



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

**INTERIM REPORT FOR THE  
FIRST QUARTER ENDED  
31 MARCH 2017**

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED 31 MAR		3 MONTHS ENDED 31 MAR	
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	4,722	3,405	4,722	3,405
Cost of Sales	(3,155)	(2,560)	(3,155)	(2,560)
<b>Gross profit</b>	<b>1,567</b>	<b>845</b>	<b>1,567</b>	<b>845</b>
Other income	247	17	247	17
General and administrative expenses	(805)	(886)	(805)	(886)
Other operating expenses	(253)	(329)	(253)	(329)
	756	(353)	756	(353)
Finance cost	(666)	(802)	(666)	(802)
<b>Loss before tax</b>	<b>90</b>	<b>(1,155)</b>	<b>90</b>	<b>(1,155)</b>
Tax credit/(expense)	52	54	52	54
<b>Profit / (Loss) from operations</b>	<b>142</b>	<b>(1,101)</b>	<b>142</b>	<b>(1,101)</b>
Equity holders of the parent	142	(1,101)	142	(1,101)
Minority interest	-	-	-	-
	142	(1,101)	142	(1,101)
<b>Earnings per ordinary share</b>				
<i>Basic (sen)</i>	0.12	(0.96)	0.12	(0.96)
<i>Diluted (sen)</i>	0.12	(0.96)	0.12	(0.96)

*(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 2016 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 MARCH 2017**

(The figures have not been audited)

	<b>(UNAUDITED) AS AT 31 MARCH 2017 RM'000</b>	<b>(AUDITED) AS AT 31 DECEMBER 2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment ("PPE")	8,627	8,892
Plantation Development Expenditure ("PDE")	78,289	78,644
Investment Properties	10,089	10,089
Prepaid Lease Rental	17,554	17,665
Goodwill on consolidation	16,329	16,329
Investment available for sale	2,800	2,800
<b>Current Assets</b>		
Inventories	733	794
Trade Receivables	741	1,811
Other Receivables	848	453
Tax recoverable	33	36
Assets held for sale	-	936
Amount owing by related parties	918	918
Fixed deposits, cash and cash balances	12,104	12,707
	<u>15,377</u>	<u>17,655</u>
<b>TOTAL ASSETS</b>	<u><u>149,065</u></u>	<u><u>152,074</u></u>
<b>EQUITY &amp; LIABILITIES</b>		
Share Capital	115,067	115,067
Reserves	(35,476)	(35,618)
Equity attributable to equity holders of the parent	<u>79,591</u>	<u>79,449</u>
<b>Non-Current Liabilities</b>		
Bank Borrowings	28,912	29,676
Hire-purchase payables	376	376
Deferred Tax Liability	8,364	8,417
	<u>37,652</u>	<u>38,469</u>
<b>Current Liabilities</b>		
Bank Overdrafts	21,042	23,091
Trade Payables	582	799
Other Creditors	8,402	8,005
Amount owing to related parties	-	-
Bank Borrowings	1,666	2,043
Hire-purchase payables	96	184
Tax liabilities	34	34
	<u>31,822</u>	<u>34,156</u>
	<u><u>149,065</u></u>	<u><u>152,074</u></u>
<b>Net tangible assets per share (RM)</b>	0.55	0.55

*(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 2016 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 FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

	<b>Share Capital RM'000</b>	<b>Distributable Accumulated Loss RM'000</b>	<b>Total RM'000</b>
<b><u>3 months quarter ended 31 March 2017</u></b>			
<b>At 1 January 2017</b>	115,067	(35,618)	79,449
Net profit for the financial period	-	142	142
<b>At 31 March 2017</b>	<u>115,067</u>	<u>(35,476)</u>	<u>79,591</u>
<b><u>3 months quarter ended 31 March 2016</u></b>			
<b>At 1 January 2016</b>	115,067	(38,228)	76,839
Net loss for the financial period	-	(1,101)	(1,101)
<b>At 31 March 2016</b>	<u>115,067</u>	<u>(39,329)</u>	<u>75,738</u>

*(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 2016 and the accompanying explanatory notes attached to this report)*

