



SIN HENG CHAN (MALAYA) BERHAD

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 March, 2023

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

(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 MAR 2023 RM'000	31 MAR 2022 RM'000	31 MAR 2023 RM'000	31 MAR 2022 RM'000
Revenue	10,153	13,905	10,153	13,905
Cost of Sales	(8,339)	(8,049)	(8,339)	(8,049)
Gross profit	1,814	5,856	1,814	5,856
Other income	1,334	1,004	1,334	1,004
Distribution cost	(220)	(236)	(220)	(236)
General and administrative expenses	(1,963)	(1,737)	(1,963)	(1,737)
Other operating expenses	(878)	(689)	(878)	(689)
	87	4,198	87	4,198
Finance cost	(2,509)	(2,357)	(2,509)	(2,357)
Share of profit of associates	3,631	3,551	3,631	3,551
Profit before tax	1,209	5,392	1,209	5,392
Tax expenses	(74)	(74)	(74)	(74)
Profit after tax for the period	1,135	5,318	1,135	5,318
Total comprehensive income for the period	1,135	5,318	1,135	5,318
Profit attributable to :				
Equity holders of the company	1,135	5,318	1,135	5,318
Total comprehensive income attributable to :				
Equity holders of the company	1,135	5,318	1,135	5,318
Earnings per share				
<i>Basic (sen)</i>	0.39	1.82	0.39	1.82
<i>Diluted (sen)</i>	0.27	1.29	0.27	1.29

(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 2022 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 2023

(The figures have not been audited)

	AS AT 31 MAR 2023 RM'000	(AUDITED) AS AT 31 DEC 2022 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	90,557	88,085
Investment Properties	345	348
Concession Financial Assets	46,047	46,047
Prepaid Lease Rental	15,820	15,937
Intangible Assets	22,093	22,243
Investment in Associates	206,983	203,352
	381,845	376,012
Current Assets		
Inventories	2,802	3,341
Concession Financial Assets	1,325	2,176
Trade Receivables	5,740	3,834
Other Receivables, Deposits and Prepayments	8,642	4,773
Biological Assets	1,040	1,040
Tax Recoverable	25	2
Other Investments	14,953	13,958
Fixed Deposits, Cash and Cash Balances	29,659	32,182
	64,186	61,306
TOTAL ASSETS	446,031	437,318
EQUITY & LIABILITIES		
Share Capital	181,355	181,355
Irredeemable Convertible Preference Shares	39,600	39,600
Reserves	41,523	40,388
Equity Attributable To Equity Holders Of The Company	262,478	261,343
Non-Current Liabilities		
Borrowings	147,204	141,909
Lease Liabilities	4,002	3,248
Other Payables	6	6
Deferred Tax Liability	8,568	8,494
	159,780	153,657
Current Liabilities		
Trade Payables	6,749	5,219
Other Payables and Accruals	4,529	2,517
Borrowings	11,355	13,270
Lease Liabilities	1,125	1,288
Tax liabilities	15	24
	23,773	22,318
TOTAL EQUITY AND LIABILITIES	446,031	437,318
Net assets per share (RM)	0.90	0.89
Number of ordinary shares ('000)	292,877	292,877

(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 2022 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 2023**

(The figures have not been audited)

	<----- Attributable to equity holders of the Company ----->			
	<----- Non-distributable ----->	<-- Distributable -->		Total RM'000
	Ordinary Share RM'000	Irredeemable Preference Share RM'000	Convertible Accumulated Profit / (Loss) RM'000	
<u>3 months quarter ended 31 March 2023</u>				
At 1 January 2023	181,355	39,600	40,388	261,343
Net profit for the financial period	-	-	1,135	1,135
At 31 March 2023	181,355	39,600	41,523	262,478
<u>3 months quarter ended 31 March 2022</u>				
At 1 January 2022	181,355	39,600	73,496	294,451
Net profit for the financial period	-	-	5,318	5,318
At 31 March 2022	181,355	39,600	78,814	299,769

(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 2022 and the accompanying explanatory notes attached to this report)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

(The figures have not been audited)

