

SHIN YANG GROUP BERHAD
(FORMERLY KNOWN AS SHIN YANG SHIPPING CORPORATION BERHAD)
Registration No.: 200401027554 (666062-A) (Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023
(The figures have not been audited)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 6 months ended 31 December	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue		235,274	234,375	457,684	481,676
Cost of sales		(212,880)	(188,282)	(406,308)	(374,955)
Gross profit		<u>22,394</u>	<u>46,093</u>	<u>51,376</u>	<u>106,721</u>
Other income		11,492	7,189	19,005	9,573
Finance income		3,897	1,739	6,891	3,014
Administrative expenses		(14,544)	(11,856)	(24,277)	(22,604)
Other operating expenses		(62)	(754)	(224)	(1,137)
Impairment loss on trade receivables		(128)	-	(128)	-
Impairment loss on property, plant and equipment		-	(2,003)	-	(2,003)
Reversal of Impairment on financial asset		529	900	529	1,700
Operating Profit		<u>23,578</u>	<u>41,308</u>	<u>53,172</u>	<u>95,264</u>
Finance Costs		(1,544)	(2,087)	(3,358)	(4,137)
Shares of loss of equity accounted associates		(478)	(125)	(923)	(129)
Profit before taxation		<u>21,556</u>	<u>39,096</u>	<u>48,891</u>	<u>90,998</u>
Tax expense	A12	(1,221)	(687)	(1,778)	(1,736)
Profit after taxation, representing total comprehensive income for the period		<u><u>20,335</u></u>	<u><u>38,409</u></u>	<u><u>47,113</u></u>	<u><u>89,262</u></u>
Profit after tax attributable to:					
Owners of the Company		19,516	37,927	45,569	88,186
Non controlling interests		819	482	1,544	1,076
		<u>20,335</u>	<u>38,409</u>	<u>47,113</u>	<u>89,262</u>
Total comprehensive income attributable to:					
Owners of the Company		19,516	37,927	45,569	88,186
Non controlling interests		819	482	1,544	1,076
		<u>20,335</u>	<u>38,409</u>	<u>47,113</u>	<u>89,262</u>
Earnings per share attributable to owners of the Company:					
Basic (sen)	B12	1.72	3.31	4.02	7.52
Diluted (sen)	B12	1.72	3.31	4.02	7.52

Notes:

(a) *The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this report.*

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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited AS AT 31.12.2023 RM'000	Audited AS AT 30.06.2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
	Note		
Investment in associates		2,868	3,401
Property and equipment		896,289	931,364
Other receivables		-	954
Other investments		59	59
Goodwill		6,801	2,064
Deferred tax assets		913	836
		906,930	938,678
CURRENT ASSETS			
Inventories		36,822	33,901
Trade receivables		180,627	157,355
Other receivables and deposits		30,117	25,714
Contract assets		15,122	2,090
Current tax assets		2,959	3,566
Cash and bank balances		378,330	398,904
		643,977	621,530
Non-Current assets classified as held for sale		-	11,185
		1,550,907	1,571,393
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,216,972	1,216,972
Treasury shares		(26,755)	(24,776)
Retained profits		338,208	326,592
Other reserves		(297,861)	(297,861)
Equity attributable to owners of the Company		1,230,564	1,220,927
Non Controlling interests		6,123	4,560
		1,236,687	1,225,487
TOTAL EQUITY			
NON-CURRENT LIABILITIES			
Lease liabilities	B9	4,817	111
Bank Borrowings	B9	27,062	36,450
Deferred tax liabilities		50,629	51,064
		82,508	87,625
CURRENT LIABILITIES			
Trade payables		103,075	107,903
Contract liabilities		52,411	20,350
Other payables and accruals		28,764	24,734
Lease liabilities	B9	8,875	238
Bank Borrowings	B9	35,208	102,590
Current tax liabilities		3,379	2,094
Derivative liabilities		-	372
		231,712	258,281
Total liabilities		314,220	345,906
TOTAL EQUITY AND LIABILITIES			
		1,550,907	1,571,393
Net assets per shares (RM)		1.09	1.07

