SIN HENG CHAN (MALAYA) BERHAD (4690-V)
(Incorporated In Malaysia)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 December, 2019

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SIN HENG CHAN (MALAYA) BERHAD (4690-V)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	9,320	7,537	30,482	32,537
Cost of Sales	(4,248)	(5,025)	(27,118)	(29,462)
Gross profit	5,072	2,512	3,364	3,075
Other income	6,776	1,647	13,052	5,688
Distribution cost	(1,413)	(1,210)	(1,413)	(1,210)
General and administrative expenses	(1,283)	(1,889)	(4,392)	(6,893)
Other operating expenses	(1,301)	(1,023)	(2,174)	(2,531)
	7,851	37	8,437	(1,871)
Finance cost	(1,376)	(1,341)	(5,699)	(5,881)
Share of profit / (loss) of associates	-	460	(98)	1,158
Profit / (Loss) before tax	6,475	(844)	2,640	(6,594)
Tax credit/(expense)	329	102	415	331
Profit / (Loss) from operations	6,804	(742)	3,055	(6,263)
Equity holders of the parent	6,804	(742)	3,055	(6,263)
	6,804	(742)	3,055	(6,263)
Earnings per ordinary share				
Basic (sen)	5.16	(0.56)	2.32	(5.02)
Diluted (sen)	5.16	(0.56)	2.32	(5.02)

(The 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 this report)

SIN HENG CHAN (MALAYA) BERHAD (4690-V)

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

	AS AT 31 DECEMBER 2019 RM'000	AS AT 31 DECEMBER 2018 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment ("PPE")	78,566	80,389
Investment Properties	374	9,375
Concession Financial Assets	52,197	54,010
Prepaid Lease Rental	17,343	17,812
Intangible Assets	24,043	24,643
Investment in associates	-	10,466
Current Assets		
Inventories	1,776	1,160
Concession Financial Assets	1,813	1,706
Trade Receivables	7,996	6,792
Other Receivables, deposits and prepayments	1,734	2,460
Biological assets	769	486
Assets held for sale	-	544
Amount owing by related parties	-	259
Amount owing by assocates companies	-	313
Fixed deposits, cash and cash balances	4,420	2,232
	18,508	15,952
TOTAL ASSETS	191,031	212,647
EQUITY & LIABILITIES		
Share Capital	123,992	123,992
Reserves	(42,545)	(45,600)
Equity attributable to equity holders of the parent	81,447	78,392
Non-Current Liabilities		
Bank Borrowings	57,806	66,964
Hire-purchase payables	618	781
Other Payables	245	-
Deferred Tax Liability	7,136	7,440
	65,805	75,185
Current Liabilities		
Bank Overdrafts	13,095	24,792
Trade Payables	5,921	6,323
Other Payables	13,840	18,011
Amount owing to related parties	2,169	1,669
Bank Borrowings	8,391	7,991
Hire-purchase payables	363	277
Tax liabilities	-	7
	43,779	59,070
	191,031	212,647
Net tangible assets per share (RM)	0.44	0.41

(The 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 report)

SIN HENG CHAN (MALAYA) BERHAD (4690-V)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
12 months quarter ended 31 December 2019			
At 1 January 2019	123,992	(45,600)	78,392
Net profit for the financial period	-	3,055	3,055
At 31 December 2019	123,992	(42,545)	81,447
12 months quarter ended 31 December 2018			
At 1 January 2018	118,092	(39,336)	78,756
Net loss for the financial period	-	(6,264)	(6,264)
Issue of ordinary shares	5,900	-	5,900
At 31 December 2018	123,992	(45,600)	78,392

(The 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 report)

SIN HENG CHAN (MALAYA) BERHAD (4690-V)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
(The figures have not been audited)