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

	(UNAUDITED) 3 MONTHS PERIOD ENDED 31 MARCH 2017 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2016 RM'000
Profit / (Loss) before tax	90	2,578
Adjustment for :		
Amortisation of Plantation Development Expenditure and Prepaid Lease	706	2,863
Depreciation of Property, Plant & Equipment ("PPE")	286	1,342
Finance costs	666	2,464
Loss/(gain) on disposal of Investment / PPE	(163)	(5,464)
Other non-cash items	(83)	(30)
Operating Profit/(loss) before working capital changes	1,502	3,753
Decrease/(Increase) in inventories	61	(201)
Decrease/(Increase) in receivables and other assets	675	(189)
Increase in payables and other liabilities	179	732
Decrease in amount owing by related parties	-	166
Cash from/(used in) operations	2,417	4,261
Interest paid	(9)	(68)
Tax (Paid) / Received	3	(569)
Net cash used in operating activities	2,411	3,624
<b>Cash flows from/(used in) investing activities</b>		
Addition of plantation development expenditure	(51)	(371)
Purchase of property, plant and equipment	(41)	(351)
Proceeds from disposal of investment / PPE	1,100	10,786
Interest received	83	315
Net cash (used in)/from investing activities	1,091	10,379
<b>Cash flows from/(used in) financing activities</b>		
Proceeds from drawdown of borrowings - net	-	-
Repayment of term loan - net	(1,141)	(1,339)
Repayment of hire-purchase - net	(69)	(407)
Interest Paid	(846)	(3,217)
Net cash (used in)/from financing activities	(2,056)	(4,963)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,446	9,040
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(10,384)	(19,424)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	(8,938)	(10,384)
<b>Cash and Cash Equivalents at end of period consist of:-</b>		
Deposits with licensed banks	11,900	12,600
Cash and bank balances	204	107
Bank Overdrafts	(21,042)	(23,091)
	(8,938)	(10,384)

*(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 2016 and the accompanying explanatory notes attached to this report)*

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 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 2016. 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 2016.

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 2016.

The preparation of financial statements in conformity with the Companies Act, 1965 and Financial Reporting Standards in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which Companies Act 2016 ("the Act") comes into operation, except section 241 and Division 8 of Part III of the Act. The Act will be implemented on a staggered basis. With the enforcement of the first phase of the Act on 31 January 2017, the Companies Act 1965 is repealed. The Group and the Company shall prepare its financial statements for the year ending 31 December 2017 in accordance with the requirements of the Act.

### **A2 Audit report**

The auditors' report on the financial statement for the year ended 31 December 2016 was not qualified.

### **A3 Seasonal or cyclical factors of the Group's operations**

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils, and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil and palm kernel gradually increases in second quarter, reaches its peak during third quarter and decreases thereafter. This pattern can be affected by severe global weather conditions such as El-Nino.

The prices obtainable for the Group's products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

#### 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) Investment Holding
- (iii) Others (consist of subsidiary companies which are dormant)

#### Segmental Information for the current quarter

<u>For the 3 months</u> <u>financial period</u> <u>ended 31 Mar 2017</u>	<u>Oil Palm</u> <u>Plantations</u>	<u>Investment</u> <u>Holding</u>	<u>Others</u>	<u>Elimination</u>	<u>Group</u> <u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	4,722	-	-	-	4,722
<b><u>Segment results</u></b>					
Profit/(loss) from operations	1,237	(472)	(11)	2	756
Finance cost	(733)	(4)	-	71	(666)
Gain / (Loss) before tax	504	(476)	(11)	73	90
Tax				52	52
Profit for the period					142

#### 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 2016.

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

There were no material events subsequent to 31 March 2017 and up to the date of the issuance of this quarterly report that have not been reflected in this quarterly report other than on 26 January 2017, the company has announced that it has entered into following conditional agreements:

- a. Shares sale and purchase agreement (“SSA”) in relation to the Proposed Acquisition of 100% equity interest in Tunas Cool Energy Sdn Bhd for a total cash consideration of RM7.5 million between Astute Consultancy Sdn Bhd and Tunas Selatan Construction Sdn Bhd; and
- b. SSA in relation to Proposed Acquisition of 25% equity interest in KJ Technical Services Sdn Bhd for a total consideration of RM10.0 million to be satisfied by a combination of cash payment of RM5.0 million and the issuance of 5.0 million new ordinary shares of RM1.0 in SHC (“SHC Shares”) at the issue price of RM1.0 per SHC share between Lee Kok Choon and Sheldon Wee Tah Poh

The proposed acquisitions above together with the proposed diversification of principal activities of the Group and proposed mandate for the recurrent related party transactions of revenue or trading nature (RRPT) are subject to the approval of the shareholders.

On 8<sup>th</sup> March 2017, the company has announced that it has today submitted the listing application in relation to the proposed acquisition of KJTS to Bursa Malaysia Securities Berhad.

