

**SIN GHEE HUAT CORPORATION LTD.**  
(Co. Regn. No: 197700475Z)

**FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2008**

The Board of Directors of Sin Ghee Huat Corporation Ltd. (the "Company") is pleased to make the following full year financial statement and dividend announcement.

**PART I - INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**1(a)(i) Income Statement**

|  | <b>FY2008</b> | <b>FY2007</b> | <b>Increase/<br/>(Decrease)</b> |
|--|---------------|---------------|---------------------------------|
|  | <b>\$'000</b> | <b>\$'000</b> | <b>%</b>                        |
| Revenue                                  | 92,554        | 93,636        | (1)                             |
| Cost of sales                            | (67,011)      | (61,869)      | 8                               |
| <b>Gross profit</b>                      | <b>25,543</b> | <b>31,767</b> | (20)                            |
| Other operating income                   | 572           | 592           | (3)                             |
|  | 26,115        | 32,359        | (19)                            |
| Distribution costs                       | (3,754)       | (3,623)       | 4                               |
| Administrative expenses                  | (4,909)       | (5,839)       | (16)                            |
| Other operating expenses                 | (31)          | (224)         | (86)                            |
| Finance costs                            | (414)         | (453)         | (9)                             |
| <b>Profit before income tax</b>          | <b>17,007</b> | <b>22,220</b> | (23)                            |
| Income tax expenses                      | (3,285)       | (4,280)       | (23)                            |
| <b>Net profit for the financial year</b> | <b>13,722</b> | <b>17,940</b> | (24)                            |

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

|   | <b>FY2008</b> | <b>FY2007</b> |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Allowance for doubtful trade debts                      | (8)           | (120)         |
| Allowance for damage/obsolete stock                     | (186)         | (204)         |
| Bad trade debts written off                             | (22)          | (31)          |
| Bad trade debts recovered                               | 4             | -             |
| Depreciation of property, plant and equipment           | (683)         | (604)         |
| Foreign exchange gain/(loss), net                       | 76            | (37)          |
| Gain on disposal of plant and equipment                 | 41            | 14            |
| Gain on disposal of short-term quoted investment        | -             | 61            |
| Interest income on bank and short-term bank deposit     | 287           | 88            |
| Interest on borrowings                                  | (294)         | (321)         |
| Plant and equipment written off                         | (1)           | (11)          |
| Reversal of allowance for damage/obsolete stock         | 420           | 236           |
| Reversal of allowance for doubtful trade debts          | 128           | 42            |
| Stock written back                                      | 173           | 63            |
| Stock written off                                       | (24)          | -             |
| Under-provision of income tax in respect of prior years | (178)         | -             |

Depreciation of property, plant and equipment increased by \$0.1 million or 13%, from \$0.6 million in FY2007 to \$0.7 million in FY2008. The increase was due mainly to additional computers and software purchased in FY2008.

Interest income on bank and short-term bank deposit increased by \$0.2 million or 226%, from \$0.1 million in FY2007 to \$0.3 million in FY2008. The increase arose from the placement of net proceeds from the issue of new shares pursuant to the initial public offering ("IPO") of the Company in short-term deposits pending its deployment.

Under-provision of income tax in respect of prior years in FY2008 was due mainly to additional income taxes payable in respect of YA2002, YA2004 and YA2007.

**(b)(i) Balance Sheet**

|   | <b>30/06/2008</b>    | <b>30/06/2007</b>    |
|---|----------------------|----------------------|
|   | <b>\$'000</b>        | <b>\$'000</b>        |
| <b>ASSETS</b>                               |                      |                      |
| <b>Current assets</b>                       |                      |                      |
| Stocks                                      | 47,484               | 44,779               |
| Trade receivables                           | 21,499               | 23,767               |
| Other receivables, deposits and prepayments | 451                  | 155                  |
| Short-term quoted investment                | -                    | -                    |
| Cash and cash equivalents                   | 28,221               | 22,897               |
|   | <hr/> 97,655         | <hr/> 91,598         |
| <b>Non-current assets</b>                   |                      |                      |
| Property, plant and equipment               | 7,858                | 8,428                |
|   | <hr/> 7,858          | <hr/> 8,428          |
| <b>Total assets</b>                         | <hr/> <b>105,513</b> | <hr/> <b>100,026</b> |
| <b>LIABILITIES</b>                          |                      |                      |
| <b>Current liabilities</b>                  |                      |                      |
| Trade payables and bills payables           | 12,614               | 13,559               |
| Other payables                              | 2,552                | 3,421                |
| Obligations under hire purchase contracts   | -                    | 63                   |
| Current income tax liabilities              | 3,341                | 4,230                |
|   | <hr/> 18,507         | <hr/> 21,273         |
| <b>Non-current liabilities</b>              |                      |                      |
| Deferred income tax liabilities             | 44                   | 52                   |
|   | <hr/> 44             | <hr/> 52             |
| <b>Total liabilities</b>                    | <hr/> <b>18,551</b>  | <hr/> <b>21,325</b>  |
| <b>NET ASSETS</b>                           | <hr/> <b>86,962</b>  | <hr/> <b>78,701</b>  |
| <b>EQUITY</b>                               |                      |                      |
| <b>Capital and reserves</b>                 |                      |                      |
| Share capital                               | 45,750               | 45,750               |
| Revaluation reserve                         | 1,461                | 1,461                |
| Retained earnings                           | 39,751               | 31,490               |
|   | <hr/> 86,962         | <hr/> 78,701         |
| <b>Total equity</b>                         | <hr/> <b>86,962</b>  | <hr/> <b>78,701</b>  |

