

# SIN GHEE HUAT CORPORATION LTD

Company Registration No:197700475Z  
Incorporated in Singapore



## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2017

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) *An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

#### Consolidated Income Statement

	Group					
	Third quarter ended		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
	31/03/2017	31/03/2016		31/03/2017	31/03/2016	
S\$'000	S\$'000		S\$'000	S\$'000		
Revenue	8,690	13,252	(34)	24,504	41,175	(40)
Cost of sales	(6,489)	(11,249)	(42)	(18,765)	(33,915)	(45)
<b>Gross profit</b>	<b>2,201</b>	<b>2,003</b>	10	<b>5,739</b>	<b>7,260</b>	(21)
Other operating income	31	104	(70)	305	325	(6)
Distribution costs	(1,405)	(1,610)	(13)	(4,314)	(4,781)	(10)
Administrative expenses	(856)	(894)	(4)	(2,555)	(2,643)	(3)
Other operating expenses	(201)	(594)	(66)	(6)	(153)	(96)
<b>Results from operating activities</b>	<b>(230)</b>	<b>(991)</b>	(77)	<b>(831)</b>	<b>8</b>	NM
Finance income	91	73	25	269	209	29
Finance costs	(2)	(2)	–	(51)	(7)	>500
Share of profit/(loss) of joint venture	11	22	(50)	(55)	31	NM
<b>(Loss)/profit before tax</b>	<b>(130)</b>	<b>(898)</b>	(86)	<b>(668)</b>	<b>241</b>	NM
Tax (expense)/credit	(12)	146	NM	94	(78)	NM
<b>Net (loss)/profit for the period</b>	<b>(142)</b>	<b>(752)</b>	(81)	<b>(574)</b>	<b>163</b>	NM
<b>Earnings per share</b>						
Basic (cents)	(0.06)	(0.34)		(0.26)	0.07	
Diluted (cents)	(0.06)	(0.34)		(0.26)	0.07	

NM: Not meaningful

## 1(a)(ii) Consolidated Statement of Comprehensive Income

	<b>Group</b>					
	Third quarter ended		Increase/ (Decrease)	Nine months ended		Increase/ (Decrease)
	31/03/2017	31/03/2016	%	31/03/2017	31/03/2016	%
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Net (loss) / profit for the period</b>	<b>(142)</b>	<b>(752)</b>	(81)	<b>(574)</b>	<b>163</b>	NM
<b>Other comprehensive income:</b>						
Foreign currency translation differences for foreign operations	(12)	(31)	(61)	(3)	(17)	(82)
<b>Total comprehensive income for the period</b>	<b>(154)</b>	<b>(783)</b>	(80)	<b>(577)</b>	<b>146</b>	NM
<b>Attributable to:</b>						
Equity holders of the Company	(154)	(783)	(80)	(577)	146	NM
<b>Total comprehensive income for the period</b>	<b>(154)</b>	<b>(783)</b>	(80)	<b>(577)</b>	<b>146</b>	NM

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

	<b>Group</b>			
	Third quarter ended		Nine months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(252)	(268)	(760)	(810)
Foreign exchange (loss) / gain	(193)	(506)	187	173
Finance income	91	73	269	209
Reversal/(Allowance) for doubtful debts, trade	–	(90)	15	(151)
Allowance for inventories, net	(131)	(112)	(287)	(251)

(b)(i) *A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.*

### Statement of Financial Position

	Group		Company	
	31/03/2017	30/06/2016	31/03/2017	30/06/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	7,746	8,149	7,394	7,775
Investment in subsidiaries	–	–	6,963	6,963
Investment in joint venture	29	84	50	50
Other financial assets	3,043	4,088	3,043	4,088
Deferred tax assets	107	79	95	67
	<u>10,925</u>	<u>12,400</u>	<u>17,545</u>	<u>18,943</u>
<b>Current assets</b>				
Inventories	37,120	38,776	27,558	28,814
Trade and other receivables	10,086	11,325	15,525	16,238
Cash and cash equivalents	28,067	26,003	25,940	24,212
	<u>75,273</u>	<u>76,104</u>	<u>69,023</u>	<u>69,264</u>
<b>Total assets</b>	<u>86,198</u>	<u>88,504</u>	<u>86,568</u>	<u>88,207</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	2,916	2,916	2,916	2,916
Currency translation reserve	81	84	–	–
Retained earnings	35,426	37,110	36,249	37,889
Total equity	<u>84,173</u>	<u>85,860</u>	<u>84,915</u>	<u>86,555</u>
<b>Current liabilities</b>				
Trade and other payables	2,017	2,345	1,644	1,528
Borrowings	–	172	–	–
Current tax liabilities	8	127	9	124
	<u>2,025</u>	<u>2,644</u>	<u>1,653</u>	<u>1,652</u>
<b>Total liabilities</b>	<u>2,025</u>	<u>2,644</u>	<u>1,653</u>	<u>1,652</u>
<b>Total equity and liabilities</b>	<u>86,198</u>	<u>88,504</u>	<u>86,568</u>	<u>88,207</u>