	3 MONTHS PERIOD ENDED 31 MAR 2023 RM'000	3 MONTHS PERIOD ENDED 31 MAR 2022 RM'000
Profit before tax	1,209	5,392
Adjustment for :		
Amortisation of prepaid lease and intangible assets	269	269
Depreciation of property, plant & equipment	1,818	1,550
Share of result in associate company	(3,631)	(3,551)
Finance costs	2,509	2,357
Loss on disposal of other investment	4	-
Fair value movement on other investment	(19)	(139)
Finance income from concession financial asset	(755)	(788)
Interest income	(464)	(181)
Dividend income	(107)	(10)
Operating Profit before working capital changes	833	4,899
Decrease in concession financial assets	1,606	1,300
Decrease / (Increase) in inventories	538	(1,375)
Increase in trade and other receivables	(5,775)	(2,058)
Increase in trade and other payables	3,543	1,500
Cash from operations	745	4,266
Interest paid	(72)	(50)
Tax paid	(32)	(15)
Net cash from operating activities	641	4,201
Cash flows from/(used in) investing activities		
Proceeds from disposal of other investment	522	-
Purchase of other investment	(1,500)	(228)
Purchase of property, plant and equipment	(4,290)	(2,348)
Dividend received from investment	107	10
Interest received	464	181
Net (cash used) in investing activities	(4,697)	(2,385)
Cash flows from/(used in) financing activities		
Proceeds from long term borrowings	5,070	-
Repayment of term loan	(963)	(922)
Proceed/(Repayment) of hire-purchase - net	591	78
Interest paid	(2,212)	(2,066)
Net cash from/(used in) financing activities	2,486	(2,910)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,570)	(1,094)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,370	33,669
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	26,800	32,575
Cash and Cash Equivalents at end of period consist of:-	-	-
Deposits with licensed banks	28,915	38,922
Cash and bank balances	744	289
Less : Bank Overdrafts	(2,859)	(6,636)
	26,800	32,575
Less : Deposits pledged as security	(2,000)	(2,000)
	24,800	30,575

(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 2022 and the accompanying explanatory notes attached to this report)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

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 2022. 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 2022.

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 2022.

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 2022 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 2023. The standards and amendments that have been issued and effectively beginning on or after 1 January 2023 are as follows:

- a) **Standards, amendments to published standards and interpretations that are effective and adopted during the financial year**
- MFRS 17, “Insurance Contracts”
 - Amendments to MFRS 17, “Initial Application of MFRS 17 and MFRS 9 - Comparative Information”
 - Amendments to MFRS 101, “Disclosure of Accounting Policies”
 - Amendments to MFRS 108, “Definition of Accounting Estimates”
 - Amendments to MFRS 112, “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

A1 Basis of preparation (Cont'd)

b) Standards and amendments that have been issued but not yet effective

Effective for financial year beginning on or after 1 January 2024

- Amendments to MFRS 101, "Classification of Liabilities as Current or Non-Current"
- Amendments to MFRS 101, "Non-Current Liabilities with Covenants "
- Amendments to MFRS 16, "Lease Liability in a Sale and Leaseback"

Effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The above procurements are either not relevant or do not have any impact on the financial statements of the Company.

A2 Auditors' Report on Preceding Annual Financial Statements

There was no qualification in the audit report of the preceding annual financial statements.

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 and La Nina.

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

The Segmental Information for the period ended 31 March 2023 :

	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	6,788	3,365	-	-	-	10,153
<u>Segment results</u>						
Profit / (loss) from operations	(712)	1,601	92	(7)	(887)	87
Finance cost	(630)	(1,461)	(988)	-	570	(2,509)
Share profit of associates	-	3,631	-	-	-	3,631
Profit / (Loss) before tax	(1,342)	3,771	(896)	(7)	(317)	1,209
Tax credit / (expenses)	-	(150)	-	-	76	(74)
Profit / (Loss) for the period	(1,342)	3,621	(896)	(7)	(241)	1,135

A9 Valuations of property, plant and equipment

There were no amendments in the valuations of property, plant and equipment during the financial period. The valuations have been brought forward without adjustment from the audited financial statements for the year ended 31 December 2022.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to 31 March 2023 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 2023.

A13 Capital Commitments

There are no capital commitments approved or contracted as at 31 March 2023.

