



## **SIN HENG CHAN (MALAYA) BERHAD**

(Reg. No. 196201000185 (4690-V))  
(Incorporated in Malaysia)

### **INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 March, 2020**

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2020 RM'000	PRECEDING YEAR QUARTER 31 MAR 2019 RM'000	CURRENT YEAR TO DATE 31 MAR 2020 RM'000	PRECEDING YEAR TO DATE 31 MAR 2019 RM'000
Revenue	9,485	6,803	9,485	6,803
Cost of Sales	(6,657)	(6,681)	(6,657)	(6,681)
<b>Gross profit</b>	<b>2,828</b>	<b>122</b>	<b>2,828</b>	<b>122</b>
Other income	1,033	1,517	1,033	1,517
Distribution cost	(376)	(349)	(376)	(349)
General and administrative expenses	(994)	(1,735)	(994)	(1,735)
Other operating expenses	(339)	(431)	(339)	(431)
	<b>2,152</b>	<b>(876)</b>	<b>2,152</b>	<b>(876)</b>
Finance cost	(1,140)	(1,479)	(1,140)	(1,479)
Share of profit / (loss) of associates	-	(5)	-	(5)
<b>Profit / (Loss) before tax</b>	<b>1,012</b>	<b>(2,360)</b>	<b>1,012</b>	<b>(2,360)</b>
Tax credit/(expense)	76	76	76	76
<b>Profit / (Loss) from operations</b>	<b>1,088</b>	<b>(2,284)</b>	<b>1,088</b>	<b>(2,284)</b>
Equity holders of the parent	1,088	(2,284)	1,088	(2,284)
	<b>1,088</b>	<b>(2,284)</b>	<b>1,088</b>	<b>(2,284)</b>
<b>Earnings per ordinary share</b>				
<i>Basic (sen)</i>	0.83	(1.73)	0.83	(1.73)
<i>Diluted (sen)</i>	0.83	(1.73)	0.83	(1.73)

*(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 2019 and the accompanying explanatory notes attached to this report)*

SIN HENG CHAN (MALAYA) BERHAD (Registration No. 196201000185 (4690-V))

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020

(The figures have not been audited)

	AS AT 31 MARCH 2020 RM'000	AS AT 31 DECEMBER 2019 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment ("PPE")	78,188	78,566
Investment Properties	372	374
Concession Financial Assets	52,197	52,197
Prepaid Lease Rental	17,226	17,343
Intangible Assets	23,893	24,043
<b>Current Assets</b>		
Inventories	1,662	1,776
Concession Financial Assets	1,360	1,813
Trade Receivables	8,765	7,996
Other Receivables, deposits and prepayments	1,792	1,733
Biological assets	769	769
Tax recoverable	2	1
Fixed deposits, cash and cash balances	11,709	4,420
	<u>26,059</u>	<u>18,508</u>
<b>TOTAL ASSETS</b>	<u>197,935</u>	<u>191,031</u>
<b>EQUITY &amp; LIABILITIES</b>		
Share Capital	123,992	123,992
Reserves	(41,457)	(42,545)
Equity attributable to equity holders of the parent	<u>82,535</u>	<u>81,447</u>
<b>Non-Current Liabilities</b>		
Bank Borrowings	57,806	57,806
Hire-purchase payables	704	618
Other Payables	245	245
Deferred Tax Liability	7,060	7,136
	<u>65,815</u>	<u>65,805</u>
<b>Current Liabilities</b>		
Bank Overdrafts	22,437	13,095
Trade Payables	5,128	5,921
Other Payables	13,303	13,840
Amount owing to related parties	2,169	2,169
Bank Borrowings	6,287	8,391
Hire-purchase payables	261	363
	<u>49,585</u>	<u>43,779</u>
	<u>197,935</u>	<u>191,031</u>
<b>Net tangible assets per share (RM)</b>	0.44	0.44

*(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 2019 and the accompanying explanatory notes attached to this report)*

SIN HENG CHAN (MALAYA) BERHAD (Registration No. 196201000185 (4690-V))

