Kim Hin Joo (Malaysia) Berhad 197801000642 (37655-U)
Wisma Pang Cheng Yean, Lot 5205C, Jalan Perindustrian Balakong Jaya 1/3, Kawasan Perindustrian Balakong Jaya, 43300 Seri Kembangan, Selangor, Malaysia. General Line +603 8940 6638

The Board of Directors of KIM HIN JOO (MALAYSIA) BERHAD is pleased to announce the following unaudited consolidated results for the fourth quarter and financial year ended ("**FYE**") 31 December 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FYE 31 DECEMBER 2021

	3 months ended		**12 months ended**	
	31.12.2021 RM'000	**31.12.2020 RM'000**	**31.12.2021 RM'000**	**31.12.2020 RM'000 (Audited)**
Revenue	29,834	19,642	82,883	80,411
Cost of sales	(15,875)	(10,028)	(44,049)	(40,945)
Gross profit	13,959	9,614	38,834	39,466
Other operating income	843	880	4,939	3,809
Selling and marketing costs	(810)	(432)	(1,910)	(1,511)
Administration and other operating expenses	(10,382)	(8,419)	(34,461)	(33,206)
Finance cost	(194)	(252)	(923)	(1,146)
Profit before tax	3,416	1,391	6,479	7,412
Tax expense	(1,409)	(441)	(2,188)	(2,065)
Profit and total comprehensive income for the period	2,007	950	4,291	5,347
Basic earnings per ordinary share (sen)	0.53	0.25	1.13	1.41

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Plant and equipment	6,709	6,369
Right-of-use assets	20,560	23,242
Deferred tax assets	442	679
Refundable deposits	2,572	2,767
	30,283	33,057
Current Assets		
Inventories	50,399	39,091
Trade receivables	1,560	999
Other receivables, deposits and prepaid expenses	4,627	3,132
Amount due from other related company	5	-
Tax recoverable	22	132
Short-term investments	1,929	1,894
Fixed deposits with licensed banks	12,396	17,335
Cash and bank balances	12,825	14,461
	83,763	77,044
TOTAL ASSETS	**114,046**	**110,101**

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000 (Audited)
Equity attributable to owners of the parent		
Share capital	31,128	31,128
Retained earnings	46,872	46,381
TOTAL EQUITY	**78,000**	**77,509**
Non-Current Liabilities		
Lease liabilities	14,622	16,695
	14,622	16,695
Current Liabilities		
Trade payables	5,831	3,055
Other payables, accrued expenses and provision	8,606	5,173
Amount due to holding company	-	16
Amount due to other related company	279	-
Lease liabilities	6,440	7,437
Tax liabilities	268	216
	21,424	15,897
TOTAL LIABILITIES	**36,046**	**32,592**
TOTAL EQUITY AND LIABILITIES	**114,046**	**110,101**
Net assets per ordinary share attributable to ordinary equity holders of the Company (Sen)	20.53	20.40

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FYE 31 DECEMBER 2021

	←Attributable to owners of the Company→		
	Share Capital RM'000	**Retained Earnings RM'000**	**Total RM'000**
Balance as at 1 January 2020	31,128	44,834	**75,962**
Total comprehensive for the year	-	5,347	**5,347**
Dividend paid (10 April 2020)	-	(3,800)	**(3,800)**
Balance as at 31 December 2020	31,128	46,381	**77,509**
Balance as at 1 January 2021	31,128	46,381	**77,509**
Total comprehensive income for the year	-	4,291	**4,291**
Dividend paid (12 April 2021)	-	(3,800)	**(3,800)**
Balance as at 31 December 2021	31,128	46,872	**78,000**

