

SIN GHEE HUAT CORPORATION LTD.

(Co. Regn. No: 197700475Z)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008

The Board of Directors of Sin Ghee Huat Corporation Ltd. (the "Company") is pleased to announce the unaudited results of the Company for the half year ended 31 December 2008 ("HY2009").

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR RESULTS**1(a)(i) Income Statement**

| | HY2009 | HY2008 | Increase/ (Decrease) |
|--|--------------|---------------|-------------------------|
| | \$'000 | \$'000 | % |
| Revenue | 33,681 | 49,879 | (32) |
| Cost of sales | (28,488) | (35,375) | (19) |
| Gross profit | 5,193 | 14,504 | (64) |
| Other operating income | 90 | 330 | (73) |
| Distribution costs | (1,859) | (1,790) | 4 |
| Administrative expenses | (1,406) | (1,626) | (14) |
| Other operating expenses | (152) | (14) | 986 |
| Finance costs | (147) | (205) | (28) |
| Profit before income tax | 1,719 | 11,199 | (85) |
| Income tax expenses | (358) | (2,031) | (82) |
| Net profit for the financial period | 1,361 | 9,168 | (85) |

1(a)(ii) Net profit for the financial period has been arrived at after crediting/(charging) the following:

| | HY2009 | HY2008 |
|---|---------|--------|
| | \$'000 | \$'000 |
| Allowance for doubtful trade debts | (183) | - |
| Allowance for damage/obsolete stock | (225) | - |
| Allowance for stock write-down | (2,815) | - |
| Bad trade debts written off | (11) | (14) |
| Bad trade debts recovered | - | 1 |
| Depreciation of property, plant and equipment | (333) | (336) |
| Foreign exchange gain, net | 15 | 42 |
| Gain on disposal of plant and equipment | - | 41 |
| Interest income on bank and short-term bank deposit | 74 | 163 |
| Interest on borrowings | (102) | (149) |
| Reversal of allowance for damage/obsolete stock | 90 | 102 |
| Reversal of allowance for doubtful trade debts | 42 | 72 |
| Stock written back | 66 | 126 |
| Stock written off | (73) | - |

(b)(i) Balance Sheet

| | 31/12/2008 | 30/06/2008 |
|---|----------------------|-----------------------|
| | \$'000 | \$'000 |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 24,902 | 28,221 |
| Trade receivables | 15,004 | 21,499 |
| Other receivables, deposits and prepayments | 127 | 451 |
| Stocks | 43,190 | 47,484 |
| | <u>83,223</u> | <u>97,655</u> |
| Non-current assets | | |
| Property, plant and equipment | 7,721 | 7,858 |
| Deferred income tax asset | 457 | - |
| | <u>8,178</u> | <u>7,858</u> |
| Total assets | <u>91,401</u> | <u>105,513</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Trade payables and bills payables | 4,019 | 12,614 |
| Other payables | 532 | 2,552 |
| Current income tax liabilities | 2,634 | 3,341 |
| | <u>7,185</u> | <u>18,507</u> |
| Non-current liabilities | | |
| Deferred income tax liability | - | 44 |
| Total liabilities | <u>7,185</u> | <u>18,551</u> |
| NET ASSETS | <u>84,216</u> | <u>86,962</u> |
| EQUITY | | |
| Capital and reserves | | |
| Share capital | 45,750 | 45,750 |
| Revaluation reserve | 1,461 | 1,461 |
| Retained earnings | 37,005 | 39,751 |
| Total equity | <u>84,216</u> | <u>86,962</u> |

1(b)(ii) Borrowings

Amount repayable in one year or less, or on demand:

| As at 31/12/2008 | | As at 30/06/2008 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| - | 2,014 | - | 8,920 |

Amount repayable after one year:

| As at 31/12/2008 | | As at 30/06/2008 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| - | - | - | - |