**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 2023	31 Mar 2022	Change	31 Mar 2023	31 Mar 2022	Change
Revenue	RM '000	RM '000	%	RM '000	RM '000	%
Oil Palm Plantations	6,788	10,515	-35.4%	6,788	10,515	-35.4%
Energy and Facility Management	3,365	3,390	-0.7%	3,365	3,390	-0.7%
Total Revenue	10,153	13,905	-27.0%	10,153	13,905	-27.0%
Segment results						
Oil Palm Plantations	(1,342)	3,208	-141.8%	(1,342)	3,208	-141.8%
Energy and Facility Management	3,771	3,583	5.2%	3,771	3,583	5.2%
Investment Holding	(896)	(1,073)	16.5%	(896)	(1,073)	16.5%
Others	(7)	(10)	30.0%	(7)	(10)	30.0%
Eliminations	(317)	(316)	-0.3%	(317)	(316)	0.3%
Profit Before Tax	1,209	5,392	-77.6%	1,209	5,392	-77.6%
Operational Statistics						
Production (MT)	8,687	8,269	5.1%	8,687	8,269	5.1%
Ave. CPO Price*	3,998	6,058	-34.0%	3,998	6,058	-34.0%
Ave. FFB Price	782	1,276	-38.7%	782	1,276	-38.7%

*Extracted from MPOB Peninsular Malaysia Average

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

Revenue

The Group's total revenue for the current quarter ended 31 March 2023 was RM10.15 million, representing a decrease of 27.0% when compared to the revenue of RM13.91 million in the preceding year corresponding quarter ended 31 March 2022. The decrease in revenue was mainly due to decrease in revenue from the oil palm plantations segment.

Oil Palm Plantations

For the current quarter under review, the Group's oil palm plantations segment recorded a total revenue of RM6.79 million, a 35.4% decrease when compared to the preceding year corresponding quarter. The increase in FFB production of 5.1% or 418mt partly mitigated the loss in revenue caused by the decrease in average prices of CPO and FFB over the period of 34.0% and 38.7% respectively.

B1 Review of Performance (Cont'd)

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

Revenue (cont'd)

Energy and Facilities Management

For the current quarter under review, this segment contributed RM3.37 million to the Group's revenue, representing a marginal decrease of 0.7% as compared to RM3.39 million in the preceding year corresponding quarter. The decrease in revenue was due to a slight decrease in the consumption of chilled water from the Group's cooling system in Melaka.

Profit before tax

For the quarter ended 31 March 2023, the Group recorded a profit before tax of RM1.21 million as compared to a profit before tax of RM5.39 million in the preceding year corresponding quarter ended 31 March 2022. The decrease in profit before tax recorded in the quarter under review was due to significant decrease in average prices of CPO and FFB of 34.0% and 38.7% respectively over the period. However, this was partly mitigated by an increase in FFB production of 5.1% or 418mt from the Group's estates. As a result of this, the oil palm plantation segment registered a loss before tax of RM1.34 million compared to a profit of RM3.21 million in the corresponding quarter in 2022. In addition, the plantation segments' performance was also impacted by rising cost inputs such as fertiliser and labour costs.

Profit before tax from the energy and facility management segment increased by 5.2% to RM3.77 million. The increase in profit of this segment was due to lower operating costs and higher interest income received as compared to preceding year corresponding quarter.

B2 Material Changes in Current Quarter Results Compared with Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Variance	
	31 Mar 2023 RM'000	31 Dec 2022 RM'000	Amount RM'000	%
Production (MT)	8,687	10,717	(2,030)	-18.9%
Ave. CPO Price*	3,998	3,913	85	2.2%
Ave. FFB Price	782	754	28	3.7%
<u>Revenue</u>				
Oil Palm Plantations	6,788	8,076	(1,288)	-15.9%
Energy and Facility Management	3,365	3,443	(78)	-2.3%
Total Revenue	10,153	11,519	(1,366)	-11.9%
<u>Segment results</u>				
Oil Palm Plantations	(1,342)	(276)	(1,066)	-386.2%
Energy and Facility Management	3,771	4,217	(446)	-10.6%
Investment Holding	(896)	(1,198)	302	25.2%
Others	(7)	(8)	1	12.5%
Eliminations	(317)	(279)	(38)	-13.6%
Profit before tax	1,209	2,456	(1,247)	-50.8%

For the three months period ended 31 March 2023, the Group recorded revenue of RM10.15 million as compared to RM11.52 million recorded in the immediate preceding quarter ended 31 Dec 2022. The decline in overall revenue by 11.9% was largely due to the decrease in revenue from the Group's plantation segment.