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 DECEMBER 2021

	12 months ended 31.12.2021 RM'000	12 months ended 31.12.2020 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,479	7,412
Adjustments:		
Amortisation of right-of-use asset	7,662	7,792
Depreciation for plant and equipment	3,233	2,805
Fair value gain on short-term investments	(34)	(50)
Finance costs:		
- Unwinding of interest expense of provision for restoration cost	14	12
- Lease interest expense	909	1,134
Gain on termination / modification of MFRS 16	(171)	(84)
Interest income	(399)	(683)
Inventories		
- Write-down	-	118
- Reversal of write-down	(86)	-
- Written off	222	209
Plant and equipment written off	-	4
Unwinding of interest income – refundable deposit	(136)	(132)
Unrealised (gain) / loss on foreign exchange	(105)	16
Operating profit before changes in working capital	**17,588**	**18,553**
Changes in working capital:		
(Increase) / Decrease in		
Inventories	(11,444)	(4,807)
Trade receivables	(561)	204
Other receivables, deposits and prepaid expenses	(1,470)	(1,075)
Amount due from other related companies	(5)	-
Increase / (Decrease) in		
Trade payables	2,873	(1,112)
Other payables, accrued expenses and provision	3,374	(66)
Amount due to holding companies	(16)	16
Amount due to other related companies	281	(30)
Cash generated from operations	10,620	11,683
Income tax paid	(1,788)	(2,079)
Net cash generated from operating activities	**8,832**	**9,604**
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of plant and equipment	(3,574)	(4,690)
Increase in short-term investments	-	(1,845)
Interest received	399	683
Net cash used in investing activities	**(3,175)**	**(5,852)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 DECEMBER 2021

	12 months ended 31.12.2021 RM'000	12 months ended 31.12.2020 RM'000 (Audited)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend paid	(3,800)	(3,800)
Interest paid	(909)	(1,134)
Repayment of lease liabilities	(7,516)	(7,298)
Net cash used in financing activities	**(12,225)**	**(12,232)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,568)	(8,480)
Effect of exchange rate differences on the balance of cash held in foreign currencies	(7)	40
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	31,057	39,497
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**24,482**	**31,057**
Cash and cash equivalents comprise:		
Fixed deposits	12,396	17,335
Cash and bank balances	12,825	14,461
	25,221	31,796
Less: Fixed deposits pledged with licensed banks	(739)	(739)
	24,482	**31,057**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") ("LISTING REQUIREMENTS")

A1 Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with all the new Malaysian Financial Reporting Standards ("**MFRS**") and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("**MASB**") and Rule 9.22 and Appendix 9B of the Listing Requirements.

The unaudited condensed consolidated interim financial statements should be read in conjunction with audited financial statements for the financial year ended ("**FYE**") 31 December 2020 and the accompanying explanatory notes therein. The explanatory notes attached to these unaudited condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Kim Hin Joo (Malaysia) Berhad and its subsidiaries ("**Group**") since FYE 31 December 2020.

A2 Significant Accounting Policies

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted in the audited financial statements for the FYE 31 December 2020, save for the adoption of the following amendments to MFRS, which became effective and relevant to the Group for financial period beginning 1 January 2021:

Amendments/Improvements to MFRS

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	*Interest Rate Benchmark Reform-Phase 2*

The adoption of the above amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application.

New Standards and amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

MFRS 17	*Insurance Contracts*[3]
Amendments to MFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to MFRS 4	*Extension of the Temporary Exemption from Applying MFRS 9*[4]
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to MFRS 101	*Classification of Liabilities as Current or Non-Current*[3]
Amendments to MFRS 112	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3]
Amendments to MFRS 116	*Property, Plant and Equipment - Proceeds before Intended Use*[2]
Amendments to MFRS 137	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Amendments to MFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021*[1]
Amendments to MFRS 17	*Insurance Contracts*[3]
Amendments to MFRS 17	*Initial Application of MFRS9 and MFRS 17 – Comparative information*[3]
Amendments to MFRS 108	*Definition of Accounting Estimates*[3]
Amendments to MFRS 101	*Disclosure of Accounting Policies*[3]
Annual Improvements to MFRS 2018 - 2020 Cycle[2]	

1 Effective for annual periods beginning on or after 1 April 2021 with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2022 with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2023 with earlier application permitted.
4 Effective immediately for annual periods beginning before 1 January 2023 with earlier application permitted.
5 Effective date deferred to a date to be determined and announced by MASB.