**1(b)(ii)** *Aggregate amount of group's borrowings and debt securities***Amount repayable in one year or less, or on demand (\$'000)**

<u>As at 31 March 2017</u>		<u>As at 30 June 2016</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	172

**Amount repayable after one year (\$'000)**

<u>As at 31 March 2017</u>		<u>As at 30 June 2016</u>	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

The unsecured group borrowings comprised trade financing facility utilised by a subsidiary arising from the ordinary course of business.

- 1(c) *A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.*

### Consolidated Statement of Cash Flows

#### Group

	Third quarter ended		Nine months ended	
	31/03/2017 S\$'000	31/03/2016 S\$'000	31/03/2017 S\$'000	31/03/2016 S\$'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit for the period	(142)	(752)	(574)	163
<b>Adjustments for :</b>				
Depreciation of property, plant and equipment	252	268	760	810
Gain on disposal of property, plant and equipment	-	-	(6)	(9)
Finance income	(91)	(73)	(269)	(209)
Finance costs	2	2	51	7
Tax expense/(credit)	12	(146)	(94)	78
Share of (profit)/loss of joint venture	(11)	(22)	55	(31)
	22	(723)	(77)	809
<b>Changes in operating assets and liabilities:</b>				
Trade and other receivables	(467)	3,739	1,239	6,466
Trade and other payables	(524)	(909)	(328)	(1,081)
Inventories	721	2,283	1,656	4,274
<b>Net cash (used in)/from operations</b>	(248)	4,390	2,490	10,468
Income tax paid	(21)	(338)	(53)	(696)
<b>Net cash (used in)/from operating activities</b>	(269)	4,052	2,437	9,772
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	-	-	6	11
Acquisition of property, plant and equipment	(43)	(21)	(357)	(115)
Proceeds from redemption of debt securities	-	-	1,000	-
Interest received	94	78	277	223
<b>Net cash from investing activities</b>	51	57	926	119
<b>Cash flows from financing activities</b>				
Interest paid	(2)	(2)	(14)	(7)
Proceeds from borrowings	-	308	871	956
Repayment of borrowings	-	(327)	(1,043)	(1,199)
Dividend paid	-	-	(1,110)	(3,330)
<b>Net cash used in financing activities</b>	(2)	(21)	(1,296)	(3,580)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(220)	4,088	2,067	6,311
Cash and cash equivalents at beginning of the period	28,299	19,107	26,003	16,870
Effect of exchange rates fluctuations	(12)	(31)	(3)	(17)
<b>Cash and cash equivalents at end of the period</b>	<b>28,067</b>	<b>23,164</b>	<b>28,067</b>	<b>23,164</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	14,067	18,164	14,067	18,164
Short-term bank deposits	14,000	5,000	14,000	5,000
	<b>28,067</b>	<b>23,164</b>	<b>28,067</b>	<b>23,164</b>