# Denotes amount less than \$1,000

**1(b)(ii) Borrowings**

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

| As at 30/06/2008 |           | As at 30/06/2007 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| \$'000           | \$'000    | \$'000           | \$'000    |
| -                | 8,920     | 4,982            | 578       |

Amount repayable after one year:

| As at 30/06/2008 |           | As at 30/06/2007 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| \$'000           | \$'000    | \$'000           | \$'000    |
| -                | -         | -                | -         |

**1(c) Cash Flow Statement**

|   | <b>FY2008<br/>\$'000</b> | <b>FY2007<br/>\$'000</b> |
|---|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>                         |                          |                          |
| Profit before income tax  | 17,007                   | 22,220                   |
| Adjustments for:  |                          |                          |
| Depreciation of property, plant and equipment                       | 683                      | 604                      |
| Gain on disposal of property, plant and equipment                   | (41)                     | (14)                     |
| Gain on disposal of short-term quoted investment                    | -                        | (61)                     |
| Interest expense  | 294                      | 321                      |
| Interest income   | (287)                    | (88)                     |
| Plant and equipment write off                                       | 1                        | 11                       |
| Operating cash flows before working capital changes                 | 17,657                   | 22,993                   |
| Stocks  | (2,705)                  | (13,229)                 |
| Trade receivables   | 2,268                    | 653                      |
| Other receivables, deposits and prepayments                         | (270)                    | 227                      |
| Trade payables and bills payables                                   | (945)                    | (2,857)                  |
| Other payables  | (869)                    | 1,804                    |
| Cash generated from operations                                      | 15,136                   | 9,591                    |
| Interest received   | 261                      | 88                       |
| Interest paid   | (294)                    | (321)                    |
| Income tax paid   | (4,182)                  | (3,586)                  |
| Net cash generated from operating activities                        | 10,921                   | 5,772                    |
| <b>Cash flows from investing activities</b>                         |                          |                          |
| Proceeds from disposal of short-term quoted investment              | -                        | 70                       |
| Proceeds from sales of property, plant and equipment                | 41                       | 2,534                    |
| Purchase of property, plant and equipment                           | (114)                    | (531)                    |
| Net cash generated (used in)/from investing activities              | (73)                     | 2,073                    |
| <b>Cash flows from financing activities</b>                         |                          |                          |
| Proceeds from initial public offering                               | -                        | 17,127                   |
| IPO expenses  | -                        | (1,617)                  |
| Dividends paid  | (5,461)                  | (3,985)                  |
| Repayment of hire purchase obligations                              | (63)                     | (80)                     |
| Net cash generated (used in)/from financing activities              | (5,524)                  | 11,445                   |
| <b>Net increase in cash and cash equivalents</b>                    | 5,324                    | 19,290                   |
| <b>Cash and cash equivalents at beginning of the financial year</b> | 22,897                   | 3,607                    |
| <b>Cash and cash equivalents at the end of the financial year</b>   | 28,221                   | 22,897                   |
| <b>Cash and cash equivalents comprise</b>                           |                          |                          |
| Cash and bank balances  | 9,806                    | 7,397                    |
| Short-term bank deposit   | 18,415                   | 15,500                   |
|   | 28,221                   | 22,897                   |