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

	Share Capital RM'000	Distributable Accumulated Loss RM'000	Total RM'000
<b><u>3 months quarter ended 31 March 2020</u></b>			
At 1 January 2020	123,992	(42,545)	81,447
Net profit for the financial period	-	1,088	1,088
At 31 March 2020	123,992	(41,457)	82,535
<b><u>3 months quarter ended 31 March 2019</u></b>			
At 1 January 2019	123,992	(45,600)	78,392
Net loss for the financial period	-	(2,284)	(2,284)
At 31 March 2019	123,992	(47,884)	76,108

*(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 2019 and the accompanying explanatory notes attached to this report)*

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

	3 MONTHS PERIOD ENDED 31 MARCH 2020 RM'000	3 MONTHS PERIOD ENDED 31 MARCH 2019 RM'000
Profit / (Loss) before tax	1,012	(2,360)
Adjustment for :		
Amortisation of Prepaid Lease and Intangible Assets	269	293
Depreciation of Property, Plant & Equipment ("PPE")	1,224	1,070
Share of result in associated companies	-	5
Finance costs	1,140	1,479
Finance income from concession financial asset	(846)	(873)
Interest income	(52)	(1)
Operating Profit/(loss) before working capital changes	2,747	(387)
Decrease in concession financial assets	1,300	47
Decrease/(Increase) Increase in inventories	114	(63)
Decrease/(Increase) in receivables and other assets	(827)	826
Increase/(decrease) in payables and other liabilities	(1,330)	2,538
Increase in amount owing to director	-	1,200
Decrease/(Increase) in amount owing by related parties	-	759
Decrease/(Increase) in amount owing by associates companies	-	236
Cash from/(used in) operations	2,004	5,156
Interest paid	(14)	(14)
Tax (Paid)	(1)	-
Net cash used in operating activities	1,989	5,142
<b>Cash flows from/(used in) investing activities</b>		
Purchase of property, plant and equipment	(846)	(2)
Interest received	52	1
Net cash (used in)/from investing activities	(794)	(1)
<b>Cash flows from/(used in) financing activities</b>		
Repayment of term loan - net	(2,103)	(3,814)
Proceed/(Repayment) of hire-purchase - net	(17)	(76)
Interest Paid	(1,126)	(1,465)
Net cash (used in)/from financing activities	(3,246)	(5,355)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(2,051)	(214)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(8,676)	(22,560)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	(10,727)	(22,774)
<b>Cash and Cash Equivalents at end of period consist of:-</b>	-	-
Deposits with licensed banks	11,414	-
Cash and bank balances	296	2,329
Bank Overdrafts	(22,437)	(25,103)
	(10,727)	(22,774)

*(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)*

**INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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**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 2019. 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 2019.

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 2019.

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 2019 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 2020. The standards and amendments that have been issued and effectively beginning on or after 1 January 2020 are as follows:

- The Conceptual Framework for the Financial Reporting (Revised 2018)
- Amendments to MFRS 3, 'Definition of a Business'
- Amendments to MFRS 10, 'Consolidated Financial Statements' and MFRS 128, 'Investments in Associates and Joint Ventures' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

the adoption of standards and amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

**A2 Audit report**

The auditors' report on the financial statement for the year ended 31 December 2019 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 period ended 31 March 2020 :**

	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	6,205	3,280	-	-	-	9,485
<b><u>Segment results</u></b>						
Profit / (loss) from operations	1,071	1,447	119	(5)	(480)	2,152
Finance cost	(770)	(529)	(5)	-	164	(1,140)
Profit / (Loss) before tax	301	918	114	(5)	(316)	1,012
Tax credit / (expenses)					76	76
Profit / (Loss) for the period						1,088

**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 2019.

**A10 Material events subsequent to the end of the interim period**

There were no material events subsequent to 31 March 2020 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 March 2020.

**A13 Capital Commitments**

There are no capital commitments approved or contracted as at 31 March 2020.