**1(d)(i)** *A statement (for the issuer and group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.*

### **Consolidated Statement of Changes in Equity for the Group**

	Share capital	Revaluation reserve	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 July 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>84</b>	<b>37,110</b>	<b>85,860</b>
Total comprehensive income for the half year ended 31 December 2016	-	-	9	(432)	(423)
Dividend paid	-	-	-	(1,110)	(1,110)
<b>Balance as at 31 December 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>93</b>	<b>35,568</b>	<b>84,327</b>
Total comprehensive income for the quarter ended 31 March 2017	-	-	(12)	(142)	(154)
<b>Balance as at 31 March 2017</b>	<b>45,750</b>	<b>2,916</b>	<b>81</b>	<b>35,426</b>	<b>84,173</b>
<b>Balance as at 1 July 2015</b>	<b>45,750</b>	<b>2,845</b>	<b>117</b>	<b>40,399</b>	<b>89,111</b>
Total comprehensive income for the half year ended 31 December 2015	-	-	14	915	929
Dividend paid	-	-	-	(3,330)	(3,330)
<b>Balance as at 31 December 2015</b>	<b>45,750</b>	<b>2,845</b>	<b>131</b>	<b>37,984</b>	<b>86,710</b>
Total comprehensive income for the quarter ended 31 March 2016	-	-	(31)	(752)	(783)
<b>Balance as at 31 March 2016</b>	<b>45,750</b>	<b>2,845</b>	<b>100</b>	<b>37,232</b>	<b>85,927</b>

### **Statement of Changes in Equity for the Company**

	Share capital	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 July 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>37,889</b>	<b>86,555</b>
Total comprehensive income for the half year ended 31 December 2016	-	-	(409)	(409)
Dividend paid	-	-	(1,110)	(1,110)
<b>Balance as at 31 December 2016</b>	<b>45,750</b>	<b>2,916</b>	<b>36,370</b>	<b>85,036</b>
Total comprehensive income for the quarter ended 31 March 2017	-	-	(121)	(121)
<b>Balance as at 31 March 2017</b>	<b>45,750</b>	<b>2,916</b>	<b>36,249</b>	<b>84,915</b>
<b>Balance as at 1 July 2015</b>	<b>45,750</b>	<b>2,845</b>	<b>41,345</b>	<b>89,940</b>
Total comprehensive income for the half year ended 31 December 2015	-	-	935	935
Dividend paid	-	-	(3,330)	(3,330)
<b>Balance as at 31 December 2015</b>	<b>45,750</b>	<b>2,845</b>	<b>38,950</b>	<b>87,545</b>
Total comprehensive income for the quarter ended 31 March 2016	-	-	(710)	(710)
<b>Balance as at 31 March 2016</b>	<b>45,750</b>	<b>2,845</b>	<b>38,240</b>	<b>86,835</b>

**1(d)(ii)** *Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.*

There was no change in the share capital of the Company during the period reported on.

There were no outstanding convertibles and treasury shares as at 31 March 2017 and 31 March 2016.

**1(d)(iii)** *To show the 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:*

	<b>As at 31/03/2017</b>	<b>As at 30/06/2016</b>
Number of shares in issue	222,000,000	222,000,000

**1(d)(iv)** *A 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.** *Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.*

The figures have not been audited or reviewed by the auditors.

**3.** *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).*

Not applicable.

**4.** *Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.*

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those of the audited financial statements for the financial year ended 30 June 2016.

**5.** *If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.*

Not applicable.

6. *Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:*

### Earnings per Share

	Group		Group	
	Third quarter ended		Nine months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	(0.06)	(0.34)	(0.26)	0.07
(b) on a fully diluted basis	(0.06)	(0.34)	(0.26)	0.07
Weighted average number of shares in issue	222,000,000	222,000,000	222,000,000	222,000,000

7. *Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:*

- (a) *current financial period reported on; and*  
 (b) *immediately preceding financial year.*

### Net Asset Value per Share

	Group		Company	
	31/03/2017	30/06/2016	31/03/2017	30/06/2016
Net asset value per share based on issued share capital (cents)	37.9	38.7	38.3	39.0
Number of shares on issue	222,000,000	222,000,000	222,000,000	222,000,000

8. *A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:*

- (a) *any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*  
 (b) *any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.*

## REVIEW OF PERFORMANCE

### Consolidated Income Statement

#### For the third quarter ended 31 March 2017 ("3Q2017")

Group revenue for the third quarter ended 31 March 2017 was \$8.69 million, 34% lower compared with \$13.25 million recorded for 3Q2016, the corresponding quarter of the preceding financial year. The decrease in revenue was largely due to continued weak market demand as well as a significant drop in export orders affected by changes in regulations.

Gross profit for 3Q2017 improved to \$2.20 million (3Q2016: \$2.00 million) despite the lower revenue mainly due to lower average cost price whilst average selling price remained stable. An allowance of \$131,000 (3Q2016: \$112,000) for inventory impairment was made in respect of slow-moving inventories for the quarter.

Distribution costs were lower mainly due to lower sales and reduction in manpower costs.