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

|   | Share<br>capital<br>\$'000 | Revaluation<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>\$'000 |
|---|----------------------------|----------------------------------|--------------------------------|-----------------|
| Balance as at 30 June 2006                        | 10,800                     | 877                              | 36,230                         | 47,907          |
| IPO expenses                                      | (1,617)                    | -                                | -                              | (1,617)         |
| Surplus on revaluation of freehold premises       | -                          | 584                              | -                              | 584             |
| Income and expenses recognised directly in equity | (1,617)                    | 584                              | -                              | (1,033)         |
| Net profit for the financial year                 | -                          | -                                | 17,940                         | 17,940          |
| Total income and expenses recognised for the year | (1,617)                    | 584                              | 17,940                         | 16,907          |
| Interim dividend*                                 | -                          | -                                | (22,680)                       | (22,680)        |
| Issue of shares                                   | 19,440                     | -                                | -                              | 19,440          |
| Issue of new shares pursuant to IPO               | 17,127                     | -                                | -                              | 17,127          |
| Balance as at 30 June 2007                        | 45,750                     | 1,461                            | 31,490                         | 78,701          |
| Net profit for the financial year                 | -                          | -                                | 13,722                         | 13,722          |
| Total income recognised for the year              | -                          | -                                | 13,722                         | 13,722          |
| Final dividend                                    | -                          | -                                | (5,461)                        | (5,461)         |
| Balance as at 30 June 2008                        | 45,750                     | 1,461                            | 39,751                         | 86,962          |

\*Special dividend of \$2.625 per ordinary share, less income tax of 20%.

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

Not applicable.

**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 the financial year ended 30 June 2008 have not been audited or reviewed.

**3.** *Where the figures have been audited or reviewed, the auditors' report:*

Not applicable.

4. The Company has adopted the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 30 June 2007.

5. There were no changes in the accounting policies and methods of computation.

#### 6. Earnings per Share

|   | FY2008      | FY2007      |
|---|-------------|-------------|
| Earnings per share (cents):                             |             |             |
| (a) based on weighted average number of shares in issue | 6.2         | 12.0        |
| (b) on a fully diluted basis                            | 6.2         | 12.0        |
| Weighted average number of shares in issue              | 222,000,000 | 149,845,068 |

#### 7. Net Asset Value per Share

|  | As at<br>30/06/2008 | As at<br>30/06/2007 |
|--|---------------------|---------------------|
| Net asset value per share based on issued share capital at the end of the financial year (cents) | 39.2                | 35.5                |
| Number of shares in issue  | 222,000,000         | 222,000,000         |

#### 8. Review of Performance of the Company

##### *Revenue*

Revenue decreased by \$1.0 million or 1%, from \$93.6 million in FY2007 to \$92.6 million in FY2008. While revenue from project sales increased by \$2.6 million or 4%, from \$62.1 million in FY2007 to \$64.7 million in FY2008, revenue from product sales decreased by \$3.7 million or 12%, from \$31.6 million in FY2007 to \$27.9 million in FY2008.

Geographically, while revenue from Singapore increased by \$2.8 million or 5%, from \$62.2 million in FY2007 to \$65.0 million in FY2008, and revenue from Malaysia increased by \$0.9 million or 7%, from \$12.4 million in FY2007 to \$13.3 million in FY2008, revenue from other markets decreased by \$4.7 million or 25%, from \$19.0 million in FY2007 to \$14.3 million in FY2008.

##### *Gross profit*

Gross profit decreased by \$6.3 million or 20%, from \$31.8 million in FY2007 to \$25.5 million in FY2008. The decrease was due mainly to an increase in cost of sales of \$5.1 million and a decrease in revenue of \$1.0 million.

Gross profit margin decreased from 34% in FY2007 to 28% in FY2008. The decrease was due mainly to an increase in the average cost of sales price of 45% viz a viz an increase in the average selling price of 26%.

*Expenses*

Administrative expenses decreased by \$0.9 million or 16%, from \$5.8 million in FY2007 to \$4.9 million in FY2008. The decrease was due mainly to lower performance bonuses for FY2008, in line with the performance of the Company.

Other operating expenses decreased by \$0.2 million or 86%, from \$0.2 million in FY2007 to \$0.03 million in FY2008. The decrease was due mainly to no net foreign exchange loss (FY2007: \$0.04 million) and a decrease in allowance for doubtful debts charged.

*Profit before income tax*

Profit before income tax decreased by \$5.2 million or 24%, from \$22.2 million in FY2007 to \$17.0 million in FY2008. The decrease was due mainly to the decrease in gross profit.

Profit before income tax margin decreased from 24% in FY2007 to 18% in FY2008. 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 30 June 2008.

*Stocks*

Stocks increased by \$2.7 million or 6%, from \$44.8 million in FY2007 to \$47.5 million in FY2008. Average stock turnover days increased from 225 days in FY2007 to 252 days in FY2008.