1(c) Cash Flow Statement

| | HY2009 \$'000 | HY2008 \$'000 |
|---|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| Profit before income tax | 1,719 | 11,199 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 333 | 336 |
| Gain on disposal of property, plant and equipment | - | (41) |
| Interest expense | 102 | 149 |
| Interest income | (74) | (163) |
| Operating cash flows before working capital changes | 2,080 | 11,480 |
| Stocks | 4,294 | 3,314 |
| Trade receivables | 6,495 | 1,817 |
| Other receivables, deposits and prepayments | 302 | 31 |
| Trade payables and bills payables | (8,595) | (1,436) |
| Other payables | (2,020) | (2,790) |
| Cash generated from operations | 2,556 | 12,416 |
| Interest received | 97 | 163 |
| Interest paid | (102) | (149) |
| Income tax paid | (1,566) | (2,120) |
| Net cash generated from operating activities | 985 | 10,310 |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | - | 41 |
| Purchase of property, plant and equipment | (197) | (14) |
| Net cash (used in)/generated from investing activities | (197) | 27 |
| Cash flows from financing activities | | |
| Dividend paid | (4,107) | (5,461) |
| Repayment of hire purchase obligations | - | (37) |
| Net cash used in financing activities | (4,107) | (5,498) |
| Net (decrease)/increase in cash and cash equivalents | (3,319) | 4,839 |
| Cash and cash equivalents at beginning of financial period | 28,221 | 22,897 |
| Cash and cash equivalents at end of financial period | 24,902 | 27,736 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 14,271 | 17,636 |
| Short-term bank deposit | 10,631 | 10,100 |
| | 24,902 | 27,736 |

1(d)(i) Statement of Changes in Equity

| | Share capital \$'000 | Revaluation reserve \$'000 | Retained earnings \$'000 | Total \$'000 |
|---|----------------------------|----------------------------------|--------------------------------|-----------------|
| Balance as at 01 July 2008 | 45,750 | 1,461 | 39,751 | 86,962 |
| Net profit for the financial period | - | - | 1,361 | 1,361 |
| Total income and expenses recognized for the period | - | - | 1,361 | 1,361 |
| Dividend paid | - | - | (4,107) | (4,107) |
| Balance as at 31 December 2008 | 45,750 | 1,461 | 37,005 | 84,216 |
| Balance as at 01 July 2007 | 45,750 | 1,461 | 31,490 | 78,701 |
| Net profit for the financial period | - | - | 9,168 | 9,168 |
| Total income and expenses recognized for the period | - | - | 9,168 | 9,168 |
| Dividend paid | - | - | (5,461) | (5,461) |
| Balance as at 31 December 2007 | 45,750 | 1,461 | 35,197 | 82,408 |

1(d)(ii) There were no changes in the share capital of the Company since 30 June 2008. There were no outstanding convertibles as at 31 December 2008 and 31 December 2007.

1(d)(iii) *Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year:*

| | As at 31/12/2008 | As at 30/06/2008 |
|---------------------------|------------------|------------------|
| Number of shares in issue | 222,000,000 | 222,000,000 |

1(d)(iv) *Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period report on:*

Not applicable.

2. The figures in respect of HY2009 have not been audited or reviewed by the auditors.
3. *Where the figures have been audited or reviewed, the auditors' report (including any qualification or emphasis of a matter):*
Not applicable.
4. The Company has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 30 June 2008.
5. There were no changes in the accounting policies and methods of computation.

6. Earnings per Share

| | HY2009 | HY2008 |
|---|-------------|-------------|
| Earnings per share (cents) | | |
| (a) based on weighted average number of shares in issue | 0.6 | 4.1 |
| (b) on a fully diluted basis | 0.6 | 4.1 |
| Weighted average number of shares in issue | 222,000,000 | 222,000,000 |

7. Net Asset Value per Share

| | As at 31/12/2008 | As at 30/06/2008 |
|---|---------------------|---------------------|
| Net asset value per share based on issued share capital (cents) | 37.9 | 39.2 |
| Number of shares in issue | 222,000,000 | 222,000,000 |

8. Review of Financial Performance of the Company*Revenue*

Revenue decreased by \$16.2 million or 32%, from \$49.9 million in HY2008 to \$33.7 million in HY2009. The decrease was due mainly to a decrease in sales volume of 1,056 tonnes or 33% from 3,203 tonnes in HY2008 to 2,147 tonnes in HY2009, as demand for stainless steel products fell significantly in HY2009.

Revenue from Singapore, Malaysia decreased by \$9.9 million or 30% and \$1.8 million or 25% from \$33.5 million to \$23.6 million and \$7.1 million to \$5.3 million respectively, while revenue from other countries decreased by \$4.5 million or 48% from \$9.3 million to \$4.8 million. Revenue from project sales decreased by \$11.7 million or 34%, from \$34.6 million in HY2008 to \$22.9 million in HY2009. Revenue from product sales decreased by \$4.5 million or 29%, from \$15.3 million in HY2008 to \$10.8 million in HY2009.

Gross profit

Gross profit decreased by \$9.3 million or 64%, from \$14.5 million in HY2008 to \$5.2 million in HY2009. The decrease was due mainly to a decrease in revenue as well as a decrease in gross profit margin from 29% in HY2008 to 15% in HY2009. The decrease in gross profit margin was due mainly to increase in the average unit cost of sales.