Notes:

(a) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this report.*

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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Attributable To Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1 July 2022	1,216,972	(16,571)	(297,861)	159,984	1,062,524	4,378	1,066,902
Profit after taxation for the financial year	-	-	-	180,923	180,923	1,682	182,605
	<u>1,216,972</u>	<u>(16,571)</u>	<u>(297,861)</u>	<u>340,907</u>	<u>1,243,447</u>	<u>6,060</u>	<u>1,249,507</u>
Contributions by and distributions to owners of the Company:							
- Purchase of treasury shares	-	(8,205)	-	-	(8,205)	-	(8,205)
- Dividends	-	-	-	(14,315)	(14,315)	-	(14,315)
-by subsidiaries to non-controlling interests	-	-	-	-	-	(1,500)	(1,500)
	<u>-</u>	<u>(8,205)</u>	<u>-</u>	<u>(14,315)</u>	<u>(22,520)</u>	<u>(1,500)</u>	<u>(24,020)</u>
Balance at 30 June 2023	<u>1,216,972</u>	<u>(24,776)</u>	<u>(297,861)</u>	<u>326,592</u>	<u>1,220,927</u>	<u>4,560</u>	<u>1,225,487</u>

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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Attributable To Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1 July 2023	1,216,972	(24,776)	(297,861)	326,592	1,220,927	4,560	1,225,487
Profit after taxation for the financial period	-	-	-	45,569	45,569	1,544	47,113
	<u>1,216,972</u>	<u>(24,776)</u>	<u>(297,861)</u>	<u>372,951</u>	<u>1,266,496</u>	<u>6,104</u>	<u>1,272,600</u>
Acquisition of non-controlling interest	-	-	-	-	-	19	19
Contributions by and distributions to owners of the Company:							
- Purchase of treasury shares	-	(3,179)	-	-	(3,179)	-	(3,179)
- Sale and cancellation of treasury shares	-	1,200	-	-	1,200	-	1,200
- Dividend paid	-	-	-	(33,953)	(33,953)	-	(33,953)
Total transactions with owners	<u>-</u>	<u>(1,979)</u>	<u>-</u>	<u>(33,953)</u>	<u>(35,932)</u>	<u>-</u>	<u>(35,932)</u>
Balance at 31 December 2023	<u>1,216,972</u>	<u>(26,755)</u>	<u>(297,861)</u>	<u>338,208</u>	<u>1,230,564</u>	<u>6,123</u>	<u>1,236,687</u>

Notes:

(a) *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this report.*

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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2023 RM'000	Preceding year 31.12.2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	48,891	90,998
Adjustment for:		
Depreciation	45,823	46,071
Fair value change on forward contracts	(372)	(902)
Gain on bargain purchase	-	(1,287)
Net gain on disposal of property, plant and equipment	(14,676)	(4,444)
Interest expenses	3,358	4,137
Interest income	(6,891)	(3,014)
Impairment loss on property, plant and equipment	-	2,003
Impairment loss on trade receivables	128	-
Net changes in provision for onerous contract	-	(470)
Reversal of impairment loss on financial assets	(529)	(1,700)
Loss retained in associates	923	129
Unrealised (gain)/ loss on foreign exchange	(2,220)	1,022
Operating profit before working capital changes	74,435	132,543
<u>Working Capital Changes</u>		
Increase in inventories	(2,877)	(6,319)
Decrease in trade and other receivables	4,988	30,946
(Decrease)/ Increase in trade and other payables	(13,316)	22,162
(Increase)/ Decrease in contract assets	(7,841)	1,559
Increase/ (Decrease) in contract liabilities	31,753	(4,448)
Net changes in related companies balances	(26,949)	10,500
Net changes in holding company balances	(149)	15
Total changes in working capital	(14,391)	54,415
CASH FROM OPERATIONS	60,044	186,958
Interest income received	6,891	3,014
Interest expenses paid	(3,358)	(4,137)
Income tax refunded	1,279	-
Income tax paid	(1,084)	(1,573)
Total interest and tax received/ (paid)	3,728	(2,696)
NET CASH FROM OPERATING ACTIVITIES	63,772	184,262
CASH FLOW FROM/ (FOR) INVESTING ACTIVITIES		
Acquisition of subsidiary	(1,093)	(20,032)
Purchase of property and equipment	(18,766)	(52,461)
Proceeds from disposal of property and equipment	40,077	15,291
NET CASH FROM/ (FOR) INVESTING ACTIVITIES	20,218	(57,202)
CASH FLOW FOR FINANCING ACTIVITIES		
Net movement of treasury shares	(1,979)	(3,268)
Dividend paid	(33,953)	(14,315)
Dividend paid to minority interest	-	(1,500)
Proceeds from lease liabilities	720	6,523
Repayment of principal portion of lease liabilities	(4,313)	(5,121)
Repayment of term loans	(23,423)	(8,613)
Repayment of revolving credit	(2,000)	-
Net movement in trade financing	(42,877)	(31,030)
NET CASH FOR FINANCING ACTIVITIES	(107,825)	(57,324)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(23,835)	69,736
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	393,118	265,391
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	369,283	335,127



