

SIN GHEE HUAT CORPORATION LTDCompany Registration No:197700475Z
Incorporated in Singapore

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Part I - Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements.

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

Consolidated Statement of Profit or Loss

	Group		<i>Increase/ (decrease) %</i>
	Half-Year Ended		
	31-Dec-20 S\$'000	31-Dec-19 S\$'000	
Revenue	13,307	21,447	(38)
Cost of sales	(10,155)	(16,378)	(38)
Gross profit	3,152	5,069	(38)
Other operating income	531	71	>600
Distribution costs	(1,989)	(2,740)	(27)
Administrative expenses	(1,237)	(1,514)	(18)
Impairment on trade and other receivables	(11)	(433)	(97)
Other operating expenses	(243)	(86)	183
Results from operating activities	203	367	(45)
Finance income	14	70	(80)
Finance cost	(78)	(86)	(9)
Profit before tax	139	351	(60)
Tax expense	(44)	(16)	175
Net profit for the period	95	335	(72)
Earnings per share			
Basic (cents)	0.04	0.15	
Diluted (cents)	0.04	0.15	

Consolidated Statement of Comprehensive Income

	Group		Increase/ (decrease) %
	Half-Year Ended		
	31-Dec-20 S\$'000	31-Dec-19 S\$'000	
Net profit for the period	95	335	(72)
Other comprehensive income:			
Foreign currency translation difference arising from consolidation	19	(15)	NM
Total comprehensive income for the period	114	320	(64)
Attributable to:			
Equity holders of the Company	114	320	(64)
Total comprehensive income for the period	114	320	(64)

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

	Half-Year Ended		Increase / (decrease) %
	31-Dec-20 S\$'000	31-Dec-19 S\$'000	
Depreciation of property, plant and equipment	(647)	(320)	102
Depreciation of right-of-use assets	(93)	(81)	15
Interest income	14	70	(80)
Reversal / (allowance) of inventory impairment, net	506	(163)	NM
Allowance of doubtful debts, trade	(11)	(433)	(97)
<u>Classified as other operating income</u>			
Government grants	440	5	NM
Recovery of doubtful debts, trade	45	9	400
Sundry income	41	25	64
Gain on disposal of property, plant and equipment	5	32	(84)
<u>Classified as other operating expenses</u>			
Foreign exchange loss, net	(243)	(86)	183

NA denotes not applicable
NM denotes not meaningful

- 1(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-Dec-20 S\$'000	30-Jun-20 S\$'000	31-Dec-20 S\$'000	30-Jun-20 S\$'000
Non-current assets				
Property, plant and equipment	15,793	16,065	15,790	16,054
Right-of-use assets	3,951	4,084	3,933	4,063
Investment in subsidiaries	–	–	5,026	5,026
Trade and other receivables	–	–	6,157	6,157
Deferred tax assets	387	428	301	342
	20,131	20,577	31,207	31,642
Current assets				
Inventories	43,498	47,814	36,330	39,972
Trade and other receivables	8,145	9,454	11,688	12,059
Cash and cash equivalents	14,459	10,852	12,176	9,628
	66,102	68,120	60,194	61,659
Total assets	86,233	88,697	91,401	93,301
Equity attributable to equity holders of the Company				
Share capital	45,750	45,750	45,750	45,750
Reserves	(21)	(40)	–	–
Retained earnings	34,592	34,497	37,281	36,717
Total equity	80,321	80,207	83,031	82,467
Non-current liabilities				
Deferred grant liabilities	751	788	751	788
Lease liabilities	3,919	4,022	3,903	4,004
	4,670	4,810	4,654	4,792
Current liabilities				
Trade and other payables	1,008	3,102	3,501	5,482
Deferred grant liabilities	91	395	91	395
Lease liabilities	126	125	124	122
Current tax liabilities	17	58	–	43
	1,242	3,680	3,716	6,042
Total liabilities	5,912	8,490	8,370	10,834
Total equity and liabilities	86,233	88,697	91,401	93,301

- 1(b)(ii) Aggregate amount of group's borrowings and debt securities

	At 31-Dec-20		At 30-Jun-20	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	–	–	–	–
Amount repayable after one year	–	–	–	–
	–	–	–	–

Details of any collateral

The Group's banking and credit facilities are secured by a corporate guarantee.