The adoption of these amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Group for the FYE 31 December 2020 was not subject to any qualification.

A4 Seasonality

The Group's business operations are generally dependent on the Malaysia's economy, consumer confidence and Government restrictions and policies on retail operations, as well as major festive seasons sales such as Chinese New Year, Hari Raya and Christmas celebrations.

A5 Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

Except for the effects of COVID-19 pandemic and the various movement control restrictions implemented during the pandemic as explained in Note B1, there were no other material unusual items.

A6 Changes in Estimates

There were no changes in estimates that have had a material effect on the current quarter results.

A7 Changes in Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the current financial quarter.

A8 Dividends Paid

There was no dividend paid for the current quarter.

A9 Operating segments

The business segment of the Group comprises Retail and Distribution.

The segmental analysis of the Group's revenue by business segments are set out as follows:

	3 months ended		**12 months ended**	
	31.12.2021 RM'000	**31.12.2020 RM'000**	**31.12.2021 RM'000**	**31.12.2020 RM'000**
Retail	25,799	16,028	66,900	65,321
Distribution	4,035	3,614	15,983	15,090
Total	**29,834**	**19,642**	**82,883**	**80,411**

The major contributor to the revenue stream of the Group was from the retail segment, which constituted 80.72% of the Group's total revenue for FYE 31 December 2021, recording sales totalling RM66.90 million. This represents an increase of approximately 2.42% compared to RM65.32 million recorded in the previous FYE 31 December 2020. The increase was mainly due to the additional sales generated from the increase in number of outlets, during 2021 comprising 1 new Mothercare outlet and 2 new The Entertainer outlets.

Meanwhile, the Distribution segment revenue remained consistent, recording a slight increase of 5.92% in revenue from RM15.09 million in the FYE 31 December 2020 to RM15.98 million in the FYE 30 December 2021.

A10 Valuation of Plant and Equipment

There were no valuations of plant and equipment during the current quarter under review.

A11 Material Subsequent Event

There were no significant events since the end of this current quarter up to the date of this announcement.

A12 Changes in the Composition of the Group

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

A13 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the date of this interim financial report.

A14 Recurrent Related Party Transactions (“RRPT”)

Save as disclosed below, there was no other RRPT for the FYE 31 December 2021:

	12 months ended 31.12.2021 RM’000	**12 months ended 31.12.2020 RM’000**
Purchases	2,790	2,482
Sales	174	359
Rental payable#	910	1,055
E-Commerce management fees payable	196	249
Corporate management fees payable	195	195

 # The Group had received a rent rebate for the period from 1 June 2021 to 30 September 2021 and 18 March 2020 to 30 April 2020.

B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Performance

	Individual Period (4th Quarter)				Cumulative Period (12 Months)			
	Current Year Quarter 31 December 2021	Preceding Year Corresponding Quarter 31 December 2020	Variance		Current Year-to-date 31 December 2021	Preceding Year Corresponding Period 31 December 2020	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	29,834	19,642	10,192	51.89	82,883	80,411	2,472	3.07%
Gross Profit	13,959	9,614	4,345	45.19	38,834	39,466	(632)	(1.60%)
Profit Before Tax	3,416	1,391	2,025	145.58	6,479	7,412	(933)	(12.59%)

Current quarter (“Q4 2021) against preceding year corresponding quarter (“Q4 2020”)