Finance income for 3Q2017 was higher at \$91,000 (3Q2016: \$73,000) largely attributed to increased interest-bearing bank balances and short-term bank deposits. Other operating income for 3Q2017 was lower at \$31,000 (3Q2016: \$104,000) mainly due to reduced government grants. Other operating



expenses for 3Q2017 were lower at \$201,000 (3Q2016: \$594,000) mainly due to lower foreign exchange loss and a \$nil (3Q2016: \$90,000) provision for doubtful debts.

The Group's share of profit of the New Zealand joint venture for 3Q2017 was lower at \$11,000 (3Q2016: \$22,000) mainly due a drop in revenue and increased operating costs.

Net loss for the quarter was significantly reduced to \$142,000 (3Q2016: \$752,000) mainly resulting from increased gross profit and lower foreign exchange loss.

### **Consolidated Income Statement For the nine months ended 31 March 2017 ("9M2017")**

Revenue for the nine months ended 31 March 2017 was 40% lower at \$24.50 million compared with \$41.18 million registered in 9M2016, the corresponding period of the preceding year mainly due to weak market demand as well as a significant drop in export orders affected by changes in regulations. The lower revenue led to a 21% decline in gross profit for 9M2017.

Finance income was higher mainly because of increase in interest-bearing bank balances and short-term bank deposits. Finance costs were higher largely due to unamortised cost of a bond investment being expensed off in the preceding quarter ended 31 December 2016 upon redemption before maturity. Other operating expenses for 9M2017 were lower at \$6,000 (9M2016: \$153,000) because there was a provision for doubtful debts of \$151,000 in 9M2016 whereas no similar provision was made in 9M2017.

The Group recorded a share of loss of the New Zealand joint venture of \$55,000 for 9M2017 versus a share of profit of \$31,000 for 9M2016 due to a drop in revenue and increased operating costs.

The above collectively resulted in a loss of \$574,000 for 9M2017 compared with a net profit of \$163,000 for 9M2016.

### **Financial Position and Cash Flows**

Trade and other receivables dipped to \$10.09 million (30 June 2016: \$11.33 million) in tandem with lower revenue. Net cash from operating activities for 3Q2017 was a negative \$269,000 compared with a positive \$4.05 million for 3Q2016 largely because there was a significant drop in inventories and trade and other receivables in 3Q2016 (when the business activities were on a downward swing) whereas the change in these operating assets in 3Q2017 (when business had stabilised) were insignificant.

The investment in joint venture was lower at \$29,000 (30 June 2016: \$84,000) due to losses incurred in 9M2017.

Acquisition of property, plant and equipment for 3Q2017 increased to \$43,000 (3Q2016: \$21,000) mainly attributed to system upgrade.

Other financial assets were lower at \$3.04 million (30 June 2016: \$4.09 million) because certain bonds securities were redeemed by the issuer in 9M2017.

Proceeds from redemption of the bonds securities of \$1.00 million (9M2016: \$nil) and the acquisition of property, plant and equipment netted in cash from investing activities of \$926,000 (9M2016: \$119,000) for 9M2017.

Net cash used in financing activities for 9M2017 was lower at \$1.30 million (9M2016: \$3.58 million) mainly attributed to lower dividend payment.

9. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

Not applicable

10. *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.*

Demand for our products remains weak and is expected to continue for the foreseeable future.

Monitoring of our costs and conservation of cash reserves will continue as we look to weather these difficult times.

11. *Dividend*

*(a) Current Financial Period Reported On*

*Any dividend declared for the current financial period reported on?* No

*(b) Corresponding Period of the Immediately Preceding Financial Year*

*Any dividend declared for the corresponding period of the immediately preceding financial year?* No

*(c) Date payable:* Not applicable

*(d) Books closure date:* Not applicable

*(e) The date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined:* Not applicable

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

No dividend has been declared or recommended for the quarter ended 31 March 2017.

13. *If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.*

The Group does not have any general mandate from shareholders pursuant to Rule 920.

14. *Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).*

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**Confirmation by Directors**

Pursuant to Rule 705(5) of the Listing Manual, we, the undersigned, on behalf of the Board of Directors of the Company, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the third quarter ended 31 March 2017 to be false or misleading in any material aspect.

Kua Ghim Siong  
Chief Executive Officer

Kua Chee Seng  
Director

BY ORDER OF THE BOARD

Kua Ghim Siong  
Chief Executive Officer  
11 May 2017