- 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 Flow

	Group	
	Half-Year Ended	
	31-Dec-20	31-Dec-19
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	95	335
Adjustments for :		
Depreciation of property, plant and equipment	647	320
Gain on disposal of property, plant and equipment	(5)	(32)
Depreciation of right-of-use assets	93	81
Finance income	(14)	(70)
Finance cost	78	86
Tax expense	44	16
	938	736
Changes in operating assets and liabilities:		
Trade and other receivables	1,309	1,992
Trade and other payables	(2,095)	1,220
Inventories	4,316	(2,504)
Deferred grant liabilities	(341)	–
Net cash generated from operations	4,127	1,444
Income tax paid	(44)	(269)
Net cash generated from operating activities	4,083	1,175
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	10	32
Acquisition of property, plant and equipment	(379)	(4,747)
Proceeds from redemption of debt securities	–	1,000
Interest received	14	70
Net cash used in investing activities	(355)	(3,645)
Cash flows from financing activities		
Dividend paid	–	(1,332)
Interest paid	(78)	(85)
Proceeds from borrowings	–	1,427
Lease principal payment	(62)	(50)
Repayment of borrowings	–	(533)
Net cash used in financing activities	(140)	(573)
Net increase / (decrease) in cash and cash equivalents	3,588	(3,043)
Cash and cash equivalents at beginning of the period	10,852	15,101
Effect of exchange rate fluctuations	19	(15)
Cash and cash equivalents at end of the period	14,459	12,043
Cash and cash equivalents comprise:		
Cash and bank balances	14,459	10,043
Short-term bank deposits	–	2,000
	14,459	12,043

- 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

	Group			
	Share capital	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
As 1 July 2019	45,750	(37)	39,991	85,704
Total comprehensive income for the period	–	(15)	335	320
Dividend paid	–	–	(1,332)	(1,332)
At 31 December 2019	45,750	(52)	38,994	84,692
At 1 July 2020	45,750	(40)	34,497	80,207
Total comprehensive income for the period	–	19	95	114
At 31 December 2020	45,750	(21)	34,592	80,321

Statement of Changes in Equity

	Company		
	Share capital	Retained earnings	Total
	S\$'000	S\$'000	S\$'000
At 1 July 2019	45,750	40,141	85,891
Total comprehensive income for the period	–	220	220
Dividend paid	–	(1,332)	(1,332)
At 31 December 2019	45,750	39,029	84,779
At 1 July 2020	45,750	36,716	82,466
Total comprehensive income for the period	–	565	565
At 31 December 2020	45,750	37,281	83,031

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 Company's share capital since the end of the previous financial year reported on.

The Company did not have any outstanding options, convertibles or treasury shares and subsidiary holdings as at 31 December 2020 and 31 December 2019.

1(d)(iii) To show the 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:

222,000,000 ordinary shares were issued as at 31 December 2020 and 30 June 2020.

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

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

Not applicable. The Company did not have any treasury shares during and as at the end of current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period report on:

Not applicable. The Company did not have any subsidiary holdings during and as at the end of current financial period reported on.

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 of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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.

Save as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared to the most recently audited financial statements for the financial year ended 30 June 2020.

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.

With effect from 1 July 2020, the Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)"): i) Amendments to References to the Conceptual Framework in SFRS(I) Standards; ii) Amendments to SFRS(I) 3: Definition of a Business; iii) Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material. The adoption of the new accounting standards is not expected to have any material impact on the financial information.