The Group registered a revenue of RM29.83 million for the current quarter as compared to revenue of RM19.64 million recorded in the previous year’s corresponding quarter. The increase was mainly due to the revenue contribution from all our retail outlets, which were fully operational in the Q4 2021 as compared to Q4 2020 where the reintroduction of the Controlled Movement Control Order (“CMCO”) by the Government effective 14 October 2020 to the end of year 2020 had led to a decrease in our retail sales as a result of decreased foot traffic at shopping malls where our retail outlets are located. In Q4 2021, most of the states where our outlets are located have entered Phase 4 of the National Recovery Plan (“NRP”) where cross-state travel was allowed within Malaysia. In addition, the Group had newly opened 1 Mothercare outlet and 1 The Entertainer outlet at Tropicana Gardens Mall (TGM) during Q4 2021, contributing to our increased sales during this period.

As a result of the increase in revenue for the retail segment, the Group recorded a profit before tax (“PBT”) of RM3.42 million in the current quarter as compared to the PBT of RM1.39 million in Q4 2020.

Current financial year ended 31 December 2021 (“FYE 2021”) against preceding financial year ended 31 December 2020 (“FYE 2020”)

For the FYE 31 December 2021, the Group registered a revenue of RM82.88 million as compared to revenue of RM80.41 million recorded in FYE 31 December 2020, representing an increase of RM2.47 million or 3.07%. The increase in revenue was attributable by the increase in sales for our retail segment, mainly contributed by 3 additional outlets which were opened in current financial year end.

However, the material and shipping cost has increased in current financial year resulting in an increase in our cost of sales, thus leading to the decrease in the Group’s PBT of RM0.9 million or 12.59% from RM7.41 million in the FYE 31 December 2020 as compared to RM6.48 million in the FYE 31 December 2021.

B2 Comment on material change in profit before taxation for current quarter compared with the immediately preceding quarter

	Current Quarter 31 December 2021	Immediate Preceding Quarter 30 September 2021	Variance	
	RM'000	RM'000	RM'000	%
Revenue	29,834	14,871	14,963	100.62%
Gross Profit	13,959	6,831	7,128	104.35%
Gross Profit Margin	46.79%	45.94%		
Profit Before Tax	3,416	602	2,814	467.44%

For the current quarter under review, the Group registered revenue of RM29.84 million and PBT of RM3.42 million as compared to the revenue of RM14.87 million and PBT of RM0.6 million reported in the immediate preceding quarter. The increase in revenue was mainly due to the revenue contribution from all our retail outlets, which were fully operational in the Q4 2021. Due to MCO 3.0 implemented by Government, retail outlet operations were forced to close from 1 June 2021 until 2 September 2021, and this has led to lower revenue generated in the Q3 2021 as our retail outlets were only re-opened on 3 September 2021 onwards.

As a result of the increase in revenue in the current quarter, the Group recognised an increase in PBT of RM2.81 million in the current quarter, from RM0.60 million in the previous corresponding Q3 2021 to RM3.42 million in the current Q4 2021.

B3 Prospects

The Group encountered three difficult months during movement control order. Our sales recovered from the month of September which enabled the Group to post a profit for the fourth quarter. We anticipate that if Covid-19 situation improves, the Group should be able to resume our normal growth.

All expenses will continue to be kept to a minimum level which include the suspension of our expansion of new physical outlets other than those that have been committed. The management will continue to focus on improving our digital capabilities and increasing the Group's e-Commerce presence. We will do so in a prudent and measured way to optimize our working capital to generate a sustainable cashflow.

B4 Variance between Actual Profit and Forecast Profit

The Group has not provided any profit forecast in any public documents and announcements.

B5 Taxation

	3 months ended		12 months ended	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax	1,176	671	1,950	2,196
Deferred tax	233	(230)	238	(131)
Total	**1,409**	**441**	**2,188**	**2,065**

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit before tax for the current quarter and current financial period.

The effective tax rates of the Group for the current quarter and current financial period-to-date were higher than the Malaysia statutory tax rate mainly due to certain non-deductible expenses.