	12 MONTHS PERIOD ENDED 31 DECEMBER 2019 RM'000	12 MONTHS PERIOD ENDED 31 DECEMBER 2018 RM'000
Profit / (Loss) before tax	2,640	(6,594)
Adjustment for :		
Amortisation of Prepaid Lease and Intangible Assets	1,109	1,121
Depreciation of Property, Plant & Equipment ("PPE")	4,590	4,257
Fair value changes in biological asset	(284)	(38)
Loss /(gain) result in associated companies	(34)	(1,158)
Finance costs	5,698	5,881
Property,plant and equipment written off	-	32
Loss/(gain) on disposal of PPE	(123)	-
Loss/(gain) on disposal of investment properties	(8,133)	-
Finance income from concession financial asset	(3,492)	(3,593)
Interest income	(161)	(58)
Operating Profit/(loss) before working capital changes	1,810	(150)
Decrease in concession financial assets	5,198	5,198
Increase in inventories	(615)	(477)
Decrease/(Increase) in receivables and other assets	(477)	(4,107)
Increase/(decrease) in payables and other liabilities	(4,818)	3,435
Decrease/(Increase) in amount owing by related parties	759	(826)
Decrease/(Increase) in amount owing by associates companies	313	(313)
Cash from/(used in) operations	2,170	2,760
Interest paid	(67)	(57)
Tax Received	577	-
Tax (Paid)	(474)	-
Net cash used in operating activities	2,206	2,703
Cash flows from/(used in) investing activities		
Acquisition of intangible assets	-	(6,000)
Proceeds from disposal of investment in associates	10,500	-
Issue of ordinary shares	-	5,900
Purchase of property, plant and equipment	(2,398)	(2,995)
Proceeds from disposal of investment properties	17,638	-
Proceeds from disposal of PPE	244	-
Interest received	161	58
Net cash (used in)/from investing activities	26,145	(3,037)
Cash flows from/(used in) financing activities		
Proceeds from drawdown of borrowings - net	3,000	4,500
Repayment of term loan - net	(11,758)	(5,615)
Proceed/(Repayment) of hire-purchase - net	(77)	(237)
Interest Paid	(5,632)	(5,825)
Net cash (used in)/from financing activities	(14,467)	(7,177)
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,884	(7,511)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(22,560)	(15,049)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	(8,676)	(22,560)
Cash and Cash Equivalents at end of period consist of:-		-
Deposits with licensed banks	1,500	200
Cash and bank balances	2,919	2,032
Bank Overdrafts	(13,095)	(24,792)
	(8,676)	(22,560)

(The Condensed Consolidated Cash Flow Statement 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 report)

PART A : EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018. These explanatory notes attached to the 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 the Group since the financial year ended 31 December 2018.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2018.

In conjunction with the planned convergence of Financial Reporting Standards ("FRS") with International Financial Reporting Standard as issued by the International Accounting Standards Board, the MASB issued a new approved accounting standard framework, the MFRSs, for application in the annual periods beginning on or after 1st January 2012.

The MFRS Framework is a mandatory for adoption by all Entities Other Than Private Entities, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreement for the Construction of Real Estate ("Transitioning Entities"). The Group falls within the definition of Transitioning Entities and the financial statements for the annual period beginning on 1 January 2017 will be prepared in accordance with the MFRS and International Financial Reporting Standards.

The significant accounting policies and methods of computation adopted are consistent with those of the most recent audited financial statements for the year ended 31 December 2017 except for the adoption of new and amended FRSs, IC Interpretations and new MFRSs which are relevant to its operations and effective for the financial periods beginning on or after 1 January 2018. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on the transition to MFRS framework follows:

<u>Biological assets</u>
Under the MFRS framework, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116: Property, Plant and Equipment. After initial recognition, the bearer biological assets will be measured under MFRS 166 at accumulated cost. The Group is currently measuring the bearer biological assets at valuation less accumulated impairment losses after the date of valuation. Upon adoption of the MFRS framework, the Group decided to apply the cost model for accounting the bearer plants. This change in accounting framework will result in the reclassification of the bearer assets from plantation development expenditure to bearer plants and the revaluation amount on the transition date to be recorded as original cost. The related revaluation surplus will be adjusted accordingly. Subsequently be stated at cost less any accumulated depreciation and accumulated impairment losses. The amendments also require the produce that grows on bearer plants to be within scope of MFRS141 measured at fair value less costs to sell. The plantation development expenditure of the Group comprises of the fresh fruit bunch ("FFB") prior to harvest. The changes in fair value less costs to sell of the biological assets was recognised in profit or loss.

A2 Audit report

The auditors' report on the financial statement for the year ended 31 December 2018 was not qualified.

A3 Seasonal or cyclical factors of the Group's operations

The prices for the Group's plantation products are not within the control of the Group but are determined by the price of Crude Palm Oil (CPO), which in turn depends on several factors including the global supply and demand of competing vegetable oils, crude oil prices, and general global economic growth conditions.

Crop production is seasonal. Based on statistics, the Group's production of Fresh Fruit Bunches (FFB) gradually increases in the second quarter and reaches its peak during the third and fourth quarters. This pattern can be affected by rainfall in the Group's estates and severe global weather conditions such as El-Nino.

The profits for this segment of the Group are primarily determined by the price of FFB and the volume of production from the Group's estates.

The Group's other businesses in energy and facilities management are not affected by seasonal or cyclical factors.