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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current year to date 31.12.2023 RM'000	Preceding year 31.12.2022 RM'000
Cash and cash equivalents comprise the following:		
Cash and bank balances	99,763	119,867
Deposit with licensed banks	278,567	225,900
Bank overdrafts	(9,047)	(10,640)
Cash and cash equivalents	369,283	335,127

Notes:

- (a) *The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this report.*



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRS”) MFRS 134: “Interim Financial Reporting” and Chapter 9 Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the annual audited financial statements of Shin Yang Group Berhad (“SYGROUP” or “the Company”) (Formerly known as Shin Yang Shipping Corporation Berhad) and its subsidiaries (“the Group”) for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the audited financial statements.

The accounting policies and methods of computations used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2023.

A2. Auditor’s report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and of its subsidiaries on the preceding annual financial statements.

A3. Seasonal or cyclical factors

The Group’s operations were not significantly affected by seasonal or cyclical factors.

A4. Unusual items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current interim quarter under review.

A5. Material changes in estimates

There were no changes in estimates of amounts that have had a material effect in the current interim quarter under review.



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A6. Debt and equity securities

Repurchase of shares as Treasury Shares

On 24 November 2023, shareholders of the Company had approved and renewed their approval authority for the Company’s plan to repurchase its own ordinary shares. The Company has repurchased 2,685,000 its own ordinary shares at the average price of RM 0.63067 per share during the current quarter.

During the current quarter, the Company had transferred 2,000,000 treasury shares from the Share Buy Back account to Mr. Lim Miang Chiang via Direct Debit Transaction at RM0.60 per share to satisfy the final balance of purchase consideration for acquisition of Mewah Exim Sdn Bhd. As at 31 December 2023, the Company had repurchased and held a cumulative total 67,254,700 of its issued ordinary shares from open market at an overall average price at RM0.39782 per share. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016. The number of ordinary shares in issue after deduction treasury shares is 1,132,745,300.

Other than the above, there were no issuance and repayments of debt and equity securities during the current interim quarter under review.

A7. Dividends

The following dividends were paid during the current and previous corresponding interim quarter under review:

	31.12.2023	31.12.2022
<u>Final dividend</u>		
Final dividend per share (single-tier)	3.00	1.25
For the financial year ended	30 June 2023	30 June 2022
Approved and declared on	24 November 2023	6 December 2022
Date paid	15 December 2023	15 December 2022
Number of ordinary shares on which dividend was paid	1,131,780,300	1,145,215,300
Net dividend paid	33,953,409.00	14,315,191.26



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INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A8. Segmental reporting