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	
	Half-Year Ended	
	31-Dec-20	31-Dec-19
Profit attributable to equity holders of the Company (S\$'000)	95	335
Weighted average number of ordinary shares used in the computation of basic and diluted EPS ('000)	222,000	222,000
Basic and fully diluted earnings per share (Singapore cents)	0.04	0.15

The diluted and basic EPS are the same for 1H2021 and 1H2020 as there were no potentially dilutive ordinary shares as at 31 December 2020 and 31 December 2019.

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 Ordinary Share¹

	Group		Company	
	31-Dec-20 Singapore Cents	30-Jun-20 Singapore Cents	31-Dec-20 Singapore Cents	30-Jun-20 Singapore Cents
Net asset value per ordinary share based on issued share	0.36	0.36	0.37	0.37

¹ The net asset value per ordinary share for the Group and the Company as at 31 December 2020 and 30 June 2020 is computed based on the share capital of the Company of 222,000,000 shares.

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.

Consolidated Statement of Profit & Loss

For the half-year ended 31 December 2020 (1H2021) vs. half-year ended 31 December 2019 (1H2020)

Group revenue decreased by S\$8.1 million or 38% to S\$13.3 million for 1H2021 compared with S\$21.4 million for the corresponding half-year of the preceding financial year (1H2020). The decrease was registered across all 4 industry groups, with the most significant drop in Oil & Gas and Petrochemical of S\$3.1 million and Marine & Shipbuilding of S\$1.9 million.

Cost of sales decreased by S\$6.2 million or 38% to S\$10.2 million in 1H2021 (1H2020: S\$16.4 million), in line with the decrease in revenue.

Gross profit decreased by S\$1.9 million to S\$3.2 million for 1H2021 (1H2020: S\$5.1 million), mainly due to lower sales in 1H2021. Gross margin has remained constant at 24% for both 1H2021 and 1H2020.

Other operating income increased by S\$460,000 or approximately 7 times to S\$531,000 (1H2020: S\$71,000), mainly due to higher government grant recognised and recovery of doubtful debts.

Distribution costs decreased by S\$0.7 million or 27% to S\$2.0 million for 1H2021 (1H2020: S\$2.7 million), mainly due to lower warehouse rental of \$0.4 million as the temporary warehouse was returned after the completion of our redeveloped office cum warehouse building located at 32 Gul Crescent and payroll-related costs of S\$0.7 million, offset by an increase in distribution depreciation on property, plant and equipment of S\$0.3 million.

Administrative expenses decreased by S\$0.3 million or 18% to S\$1.2 million for 1H2021 (1H2020: S\$1.5 million), mainly due to lower payroll costs.

Impairment loss on trade and other receivables of S\$11,000 was recorded for 1H2021 (1H2020: S\$433,000). The decrease of S\$423,000 or 97% was mainly due to absence of allowance for impairment of trade receivable incurred in last year in respect of the cessation of our joint-venture entity in New Zealand.

Foreign exchange loss (classified as other operating expenses) increased by S\$157,000 or 183% to S\$243,000 in 1H2021 (1H2020: S\$86,000), mainly due to the weakening of USD against SGD.

Finance income decreased by S\$56,000 or 80% to S\$14,000 for 1H2021 (1H2020: S\$70,000), mainly due to lower interest rate environment and short-term bank deposits.

Finance cost decreased by S\$8,000 or 9% to S\$78,000 in 1H2021 (1H2020: S\$86,000) mainly due to lower interest charges for trade financing in respect of a subsidiary company.

Tax expense of S\$44,000 was recognised for 1H2021 compared with S\$16,000 for 1H2020. Despite a decrease in profit before tax for 1H2021, tax expense has increased by S\$28,000 mainly due to reduction of deferred tax asset recognised as at 31 December 2020.

Due to the above factors, net profit for the Group decreased by S\$0.2 million or 72% to S\$0.1 million for 1H2021 (1H2020: S\$0.3 million).

Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$0.5 million to S\$20.1 million as at 31 December 2020 compared with S\$20.6 million as at 30 June 2020, mainly due to decrease in property, plant and equipment (PPE) and right-of-use (ROU) assets of S\$0.3 million and S\$0.1 million respectively.