A4 Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence in the current quarter.

A5 Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter.

A6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter.

A7 Dividend

There was no dividend paid, declared or proposed in the current quarter.

A8 Segmental analysis

The Group is organised into the following operating divisions:

(i) Oil Palm Plantations
(ii) Energy and Facilities Management
(iii) Investment Holding
(iv) Others (consist of subsidiary companies which are dormant)

The Segmental Information for the year ended 31 December 2019 :

	Oil Palm Plantations	Energy & Facilities Management	Investment Holding	Others	Elimination	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,488	13,994	-	-	-	30,482
Segment results						
Profit / (loss) from operations	(2,972)	5,567	9,414	(26)	(3,546)	8,437
Finance cost	(3,393)	(2,755)	(22)	-	471	(5,699)
Share profit of associates					(98)	(98)
Profit / (Loss) before tax	(6,365)	2,812	9,392	(26)	(3,173)	2,640
Tax credit / (expenses)			111		304	415
Profit / (Loss) for the period						3,055

A9 Valuations of property, plant and equipment

The valuations of land and building have been brought forward without amendment from the financial statements for the year ended 31 December 2018.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 December 2019 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations for the current quarter.

A12 Contingent liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2019.

A13 Capital Commitments

There are no capital commitments approved or contracted for the fourth quarter ended 31 December 2019.

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1 Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year Quarter	Preceding Year Corresponding Quarter	
	31 Dec 2019	31 Dec 2018	Change	31 Dec 2019	31 Dec 2018	Change
	RM '000	RM '000	%	RM '000	RM '000	%
Oil Palm Plantations Revenue	5,893	3,657	*61.1%*	16,488	12,897	*27.8%*
Energy and Facility Management Revenue	3,427	3,880	*-11.7%*	13,994	19,640	*-28.7%*
Total Revenue	9,320	7,537	*23.7%*	30,482	32,537	*-6.3%*
Profit / (Loss) Before Tax	6,475	(844)	*867.2%*	2,640	(6,594)	*140.0%*
Operational Statistics						
Production (MT)	12,596	10,292	*22.4%*	41,478	31,195	*33.0%*
Ave. CPO Price*	2,478	1,908	*29.9%*	2,122	2,237	*-5.2%*
Ave. FFB Price	473	354	*33.8%*	393	423	*-6.9%*

*Extracted from MPOB Peninsular Malaysia Average

(A) Performance of the current quarter against the preceding year corresponding quarter

Revenue
The Group's revenue for the current quarter ended 31 December 2019 was RM9.32 million, an increase of 23.7% when compared to the revenue of RM7.54 million in the corresponding quarter in 2018. The increase in revenue was mainly due to the increase in revenue from the plantations segment.

Plantations
For the current quarter under review, the Group's plantations segment recorded revenue of RM5.89 million, a 61.1% increase when compared to the corresponding quarter in 2018. This was mainly due to an increase in the Group's Fresh Fruit Bunch (FFB) production by 2,304mt or 22.4% compared to the same quarter in 2018. In addition, this segment recorded an improved financial performance due to increases in average CPO and FFB prices, which increased by 29.9% and 33.8% respectively compared to the corresponding period in 2018.

Energy and Facilities Management
For the current quarter under review, this segment contributed RM3.43 million to the Group's revenue, a decrease of 11.7% as compared to RM3.88 million in the corresponding quarter in 2018. This decrease in revenue was due to reduced consumption of chilled water from the Group's cooling system in Melaka.

Profit / (Loss) before tax
The Group recorded a profit before tax of RM6.48 million as compared to a loss before tax of RM0.84 million in the corresponding quarter ended 31 December 2018. The profit recorded was mainly due to an improved performance from the Group's plantations segment as well as the Group's recognition of a gain from disposal of a piece of leasehold land in Melaka which was completed on 2 October 2019.

B1 Review of Performance (continued)

(B) Performance of the current financial period to-date against preceding year corresponding financial period

Revenue
The Group's revenue for the cumulative quarter ended 31 December 2019 decreased by 6.3% to RM30.48 million as compared to RM32.54 million in the preceding year corresponding period ended 30 December 2018. The decrease in revenue was mainly due to the decrease in revenue from the energy and facility management segment.

Plantations
For the financial year ended 31 December 2019, revenue increased by 27.8% to RM16.49 million from RM12.90 million in the preceding year. This was due to an increase in FFB production from the Group's estates by 10,283mt or 33.0% compared to the same period in 2018. However, the increase in production was offset by lower average CPO and FFB prices, which declined by 5.2% and 6.9% respectively compared to the corresponding period in 2018.