	Shipping RM'000	Shipbuilding, Ship repair and Metal Fabrication RM'000	Service providers RM'000	Gas RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
For 6 months ended 31 December 2023							
Segment Revenue							
External revenue	345,023	64,621	39,052	8,556	432	-	457,684
Inter-segment revenue	4,330	21,900	20,247	2,196	2,373	(51,046)	-
Total	<u>349,353</u>	<u>86,521</u>	<u>59,299</u>	<u>10,752</u>	<u>2,805</u>	<u>(51,046)</u>	<u>457,684</u>
Profit from operations	37,359	5,438	9,982	1,843	(1,450)	-	53,172
Finance costs							(3,358)
Share of loss of associates							(923)
Profit before taxation							<u>48,891</u>
Income tax expense							<u>(1,778)</u>
Profit for the period							<u>47,113</u>



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PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A8. Segmental reporting (cont’)

	Shipping RM’000	Shipbuilding, Ship repair and Metal Fabrication RM’000	Service providers RM’000	Gas RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
For 6 months ended 31 December 2022							
Segment Revenue							
External revenue	420,503	23,000	30,580	7,161	432	-	481,676
Inter-segment revenue	3,499	27,543	16,573	1,938	5,874	(55,427)	-
Total	<u>424,002</u>	<u>50,543</u>	<u>47,153</u>	<u>9,099</u>	<u>6,306</u>	<u>(55,427)</u>	<u>481,676</u>
Profit from operations	89,107	(1,367)	5,870	2,060	(406)	-	95,264
Finance costs							(4,137)
Share of loss of associates							(129)
Profit before taxation							<u>90,998</u>
Income tax expense							<u>(1,736)</u>
Profit for the period							<u>89,262</u>



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A8. Segmental reporting (cont’)

	Shipping RM’000	Shipbuilding, Ship repair and Metal Fabrication RM’000	Service providers RM’000	Gas RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
For 3 months ended 31 December 2023							
Segment Revenue							
External revenue	177,627	30,900	21,948	4,584	215	-	235,274
Inter-segment revenue	(323)	11,277	11,264	1,406	1,186	(24,810)	-
Total	<u>177,304</u>	<u>42,177</u>	<u>33,212</u>	<u>5,990</u>	<u>1,401</u>	<u>(24,810)</u>	<u>235,274</u>
Profit from operations	14,972	3,554	4,979	1,353	(1,280)	-	23,578
Finance costs							(1,544)
Share of loss of associates							(478)
Profit before taxation							<u>21,556</u>
Income tax expense							<u>(1,221)</u>
Profit for the period							<u>20,335</u>



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PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A8. Segmental reporting (cont’)

	Shipping RM’000	Shipbuilding, Ship repair and Metal Fabrication RM’000	Service providers RM’000	Gas RM’000	Investment holding RM’000	Elimination RM’000	Total RM’000
For 3 months ended 31 December 2022							
Segment Revenue							
External revenue	200,500	15,264	15,007	3,388	216	-	234,375
Inter-segment revenue	2,261	9,796	7,724	1,033	4,688	(25,502)	-
Total	202,761	25,060	22,731	4,421	4,904	(25,502)	234,375
Profit from operations	40,453	(1,969)	2,256	852	(284)	-	41,308
Finance costs							(2,087)
Share of loss of associates							(125)
Profit before taxation							39,096
Income tax expense							(687)
Profit for the period							38,409



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A8. Segmental reporting (Cont’)

Group	2Q 2024 (RM'000)	2Q 2023 (RM'000)	Changes (%)
Revenue	235,274	234,375	0.4%
Profit before tax	21,556	39,096	-44.9%

Revenue of the Group for the second quarter ended 31 December 2023 had increased marginally by 0.4% to RM235.3 million as compared to RM234.4 million in the previous corresponding quarter.

The marginal increase in revenue was mainly due to the higher revenue generated from the shipbuilding and ship repair segments as well as the additional revenue from the newly acquired subsidiary, Mewah Exim Sdn Bhd in the current quarter as compared to the last preceding quarter. The marginal increase in revenue was also softened by the lower revenue generated from shipping segments in the current quarter.