**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 Mar 2020 RM '000	31 Mar 2019 RM '000	Change %	31 Mar 2020 RM '000	31 Mar 2019 RM '000	Change %
Oil Palm Plantations Revenue	6,205	3,301	88.0%	6,205	3,301	88.0%
Energy and Facility Management Revenue	3,280	3,502	-6.3%	3,280	3,502	-6.3%
Total Revenue	9,485	6,803	39.4%	9,485	6,803	39.4%
Profit / (Loss) Before Tax	1,012	(2,360)	142.9%	1,012	(2,360)	142.9%
<b>Operational Statistics</b>						
Production (MT)	11,840	8,924	32.7%	11,840	8,924	32.7%
Ave. CPO Price*	2,704	2,015	34.2%	2,704	2,015	34.2%
Ave. FFB Price	525	372	41.2%	525	372	41.2%

\*Extracted from MPOB Peninsular Malaysia Average

**(A) Performance of the current quarter and financial year-to-date**

Revenue

The Group's revenue for the current quarter ended 31 March 2020 was RM9.49 million, an increase of 39.4% when compared to the revenue of RM6.80 million in the corresponding quarter in 2019. 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 RM6.21 million, a 88.0% increase when compared to the corresponding quarter in 2019. This was mainly due to an increase in the Group's Fresh Fruit Bunch (FFB) production by 2,916mt or 32.7% compared to the same quarter in 2019. In addition, this segment recorded an improved financial performance due to increases in average CPO and FFB prices, which increased by 34.2% and 41.2% respectively compared to the corresponding period in 2019.

*Energy and Facilities Management*

For the current quarter under review, this segment contributed RM3.28 million to the Group's revenue, a decrease of 6.3% as compared to RM3.50 million in the corresponding quarter in 2019. 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 RM1.01 million as compared to a loss before tax of RM2.36 million in the corresponding quarter ended 31 March 2019. The profit recorded was mainly due to an improved performance from the Group's plantations segment.

**B2 Material Changes in Current Quarter Results Compared with Preceding Quarter**

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	Amount RM'000	%
Production (MT)	11,840	12,596	(756)	-6.0%
Ave. CPO Price*	2,704	2,478	226	9.1%
Ave. FFB Price	525	473	52	11.0%
Revenue	9,485	9,320	165	1.8%
Operating Profit/(Loss) before finance cost	2,152	7,851	(5,699)	-72.6%
Finance Cost	(1,140)	(1,376)	236	17.2%
Profit/(Loss) before tax	1,012	6,475	(5,463)	-84.4%
Profit/(Loss) after tax	1,088	6,804	(5,716)	-84.0%
Profit/(Loss) attributable to owners of the Company	1,088	6,804	(5,716)	-84.0%

For the three months period ended 31 March 2020, the Group recorded a revenue of RM9.49 million as compared to RM9.32 million recorded in the preceding quarter ended 31 December 2019. The increase in revenue is due to an increase in revenue from the plantations segment. This was due to an increase in average CPO and FFB prices, which increase by 9.1% and 11.0% respectively compared to the preceding quarter.

The Group recorded a profit before taxation of RM1.01 million for the current quarter as compared to a profit before tax of RM5.59 million in preceding quarter ended 31 December 2019. This decrease in profit was mainly due to the absence of a once-off gain from disposal of a piece of leasehold land in Melaka which was completed during the preceding quarter ended 31 December 2019.

**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. In 2020, CPO prices are likely to be significantly affected by the economic uncertainties arising from the Covid-19 pandemic. Conversely, as the pandemic eases, increased demand by key importing countries and the continued commitment of the Indonesia and Malaysia governments to their biodiesel mandate policies will provide support to CPO prices.

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 March 2020.

**B6 Taxation**

	<b>Current Quarter 31.03.2020 RM'000</b>	<b>Cumulative Quarter 31.03.2020 RM'000</b>
On current year's results		
- Transfer from / (to) deferred taxation	76	76
	<u>76</u>	<u>76</u>

**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. On 27 February 2020, the Company received approval from Bursa Malaysia Securities Berhad to implement the Proposed Private Placement. As such, the Company has until 26 August 2020 to implement the Private Placement. As at this date, the Private Placement is still pending completion.

**B8 Group Borrowings**

Details of the Group's borrowings as at 31 March 2020 were as follows:-

	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
<b>Term Loan Borrowings</b>			
Secured	6,287	57,806	64,093

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 RM1.09 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.