The decrease in PPE and ROU assets were mainly attributable to depreciation charges for the period.

Current assets

Current assets decreased by S\$2.0 million to S\$66.1 million as at 31 December 2020 (30 June 2020: S\$68.1 million), due to decrease in inventories of S\$4.3 million and decrease in trade and other receivables of S\$1.3 million, offset by increase in cash and cash equivalents of S\$3.6 million.

Inventories decreased mainly due to continuous efforts to reduce stock through sales. The decrease in trade and other receivables was largely attributable to receipt of government grants (recorded as other receivables as at 30 June 2020) and refund of security deposits for our rented warehouse during 1H2021. The increase in cash and cash equivalents will be explained under the Statement of Cash Flow section.

Non-current liabilities

Non-current liabilities decreased by S\$140,000 mainly due to amortisation of lease liabilities and recognition of government grants in line with our accounting policy.

Current liabilities

Current liabilities decreased by S\$2.5 million to S\$1.2 million as at 31 December 2020 (30 June 2020: S\$3.7 million), mainly due to decrease in trade and other payables of S\$2.1 million and deferred grant liabilities of S\$0.3 million.

The decrease in trade and other payables was mainly due to reduction in trade payables of S\$1.2 million due to lesser inventory purchases, and reduction in other payables from payroll-related accruals of S\$0.6 million. The decrease in deferred grant liabilities was due to recognition of government grants income in 1H2021.

Shareholders' equity

As at 31 December 2020, the shareholders' equity stood at S\$80.3 million (30 June 2020: S\$80.2 million). The increase of S\$0.1 million was mainly attributable to net profit for the current financial period of S\$0.1 million.

Consolidated Statement of Cash Flow **Half-year ended 31 December 2020 (1H2021)**

For 1H2021, net cash generated from operating activities was S\$4.1 million. This was mainly due to operating cash inflows of S\$0.9 million, adjusted for net cash inflows from changes in operating assets and liabilities of S\$3.2 million.

The net cash inflows from changes in operating assets and liabilities were due to decrease in inventories of S\$4.3 million and trade and other receivables of S\$1.3 million, offset by decrease in trade and other payables of S\$2.1 million and deferred grant liabilities of S\$0.3 million.

Cash flows used in investing activities was S\$0.4 million, mainly due to capital expenditures on warehouse storage systems.

Cash flows used in financing activities was S\$0.1 million due to lease liabilities expenses.

9. [Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.](#)

The Group's results for 1H2021 was consistent with what was disclosed under Paragraph 10 of the Company's results announcement for the financial year ended 30 June 2020.

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.](#)

The global economic landscape continues to be plagued by uncertainties brought on by the Covid-19 pandemic even as we enter into 2021; with resurgence of new infections and variants that will hinder any hopes of possible recovery of business activities to pre-pandemic level.

The Group expects business conditions to remain challenging in FY2021 as demand from our customers is still muted. We will also continue to monitor our costs structure and take appropriate measures as necessary.

We will continue to monitor the situation and capitalise on any opportunities when the market recovers.

11. [Dividend](#)

(a) [Current Financial Period Reported On.](#)

No

(b) [Corresponding Period of the Immediately Preceding Financial Year.](#)

No

(c) [Date payable:](#)

Not applicable

(d) [Books closure date](#)

Not applicable

12. [If no dividend has been declared \(recommended\), a statement to that effect and the reason\(s\) for the decision.](#)

No dividend has been declared for the financial period ended 31 December 2020. The Board of Directors will consider the recommendation of dividend payment, if any, after the results for the full year ending 30 June 2021.

13. If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT") 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 a general mandate from shareholders for IPTs.

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 it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

Confirmation by Directors

Pursuant to Rule 705(5) of the SGX-ST 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 financial results for the half year ended 31 December 2020 to be false or misleading in any material aspect.

Kua Ghim Siong
Chief Executive Officer

Kua Peng Chuan
Executive Director

BY ORDER OF THE BOARD

Kua Ghim Siong
Chief Executive Officer
11 February 2021