The decrease in profit before tax in the current quarter was mainly due to the decrease of freight margin and shipment volume in shipping segments and also the return of two leased container vessels from Chinese charterers under bulk carriers and container sectors.

Performance and prospects of each operating segment are discussed below:

Shipping

	2Q 2024 (RM'000)	2Q 2023 (RM'000)	Changes (%)
Revenue	177,627	200,500	-11.4%
Profit before tax	13,925	39,839	-65.0%

For the current quarter, the shipping segment’s revenue of RM177.6 million decreased by 11.4% as compared to RM 200.5 million revenue recorded in the corresponding quarter.

The decrease in revenue was mainly due to the normalization of freight rates coupled with lower fleet load factor in shipping segment. The decrease in profit before tax in shipping segment was mainly due to the decrease of freight margin and shipment volume in shipping segments and also the return of two leased container vessels from Chinese charterers under bulk carriers and container sectors.



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A8. Segmental reporting (Cont’)

Shipbuilding and Ship repair

	2Q 2024 (RM'000)	2Q 2023 (RM'000)	Changes (%)
Revenue	30,900	15,264	102.4%
Profit / (Loss) before tax	2,849	(3,197)	189.1%

For the current quarter, revenue generated from shipbuilding and ship repair segments at RM30.9 million, an increased of 102.4% as compared to RM15.3 million revenue recorded in the corresponding quarter. The increase in revenue was mainly due to an increase in shipbuilding work for external parties in the current quarter.

The increase in profit before tax in shipbuilding and ship repair segments was mainly due to the increased in profit margin and number of vessels under ship repair and maintenance works in shipbuilding and ship repair segments.

Service providers

	2Q 2024 (RM'000)	2Q 2023 (RM'000)	Changes (%)
Revenue	21,948	15,007	46.3%
Profit before tax	4,752	2,008	136.7%

For the current quarter, the revenue from service providers segment increased by 46.3% compared to the preceding year’s corresponding quarter.

The increase in profit before tax in service providers segment was mainly due to the increase in profit margin and trip volumes in the logistics and transportation sectors. The newly acquired subsidiary company, Mewah Exim Sdn Bhd, has contributed RM 4.7 million revenue and RM 1.9 million profit after tax in this segment to the group in the current quarter.

Gas

	2Q 2024 (RM'000)	2Q 2023 (RM'000)	Changes (%)
Revenue	4,584	3,388	35.3%
Profit before tax	1,349	849	58.9%

For the current quarter, the revenue from the gas segment increased by 35.3% compared to the preceding year’s corresponding quarter.

The increase in profit before tax in service providers segment were mainly due to the increase in profit margin for export markets in the gas segment.



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A8. Segmental reporting (Cont’)

Investment Holding

	2Q 2024 (RM’000)	2Q 2023 (RM’000)	Changes (%)
Revenue	215	216	-0.5%
Loss before tax	(1,319)	(403)	-227.3%

Revenue from the Investment Holding segment was derived from rental income and interest income from the financial institutions. For the current quarter, the loss in investment holding segment mainly resulted from administrative expenses incurred during the current quarter.

A9. Valuation of property, plant and equipment

There were no amendments in the valuations of property, plant and equipment brought forward from previous annual financial statements.

A10. Material events subsequent to the end of the quarter period

There were no significant material events arising during the interval between the end of the current interim quarter and the date of this announcement that have not been reflected in the current interim quarter.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for current interim quarter under review except that:

- i) Shin Yang Group Berhad (“**SYGROUP**”) (Formerly known as Shin Yang Shipping Corporation Berhad) had on 31 May 2023 entered into a conditional share sale and purchase agreement (“**SSPA**”) with the respective Vendors (as defined below) to purchase 600,000 ordinary shares in Mewah Exim Sdn Bhd (“Mewah Exim”), representing 60% equity interest in Mewah Exim for a purchase consideration of RM9,538,200.00. (“Proposed Acquisition”)

Vendors	No. of Sale Shares
Lim Miang Chiang	225,000
K.Purushothaman A/L Kunjamboo	150,000
Lee Sai Kiau	135,000
Lilah A/P Nanu	90,000
Total :	600,000