The decrease in revenue in the oil palm plantations segment was due to a seasonal decrease in FFB production from the Group's estates of 18.9% or 2,030mt compared to the immediate preceding quarter. Average CPO and FFB prices rose marginally compared to the previous quarter, increasing by 2.2% and 3.7% respectively.

The energy and facility management segment registered a slight decrease in profit before tax of RM0.45 million in the current quarter compared to the immediate preceding quarter due to a lower share of profit recorded from its associate company.

As a result of this, the Group recorded a profit before tax of RM1.21 million for the current quarter as compared to a profit before tax of RM2.46 million in the immediate preceding quarter ended 31 Dec 2022.

B3 Profit Forecast or Profit Guarantee

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

B4 Dividends

No interim dividend has been paid, declared or proposed for the period ending 31 Mar 2023.

B5 Prospects

For 2023, the Group's performance in the plantation segment was primarily influenced by CPO and Palm Kernel prices. These are in turn affected by a myriad of factors influencing the supply and demand of CPO such as global weather conditions, prices and production of substitute vegetable oils, crude oil prices, and general global economic conditions. Global growth is expected to moderate in 2023.

Notwithstanding this, the Group will continue to focus on increasing the production of FFB from its estates in order to achieve economies of scale. The Group's expansion of planted area will also contribute to this in the coming years. At the same time, the Group will prioritise prudent cost management as it navigates higher input costs such as labour and fertiliser. The Group remains fundamentally optimistic about the long-term prospects of the palm oil industry. It is the most efficiently produced vegetable oil in the world, and therefore more competitive than other vegetable oils. Owing to its versatility, it is used in a wide variety of products.

The Group is optimistic on the ability of its energy and facilities management division to continue to contribute strong and recurring earnings to the Group. The Group will continue to prospect and evaluate potential new projects to further expand this segment and its performance.

Moving forward, the Group continues to prospect for new opportunities and sustainable businesses which can grow shareholder value in the long run.

B6 Taxation

	Current Quarter <u>31.03.2023</u> RM'000	Cumulative Quarter <u>31.03.2023</u> RM'000
On current year's results		
- Transfer to deferred taxation	(74)	(74)
	<u>(74)</u>	<u>(74)</u>

B7 Group Borrowings

Details of the Group's borrowings as at 31 Mar 2023 were as follows:-

Borrowings	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	11,355	147,204	<u>158,559</u>

The credit facilities of the group are obtained by a charge over all its assets and corporate guarantee. Borrowings are denominated in Ringgit Malaysia.

B8 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.

B9 Status of Corporate Proposals

i) Private Placement of Up To 20% of the Total Number of Issued Shares of SHC

On 5 November 2021, the Company announced that it proposes to undertake a Private Placement of up to 20% of the total number of issued shares of SHC to third party investors to be identified at a later date.

On 10 November 2021, a listing application in relation to the Proposed Private Placement was submitted to Bursa Malaysia Securities Berhad.

On 12 November 2021, additional information in relation to the Proposed Private Placement was announced.

On 15 November 2021, Bursa Malaysia Securities Berhad has resolved to approve the listing of and quotation for up to 61,824,077 new Shares to be issued pursuant to the Proposed Private Placement, subject to the conditions as listed in the Company announcement on 16 November 2021

On 10 December 2021, the Company announced that 37,824,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, which marks the completion of the Private Placement.

The status of the utilisation of the proceeds as at 29 May 2023 arising from the private placement is as follows:

Purpose	Estimated timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation		Deviation		Explanations
			RM'000	%	RM'000	%	
Business expansion for plantations segment	36 months	12,559	8,800	70.07	3,759	29.93	On going
Working capital	12 months	2,500	2,500	100.0	0	0	Completed
Estimated expenses for Proposed Private Placement	Upon completion	70	70	100.0	0	0	Completed
Total		15,129	11,370	75.15	3,759	24.85	

B10 Basic/Diluted earnings per share (EPS)

The basic EPS is calculated based on the Group's net profit attributable to the ordinary equity holders of the Company of RM1.14 million for the financial year by the number of ordinary shares of 292,877,387 in issue during the financial year, whereas diluted earnings per share is calculated based on the number of ordinary shares plus irredeemable convertible preference shares of 120,000,000.

B11 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.