Other Operating Income

Other operating income decreased by \$0.2 million or 73% from \$0.3 million in HY2008 to \$0.1 million in HY2009. The decrease was due mainly to lower fixed deposit interest rate and a decrease from gain in foreign exchange from \$42,000 in HY2008 to \$15,000 in HY2009.

Expenses

Distribution costs increased marginally by \$0.1 million or 4%, from \$1.8 million in HY2008 to \$1.9 million in HY2009.

Administrative expenses decreased by \$0.2 million or 14%, from \$1.6 million in HY2008 to \$1.4 million in HY2009. The decrease was due mainly to an increase in reversal of

unconsumed leave of \$155,000 from \$11,000 in HY2008 to \$166,000 in HY2009 as a result of staff clearing leave in December 2008.

Other operating expenses increased by \$138,000 or 986%, from \$14,000 in HY2008 to \$152,000 in HY2009. The increase was due mainly to allowance for doubtful trade debts of \$183,000 in HY2009 (HY2008: Nil).

Profit before income tax

Profit before income tax decreased by \$9.5 million or 85%, from \$11.2 million in HY2008 to \$1.7 million in HY2009. The decrease was due mainly to the decrease in gross profit. Profit before income tax margin decreased by 17%, from 22% in HY2008 to 5% in HY2009. The decrease was due mainly to the decrease in gross profit margin.

Review of Financial Position of the Company

The Company continued to enjoy a positive working capital position as at 31 December 2008.

Stocks

Stocks decreased by \$4.3 million or 9%, from \$47.5 million as at 30 June 2008 to \$43.2 million as at 31 December 2008. The decrease was due mainly to an allowance for stock write-down value of \$2.8 million for HY2009 (HY2008: Nil) and allowance for damage/slow-moving stock and stock written off of \$0.1 million (HY2008: stock write back of \$0.2 million).

Trade receivables

Trade receivables decreased by \$6.5 million or 30%, from \$21.5 million as at 30 June 2008 to \$15.0 million as at 31 December 2008. The decrease was due mainly to decrease in revenue.

Trade payables and bills payables

Trade payables and bills payables decreased by \$8.6 million or 68%, from \$12.6 million as at 30 June 2008 to \$4.0 million as at 31 December 2008. The decrease was due mainly to lower utilization of trade facilities.

Other payables

Other payables decreased by \$2.0 million or 79%, from \$2.5 million as at 30 June 2008 to \$0.5 million as at 31 December 2008. The decrease was due mainly to the payment of performance bonuses which were accrued as at 30 June 2008.

Deferred tax asset/liability

Deferred tax asset was \$457,000 as at 31 December 2008 (deferred tax liability of \$44,000 as at 30 June 2008). The deferred tax asset of \$0.5 million arises mainly from an allowance for stock write-down of \$2.8 million for HY2009 (HY2008: Nil).

Review of Cash Flows of the Company

Net cash generated from operating activities in HY2009 was \$1.0 million, due mainly to profit before income tax of \$1.7 million and decrease in stocks and receivables of \$11.1 million, offset by decrease in payables of \$10.6 million and income tax paid of \$1.6 million.

Net cash used in investing activities in HY2009 amounted to \$0.2 million, due mainly to renovation.

Net cash used in financing activities in HY2009 amounted to \$4.1 million, due mainly to the payment of dividend of \$4.1 million.

9. No forecast or prospect statement was previously disclosed.
10. *A commentary of the significant trends and competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months:*

After the significant fall in demand for stainless steel products in HY2009, consumption is not expected to pick up immediately. With inventories being depleted in HY2009 following production cuts by stainless steel mills, stainless steel prices are approaching a bottom in the second half of FY2009.

11. *If a decision regarding dividend has been made:*

Not applicable.

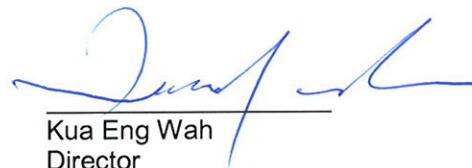
12. No dividend has been declared/recommended for HY2009.

Confirmation by Directors.

Pursuant to Rule 705(4) of the Listing Manual, we, the undersigned, on behalf of the Board of the Directors of the Company, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of the Directors of the Company which may render the unaudited financial statements for HY2009 to be false or misleading in any material aspect.



Kua Chee Seng
Chief Executive Officer



Kua Eng Wah
Director

BY ORDER OF THE BOARD

Kua Chee Seng
Chief Executive Officer

11 February 2009

The initial public offering of the shares of the Company was sponsored by UOB Asia Limited, who assumes no responsibility for the contents of this announcement