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PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A11. Changes in the composition of the Group (Cont’)

The purchase consideration will be settled by SYGROUP to the Vendors in their respective proportion under the SSPA, in the following manner:

- (a) Payment in cash of RM953,820.00, being equivalent to 10% of the purchase consideration, upon the execution of the SSPA;
- (b) Payment of RM8,584,380.00, being equivalent to 90% of the purchase consideration within 30 days from the fulfilment of all conditions precedent of the SSPA as follows:-
 - (i) Payment in cash of the sum of RM 7,384,380.00; and
 - (ii) Utilisation of 2,000,000 existing treasury shares of SYGROUP to be allotted and issued to the Vendors to satisfy the final balance of RM 1,200,000.00 (Consideration Shares)

On 15 September 2023, SYGROUP has fully settled the final portion of the Balance Sum to the Vendors, and has utilised the Consideration Shares for issuance to the relevant Vendor to settle the final balance of the Balance Sum.

Accordingly, the SSPA in relation to the Proposed Acquisition has been completed in accordance with the terms and conditions of the SSPA.

Pursuant to the completion of the Proposed Acquisition, SYGROUP holds 60% of the entire equity interest in Mewah Exim, and Mewah Exim is now a subsidiary of SYGROUP.

A12. Income tax expense

The taxation of the Group for the current interim quarter under review is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation				
Current year tax	1,506	844	2,290	1,099
Deferred tax	(285)	(157)	(512)	637
	1,221	687	1,778	1,736



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

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A13. Contingent liabilities and contingent assets

The contingent liabilities of the Group as at 31 December 2023 are as follows:

	As at 31.12.2023 RM’000
Corporate guarantees given to licensed banks in consideration of credit facilities granted to subsidiaries and associates	<u>44,117</u>

The Group does not have any contingent assets.

A14. Material commitments

There were no material commitments during the current interim quarter under review.

A15. Significant related party transactions

Related parties are those defined under FRS 124: Related Party Disclosures. The Directors are of the opinion that the related party’s transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than those available to other third parties.

	Current Quarter to date 31.12.2023 RM’000	Balance due from/(to) As at 31.12.2023 RM’000
(a) Transactions with related companies of Shin Yang Holding Sendirian Berhad		
Sales of goods and services	32,484	55,894
Purchase of goods and services	(6,765)	(6,292)
(b) Transactions with companies in which certain Directors of the Company have substantial interests		
Sales of goods and services	6,367	4,562
Purchase of goods and services	(2,800)	(6,609)

The related party transactions reflect transactions of all the subsidiaries with the respective group of companies.



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PART A – EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A16. Other Comprehensive Income

Foreign exchange translation gain/(loss) represents the surplus/(shortfall) arising from restating payables, receivables and bank balances denominated in foreign currency to Ringgit using foreign exchange rates prevailing at period end rate.



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of performance

Explanatory comment on the performance of each of the Group's business activities is provided in Note A8

B2. Material changes in the profit before tax for the current quarter as compared with the immediate preceding quarter

	2Q 2024 (RM'000)	1Q 2024 (RM'000)	Changes (%)
Revenue	235,274	222,410	5.8%
Profit before tax	21,556	27,335	-21.1%

As compared to the immediate preceding quarter, the Group's current quarter's revenue has increased by 5.8% to RM235.3 million from RM222.4 million recorded in the immediate preceding quarter.

The decrease in profit before tax in current quarter as compared to the immediate preceding quarter were mainly due to the decrease of freight margin and shipment volume in shipping segments and also the return of two leased container vessels from Chinese charterers under bulk carriers and container sectors.

B3. Commentary on Prospects

The performance of the Group is largely dependent on the volatility of world fuel market price, standard of skills and experiences of ship crews, domestic and regional demand for transportation of dry bulk and general cargoes, movement of the Malaysian Ringgit and the world economic situation, all of which significantly affect business operations and margins.