B6 Unquoted investments and properties

There were no purchases or sales of unquoted investment or properties for the current quarter.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the current quarter and the financial period to date.

B8 Status of Corporate Proposals

There is no corporate proposal announced but pending completion as at the date of this report.

B9 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the end of current quarter to the date of the interim financial report.

B10 Material Litigation

As at the date of this report, there is no litigation against the Group which has a material effect on the financial position of the Group and the Board is not aware of any material litigation or any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B11 Earnings Per Share ("EPS")

	3 months ended		**12 months ended**	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
BASIC EPS				
Profit attributable to owners of the Company (RM'000)	2,007	950	4,291	5,347
Weighted average number of ordinary shares in issue ('000)	380,000	380,000	380,000	380,000
Basic EPS (sen)	0.53	0.25	1.13	1.41

Notes:
The basic earnings per share is computed based on profit after tax attributable to the owners of the Company and divided by the weighted average number of shares in issue as at 31 December 2021.

There was no dilution in the earning per share as there was no potential diluted ordinary share outstanding as at the end of the current period under review.

B12 Notes to the Statement of Comprehensive Income

	3 months ended		12 months ended	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
The following items have been charged / (credited) in arriving profit from operations:				
Auditors' remuneration	13	11	170	167
Amortisation of right-of-use assets	1,823	2,028	7,662	7,792
Depreciation for plant and equipment	841	752	3,233	2,805
Fair value gain on short-term investments	(17)	(50)	(34)	(50)
Finance costs:				
Unwinding of interest expense of provision for restoration cost	3	3	14	12
Lease interest expense	191	249	909	1,134
Loss / (Gain) on foreign exchange:				
- Realised	2	(21)	(417)	(74)
- Unrealised	(90)	(36)	(105)	16
Gain on modification / termination of MFRS 16	-	-	(171)	(84)
Government grant on wage subsidy	(263)	(314)	(1,202)	(863)
Interest income	(82)	(123)	(399)	(683)
Inventories written-off	177	183	222	209
Reversal of write-down of inventories	(89)	-	(86)	-
Plant and equipment written-off	-	-	-	4
Unwinding of interest income – refundable deposit	(9)	(49)	(136)	(132)
Write-down of inventories	-	117	-	118

B13 Utilisation of Proceeds Raised from Public Issue

The gross proceeds arising from the Public Issue amounting to RM32.68 million is intended to be utilised in the following manner:

Details of use of proceeds	Proposed Utilisation (after the Proposed Variation)	Actual Utilisation	Deviation	Estimated Timeframe for Utilisation
	RM'000	RM'000	RM'000	
1. Business expansion and capital expenditure				
a. Expansion of the Group's retail network	7,000	5,633	-	Within 36 months
b. Expansion of the Group's toys range by opening and operating The Entertainer toy outlets	5,000	4,059	-	Within 36 months
c. Revamp and upgrade our back-end IT infrastructure system and e-commerce platform	3,000	683	-	Within 36 months
d. Expansion or relocation of our existing outlets	2,000	675	-	Within 36 months
2. Working capital				
a. To support the day-to-day operation cost, including inventory and operational overheads, maintenance and upkeep, expansion of workforce and advertisement and promotional activities	7,880	7,325	-	Within 24 months
b. Expansion of product range offered under distribution segment	4,000	4,000	-	Within 24 months
3. Estimated listing expenses	3,800	3,800	-	Within 3 months
	32,680	26,175	-	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 19 June 2019, as well as the Proposed Variation of the proceeds arising from Public Issue which was approved by the Board of Directors and announced on 1st October 2021.

B14 Authorisation for issue

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Board dated 25 February 2022.

B15 Dividends declaration for current year to date

A single tier tax exempted interim dividend of 1.0 sen per ordinary share amounting to RM3,800,000 computed based on the issued capital of the Company comprising 380,000,000 shares as at 31 December 2021 has been declared by the Board on 25 February 2022 and shall be payable on 12 April 2022.