*Trade receivables*

Trade receivables decreased by \$2.3 million or 10%, from \$23.8 million in FY2007 to \$21.5 million in FY2008. Average trade receivables turnover days decreased from 94 days in FY2007 to 90 days in FY2008.

*Trade payables and bills payables*

Trade payables and bills payables decreased by \$1.0 million or 7%, from \$13.6 million in FY2007 to \$12.6 million in FY2008. Average trade payables turnover days decreased from 73 days in FY2007 to 69 days in FY2008.

*Other payables*

Other payables decreased by \$0.9 million or 26%, from \$3.4 million in FY2007 to \$2.5 million in FY2008. The decrease was due mainly to lower accruals for performance bonuses, in line with the performance of the Company.

**Review of Cash Flows of the Company**

The Company continued to enjoy positive cash flow in FY2008. Net cash generated from operating activities in FY2008 amounted to \$10.9 million, due mainly to profit before income tax of \$17.0 million, and offset by increase in stocks of \$2.7 million and income tax paid of \$4.2 million. Net cash used in financing activities in FY2008 amounted to \$5.5 million, due mainly to the payment of dividend of \$5.5 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 an upsurge for the most part of the FY2007, stainless steel prices saw a decline in FY2008. The decline in stainless steel prices led, in turn, to a fall in stainless steel production in the second half of 2007. In the first half of 2008, even as inventories were being depleted and stainless steel producers returned to the market, stainless steel markets were generally quite soft as a result of large increases in supply in Europe and China. With the threat of a US led recession remaining a real possibility, consumption is likely to continue to decline and downward price pressure is expected to intensify. Any revival in stainless steel prices is expected in 2009 as distributors restock.

As purchases of stainless steel products were principally denominated in United States dollar ("USD"), while sales of stainless steel products were principally denominated in Singapore dollar ("SGD"), the Company was able to benefit from the fall in USD against SGD from \$1.53 level in July 2007 to \$1.36 level in June 2008. Recently, the USD/SGD has rebounded somewhat.

Barring any unforeseen circumstances, the Board of Directors expects that the Company will remain profitable.

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

**11(a)** *Whether a dividend has been declared (recommended).*

The Board of Directors recommends a final one-tier tax exempt dividend of 1.85 cent per share in respect of FY2008, amounting to \$4,107,000 based on 222,000,000 shares issued as at 30 June 2008 for shareholders' approval at the forthcoming Annual General Meeting.

The recommended final dividend in respect of FY2008 has not been reflected in the financial statements for FY2008 but will be accounted for in the Statement of Changes in Equity as an appropriation of retained earnings in FY2009, subject to shareholders' approval at the forthcoming Annual General Meeting.

**11(b)(i)** *Amount per share:* 1.85 cent

**11(b)(ii)** *Previous corresponding period:* FY2007

| Name of Dividend                  | Special                | Final                 |
|-----------------------------------|------------------------|-----------------------|
| Dividend Type                     | Cash                   | Cash                  |
| Dividend Amount per Share (Gross) | \$2.625 <sup>(1)</sup> | \$0.03 <sup>(2)</sup> |
| Tax Rate                          | 20%                    | 18%                   |

<sup>(1)</sup> Dividend amount per share is computed based on 10,800,000 shares in issue.

<sup>(2)</sup> Dividend amount per share is computed based on 222,000,000 shares in issue.



**11(c)** *Whether the dividend is before tax, net of tax or tax exempt:*

The recommended final dividend is a one tier tax exempt dividend.

**11(d)** *The date the dividend is payable:*

Subject to shareholders' approval at the forthcoming Annual General Meeting, the final dividend for the financial year ended 30 June 2008 will be paid on 7 November 2008.

**11(e)** *The date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined.*

Subject to the shareholders' approval mentioned above, the Register of Members and Register of Transfers of the Company will be closed on 28 October 2008 for the purpose of determining shareholders' entitlements to the final dividend. Registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registrar Services at 8 Cross Street, #11-00, PWC Building, Singapore 048424 up to 5.00 pm on 24 October 2008 will be registered before entitlements to the dividend are determined.