While the prospects for the shipping industry continue to remain challenging with the slight hike in crude oil price and declining in the Baltic Dry Index, the Group is prepared to weather this challenge with selective market driven routes based on fleet load utilization. The Group is confident in the stability of the domestic, bulk carrier and container shipping operations given with the stable lifting volume and market demands. The continuous improvement in operational costs management, fleet efficiency and routes enhancement would be an important priority in the next few quarters.

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B3. Commentary on Prospects (Cont’)

Other factors contributing to the prospects of the shipbuilding and ship repair operations include the price movements of marine mild steel plates, other heavy equipment, machinery and the global trend of demand for newly constructed vessels especially from the niche market segments in the oil and gas industry. In order to improve the performance and manage the operating expenditures of the shipbuilding sector, the Group is taking initiatives such as focusing on improving the Group's ship repair operations to meet the requirements of the niche market segments in the oil and gas industry. With the gradual recovery of charter rates in the offshore vessels (OSV) segment and the current gap in new building orders for different OSV over the past few years, and recycling of ageing OSV as well, we foresee a steady and healthy increase in orders for replenishment of OSV for next few years to come.

B4. Statements by Directors

The Group did not disclose or announce any profit forecast or projection in any public document in the current quarter or prior financial year.

B5. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

B6. Sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the current interim quarter under review.

B7. Quoted securities

There were no purchase or disposal of quoted securities during the current interim quarter under review.

B8. Corporate proposals

There was no corporate proposal announced at the date of this quarterly report.

B9. Borrowings and debt securities

	Secured	unsecured	Total
	RM'000	RM'000	RM'000
1. Total borrowings			
Short-term borrowings	36,525	7,558	44,083
Long-term borrowings	31,856	23	31,879
	<u>68,381</u>	<u>7,581</u>	<u>75,962</u>



INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at 27 February 2024.

B11. Changes in material litigation

There were no material litigations during the current interim quarter up to the date of this interim report.

B12. Earnings per share

(a) Basic

The basic earnings per share for the current interim quarter and current financial year-to-date are computed as follows:

	Current year quarter 31.12.2023	Current year to date 31.12.2023
Profit attributable to equity holders of the Company (RM'000)	19,516	45,569
Weighted average number of ordinary shares in issue ('000)	1,132,365	1,133,314
Basic earnings per share (sen)	<u>1.72</u>	<u>4.02</u>

Earnings per share is computed based on the weighted average number of ordinary shares in issue (net of treasury shares).

(b) Diluted

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

SHIN YANG GROUP BERHAD
(FORMERLY KNOWN AS SHIN YANG SHIPPING CORPORATION BERHAD)
Registration No.: 200401027554 (666062-A) (Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B13. Notes to the Condensed Consolidated Statement of Comprehensive Income

The profit before tax of the Group for the interim quarter is arrived at after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(3,897)	(1,739)	(6,891)	(3,014)
Sundry income	(1,287)	(967)	(2,511)	(1,470)
Interest expenses	1,544	2,087	3,358	4,137
Depreciation	22,966	23,125	45,823	46,071
Fair value change in forward contract	-	-	(372)	(902)
Net Gain on disposal of property and equipment	(8,942)	(5,037)	(14,676)	(4,444)
Net change in provision for onerous contract	-	-	-	(470)
Impairment loss on trade receivables	128	-	128	-
Reversal of impairment loss on financial asset	(529)	(900)	(529)	(1,700)
Realised foreign exchange (gain)/ loss	(142)	877	(266)	543
Unrealised foreign exchange (gain)/ loss	(2,563)	2,299	(2,220)	1,022

Unless otherwise indicated above, there were no gain or loss on disposal of quoted or unquoted investment or real properties, impairment of assets, gain or loss on derivatives or exceptional item for current quarter and financial period ended 31 December 2023.

B14. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2023 was not qualified.

Authorised for issue

The interim report for the second quarter ended 31 December 2023 was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2024.

By order of the Board

Richard Ling Peng Liing
 Company Secretary
 28th February 2024