On 26<sup>th</sup> April 2017, the company has announced that SHC and the vendors of TCE and KJTS have today agreed to extend the conditions precedent fulfilment period in the respective share sale agreements in relation to the Proposed Acquisition (“SSA”) by an additional 45 days. Hence, the last day for the satisfaction or waiver of all the conditions precedents in each of the SSAs has been extended from 26 April 2017 to 10 June 2017.

On 16<sup>th</sup> May 2017, the company has announced that Bursa Malaysia Securities Berhad (“Bursa Securities”) has, via its letter dated 15<sup>th</sup> May 2017, approved the listing and quotation of up to 5.0 million new SHC Shares to be issued as part settlement of the purchase consideration (“Consideration Shares”) under the Proposed Acquisition of KJTS. The approval of Bursa Securities is subject to the following conditions:

- (i) SHC and CIMB Investment Bank Berhad (“CIMB”) must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposals;
- (ii) SHC and CIMB to inform Bursa Securities upon the completion of the Proposals;
- (iii) SHC to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposals are completed; and
- (iv) SHC to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders at the extraordinary general meeting approving the Proposals prior to the listing and quotation of the Consideration Shares.

#### **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 2017.

**A13 Capital Commitments**

There is no capital commitments approved or contracted for the first quarter ended 31 March 2017.

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1 Review of Performance**

Summary

	Individual Quarter			Cumulative Quarter		
	31 Mar 2017 RM	31 Mar 2016 RM	Variance %	31 Mar 2017 RM	31 Mar 2016 RM	Variance %
Revenue ('000)	4,722	3,405	38.7%	4,722	3,405	38.7%
P/(L)BT ('000)	90	(1,155)	107.8%	90	(1,155)	107.8%
Production	7,237	7,405	-2.3%	7,237	7,405	-2.3%
Ave. CPO Price*	3,157	2,406	31.2%	3,157	2,406	31.2%

\*Extracted from MPOB Peninsular Malaysia Average

Revenue

The Group's revenue for the current quarter ended 31 March 2017 has increased by 38.7% to RM4.72 million as compared to RM3.41 million the preceding year quarter. The higher revenue was attributed to higher average CPO price per tonne of RM3,157 (31.2% higher) recorded during this quarter despite slightly lower fruits harvested as compared to last year quarter.

Profit / (Loss) before tax

The Group recorded a profit before tax of RM0.09 million as compared to a loss before tax of RM1.15 million for the preceding year quarter ended 31 March 2016. The Group has benefited from the higher average CPO price during the quarter that increased the revenue to recorded a small profit compare to a loss position during last year quarter.

**B2 Material Changes in Profit Before Taxation for the Quarter Reported On as Compared with the Immediate Preceding Quarter**

The Group recorded a profit before tax of RM0.09 million for the current quarter as compared to RM1.01 million for immediate preceding quarter 31 December 2016. This is mainly due to lower FFB harvested (11.7% lower) in the current quarter and a RM0.45 million writeback of interest expenses during the immediate preceding quarter.

**B3 Prospects**

The performance of the Group will continue to be highly dependent on CPO prices, which are affected by global demand factors, market movements in crude and rival edible oils, currency fluctuations and the general economic environment.

Despite this uncertainty, the Group will continue to focus on cost management and achieving higher operational efficiencies in order to improve the Group's performance in the coming quarters.

**B4 Profit Forecast or Profit Guarantee**

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

**B5 Taxation**

	<b>Current Quarter <u>31.03.2017</u> RM'000</b>	<b>Cumulative Quarter <u>31.03.2017</u> RM'000</b>
On current year's results		
- Malaysia corporate tax	-	-
- Transfer from/(to) deferred taxation	52	52
	<u>52</u>	<u>52</u>

**B6 Status of Corporate Proposals**

There is no corporate proposal announced but not completed as at the date of issuance of this report other than the corporate proposals on the acquisitions and diversification of the activities as disclosed in our announcement on 26th January 2017, 8th March 2017, 26th April 2017 and 16th May 2017. The proposals are subject to and pending shareholders' approval at the extraordinary general meeting.

**B7 Group Borrowings**

**Details of the Group's borrowings as at 31 March 2017 were as follows:-**

<b>Term Loan Borrowings</b>	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>	<b>Total RM'000</b>
Secured	1,666	28,912	30,578

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

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 Dividends**

No interim dividend has been paid, declared or proposed for the period ending 31 March 2017.

**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 per Share (EPS)**

Basic EPS and diluted EPS are calculated by dividing the profit attributable to the ordinary equity holders of the company of RM0.14 million for the current cumulative quarter by the weighted average number of ordinary shares of 115,066,787 in issue during the period.

**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