Energy and Facilities Management
This segment contributed RM13.99 million to the Group's revenue in the financial year ended 31 December 2019 compared to RM19.64 million in the preceding year. The decline in revenue was mainly due to the absence of one-off construction revenue of RM 6.0 million from the cooling system project which was completed in the third quarter of year 2018.

Profit / (Loss) before tax
For the financial year ended 31 December 2019, the Group recorded a profit before tax of RM2.64 million as compared to a loss before tax of RM6.59 million in the preceding year. The Group's improved financial performance can be attributed to improvements from the Group's plantations segment as well as the recognition of the gain from disposal of a piece of leasehold land in Melaka.

B2 Material Changes in Current Quarter Results Compared with Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 Dec 2019 RM'000	30 Sep 2019 RM'000	Amount RM'000	%
Production (MT)	12,596	10,716	1,880	17.5%
Ave. CPO Price*	2,478	2,015	463	23.0%
Ave. FFB Price	473	369	104	28.2%
Revenue	9,320	7,493	1,827	24.4%
Operating Profit /(Loss) before finance cost	7,851	(489)	8,340	1705.5%
Finance Cost	(1,376)	(1,345)	(31)	2.3%
Profit / (Loss) before tax	6,475	(1,834)	8,309	453.1%
Profit / (Loss) after tax	6,804	(1,758)	8,562	487.0%
Profit / (Loss) attributable to owners of the Company	6,804	(1,758)	8,562	487.0%

For the three months period ended 31 December 2019, the Group recorded a revenue of RM9.32 million as compared to RM7.49 million recorded in the preceding quarter ended 30 September 2019. The increase in revenue is due to an increase in revenue from the plantations segment. This was due to the increase in FFB production from the Group's estates by 1,880mt or 17.5% and an increase in average CPO prices by 23.0% compared to the preceding quarter.

B2 Material Changes in Current Quarter Results Compared with Preceding Quarter (continued)

The Group recorded a profit before taxation of RM6.48 million for the current quarter as compared to a loss before tax of RM1.83 million in preceding quarter ended 30 September 2019. This improved financial performance was mainly due to improvements from the Group's plantations segment as well as the recognition of the gain from disposal of a piece of leasehold land in Melaka which was completed during the current quarter.

B3 Prospects

For 2020, our Group's performance in the plantation division will be largely dependent on CPO and Palm Kernel ("PK") prices, and our FFB production. CPO and PK prices are influenced by a variety of factors affecting the supply and demand of palm oil, including the weather conditions, prices and production of substitute vegetable oils, crude oil prices, and global economic conditions.

Notwithstanding this, the Group will continue to focus on increasing the production of FFB from its estates. The Group remains fundamentally optimistic about the long-term prospects of the palm oil industry. Average selling prices of CPO have increased in late 2019 and the Group is of the view that the average selling prices of CPO is expected to remain higher in 2020 compared to the previous year.

The Group is optimistic on the ability of its energy and facility management division to continue to provide steady and recurrent income to the Group.

B4 Profit Forecast or Profit Guarantee

The Group has not issued any profit forecasts for the quarter under review.

B5 Dividends

No interim dividend has been paid, declared or proposed for the period ending 31 December 2019.

B6 Taxation

	Current Quarter 31.12.2019 RM'000	Cumulative Quarter 31.12.2019 RM'000
On current year's results		
- Real Property Gains Tax Malaysia ("RPGT")	(324)	(466)
- Refund of Tax (YA2011)	577	577
- Transfer from / (to) deferred taxation	76	304
	329	415

B7 Status of Corporate Proposals

On 13 February 2020, the Company announced that it proposes to undertake a Private Placement of up to 10% of the total number of issued shares of SHC to third party investors to be identified at a later date.

B8 Group Borrowings

Details of the Group's borrowings as at 31 December 2019 were as follows:-

Term Loan Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	8,391	57,806	66,197

The credit facilities of the group are obtained by a charge over all its assets and corporate guarantee.

Borrowings are denominated in Ringgit Malaysia.

B9 Material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial year.

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk at the date of the issue of this quarterly report.

B11 Earnings / (Loss) per Share (EPS)

Basic EPS and diluted EPS are calculated by dividing the net profit attributable to the ordinary equity holders of the Company of RM3.05 million for the financial year by the number of ordinary shares of 131,866,787 in issue during the financial year.

B12 Gains / (losses) arising from fair value changes of financial liabilities

There were no gains / (losses) during this quarter arising from fair value changes of financial liabilities.