% equity interest in Makna Setia Sdn Bhd for a purchase consideration of RM9.00 million, subject to adjustment, to be satisfied in cash

On 10 December 2021, the Company announced that Kayangan Kemas Sdn Bhd (“Kayangan”), a 65% owned subsidiary of CHGP proposes to undertake the proposed acquisition of 1,500,000 ordinary shares in Makna Setia Sdn Bhd (“Makna Setia”), representing 60% equity interest in Makna Setia, for a purchase consideration of RM9.00 million, which will be satisfied fully via cash pursuant to a conditional share sale agreement (“SSA”) entered between Kayangan and Liew Jor Ho, Chai Yan Min and Yap Seng Hee (“the Vendors”) dated 10 December 2021.

On 15 April 2022, Kayangan has entered into a novation agreement with the Vendors and Chin Hin Construction Sdn. Bhd., a wholly-owned subsidiary of the Company to novate the SSA and the Supplemental SSA with immediate effect.

- (c) Proposed Acquisition by Chin Hin Construction Sdn Bhd (“CHCSB”), a subsidiary company of CHGP of 60% equity stake in Asia Baru Construction Sdn Bhd (“ABC”) for a purchase consideration of RM30.00 million, to be satisfied in cash

On 16 February 2022, the Company announced that CHCSB, a wholly-owned subsidiary of CHGP proposes to undertake the proposed acquisition of 15,000,000 ordinary shares in ABC, representing 60% equity interest in ABC, for a purchase consideration of RM30.00 million, which will be satisfied fully via cash pursuant to a conditional share sale agreement (“SSA”) entered between CHCSB and Dato’ Ong Boon Hai, Low Siang Tim, Goh Bee Tin, Pan Heng Seong, Teoh Teik Leong and Law & Loo Development Sdn. Bhd. (“Vendors”).

On 17 May 2022, The Company announced that CHCSB and the Vendors had agreed to extend the conditional period of SSA to 16 June 2022.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)

B6. Borrowings

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

	As at 31 March 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Banker's acceptances	12,200	11,000
Revolving credits	60,000	60,000
Term loans	111,404	112,290
Trust receipts	3,782	516
Bank overdrafts	6,626	4,861
Total bank borrowings	194,012	188,667

Total bank borrowings comprises:-

Current:

Banker's acceptances	12,200	11,000
Revolving credits	60,000	60,000
Term loans	3,544	3,526
Trust receipts	3,782	516
Bank overdrafts	6,626	4,861
	86,152	79,903

Non-current:

Term loans	107,860	108,764
	194,012	188,667

B7. Lease liabilities

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

	As at 31 March 2022 RM'000	(Audited) As at 31 December 2021 RM'000
Present value of minimum lease payments:-		
Repayable within twelve months	1,186	1,005
Repayables after twelve months	1,994	1,289
	3,180	2,294

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**B8. Material litigation**

There was no material litigation during the current financial quarter and financial period to-date.

B9. 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 31 March 2022	Cumulative Quarter 31 March 2022
Profit for the period attributable to the owners of the Parent (RM'000)	1,306	1,306
Number of ordinary shares in issues as at 1 January ('000)	440,394	440,394
Effect of ordinary share issued during the financial period ('000)	280	280
Effect of treasury shares held ('000)	(700)	(700)
	<u>439,974</u>	<u>439,974</u>
Basic earnings per share (sen)	<u>0.30</u>	<u>0.30</u>

Diluted earnings per ordinary share

The diluted 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 in issue, adjusted for the dilutive effects of warrants as follows:

	Individual Quarter 31 March 2022	Cumulative Quarter 31 March 2022
Profit for the period attributable to the owners of the Parent (RM'000)	1,306	1,306
Weighted average number of ordinary shares as above ('000)	439,974	439,974
Adjustment for assumed conversion of warrants ('000)	12,105	12,105
Weighted average number of ordinary shares ('000)	<u>452,079</u>	<u>452,079</u>
Diluted earnings per share (sen)	<u>0.29</u>	<u>0.29</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS (CONT'D)**B10. Disclosure on selected expense/income items as required by the Listing Requirements**

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

	Individual Quarter 31 March 2022 RM'000	Cumulative Quarter 31 March 2022 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Audit remuneration		
- Current year	64	64
Depreciation of property, plant and equipment	409	409
Depreciation of right-of-use assets	297	297
Directors' fee	35	35
Directors' remuneration		
- Salary, EPF and Socso	659	659
- Other emoluments	1	1
Interest expense	1,142	1,142
Rental expenses	58	58
Unrealised loss on foreign exchange	131	131
Interest income	(96)	(96)
Gain on liquidation of a subsidiary company	(176)	(176)
Gain on disposal of property, plant and equipment	(81)	(81)
Realised gain on foreign exchange	(31)	(31)
Rental income	(3)	(3)
Reversal of impairment loss on trade receivables	(922)	(922)
Share of results of associate companies	(2,289)	(2,289)
Share of results of joint venture company	(292)	(292)

BY ORDER OF THE BOARD**25 May 2022**