**12.** *If no dividend has been declared/recommended, a statement to that effect:*

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT****13. *Segmented revenue and results for business segments:***

| <b>FY2008</b>   | <b>Project sales<br/>\$'000</b> | <b>Product sales<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|---------------------------------|---------------------------------|-------------------------|
| Revenue   | 64,666                          | 27,888                          | 92,554                  |
| Result  | 17,042                          | 8,501                           | 25,543                  |
| Unallocated costs   |                                 |                                 | (8,694)                 |
|   |                                 |                                 | 16,849                  |
| Other operating income                                      |                                 |                                 | 572                     |
| Finance costs   |                                 |                                 | (414)                   |
| Profit before income tax                                    |                                 |                                 | 17,007                  |
| Income tax expenses   |                                 |                                 | (3,285)                 |
| Net profit for the financial year                           |                                 |                                 | 13,722                  |
| Segment assets  | 14,113                          | 7,062                           | 21,175                  |
| Unallocated assets  |                                 |                                 | 84,338                  |
|   |                                 |                                 | 105,513                 |
| Segment liabilities - unallocated                           |                                 |                                 | 18,551                  |
| Other information   |                                 |                                 |                         |
| Capital expenditure - unallocated                           |                                 |                                 | 114                     |
| Depreciation of property, plant and equipment - unallocated |                                 |                                 | 683                     |
| <b>FY2007</b>   | <b>Project sales<br/>\$'000</b> | <b>Product sales<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| Revenue   | 62,083                          | 31,553                          | 93,636                  |
| Result  | 21,580                          | 10,187                          | 31,767                  |
| Unallocated costs   |                                 |                                 | (9,686)                 |
|   |                                 |                                 | 22,081                  |
| Other operating income                                      |                                 |                                 | 592                     |
| Finance costs   |                                 |                                 | (453)                   |
| Profit before income tax                                    |                                 |                                 | 22,220                  |
| Income tax expenses   |                                 |                                 | (4,280)                 |
| Net profit for the financial year                           |                                 |                                 | 17,940                  |
| Segment assets  | 15,293                          | 8,099                           | 23,392                  |
| Unallocated assets  |                                 |                                 | 76,634                  |
|   |                                 |                                 | 100,026                 |
| Segment liabilities - unallocated                           |                                 |                                 | 21,325                  |
| Other information   |                                 |                                 |                         |
| Capital expenditure - unallocated                           |                                 |                                 | 531                     |
| Depreciation of property, plant and equipment - unallocated |                                 |                                 | 604                     |

*Segmented revenue and results for geographical segments:*

Distribution of revenue by geographical markets:

|           | <b>FY2008</b><br><b>\$'000</b> | <b>FY2007</b><br><b>\$'000</b> |
|-----------|--------------------------------|--------------------------------|
| Singapore | 65,008                         | 62,238                         |
| Malaysia  | 13,279                         | 12,388                         |
| Others*   | 14,267                         | 19,010                         |
|           | <u>92,554</u>                  | <u>93,636</u>                  |

Assets and capital expenditure by geographical markets:

|           | <b>Carrying amounts of assets</b>    |                                      | <b>Capital expenditure</b>     |                                |
|-----------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------------|
|           | <b>30 June 2008</b><br><b>\$'000</b> | <b>30 June 2007</b><br><b>\$'000</b> | <b>FY2008</b><br><b>\$'000</b> | <b>FY2007</b><br><b>\$'000</b> |
| Singapore | 99,084                               | 93,183                               | 114                            | 531                            |
| Malaysia  | 4,607                                | 3,855                                | -                              | -                              |
| Others*   | 1,822                                | 2,988                                | -                              | -                              |
|           | <u>105,513</u>                       | <u>100,026</u>                       | <u>114</u>                     | <u>531</u>                     |

\*Others include countries in Asia Pacific, such as, Indonesia, Thailand and Australia, as well as the Middle East, such as, the United Arab Emirates and Saudi Arabia.

Segment revenue is based on sales to the respective geographical markets, segment assets are based on the origin of the assets while capital expenditure is based on the geographical location of the assets.

14. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments:*

Please refer to paragraph 8.

15. *Breakdown of sales:*

|   | <b>FY2008</b> | <b>FY2007</b> | <b>Decrease</b> |
|---|---------------|---------------|-----------------|
|   | <b>\$'000</b> | <b>\$'000</b> | <b>%</b>        |
| Revenue reported for first half year                  | 49,879        | 50,001        | (0.2)           |
| Profit after income tax reported for first half year  | 9,168         | 9,601         | (4.5)           |
| Revenue reported for second half year                 | 42,675        | 43,635        | (2.2)           |
| Profit after income tax reported for second half year | 4,554         | 8,339         | (45.4)          |

**16.** *Breakdown of total annual dividend:*

|          | <b>FY2008<br/>\$'000</b> | <b>FY2007<br/>\$'000</b> |
|----------|--------------------------|--------------------------|
| Ordinary | -                        | 28,141                   |

**17.** There were no interested person transactions during the year under review.

BY ORDER OF THE BOARD

Kua Chee Seng  
Chief Executive Officer  
27/08/2008

The initial public offering of the Company's shares was sponsored by UOB Asia Limited.