

# SIN GHEE HUAT CORPORATION LTD

Company Registration No:197700475Z  
Incorporated in Singapore



## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 2019

### 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					
	Second quarter ended		Increase/ (Decrease) %	Half year ended		Increase/ (Decrease) %
	31/12/2019	31/12/2018		31/12/2019	31/12/2018	
S\$'000	S\$'000		S\$'000	S\$'000		
Revenue	9,285	13,865	(33)	21,447	26,703	(20)
Cost of sales	(7,065)	(10,925)	(35)	(16,378)	(20,704)	(21)
<b>Gross profit</b>	<b>2,220</b>	<b>2,940</b>	(24)	<b>5,069</b>	<b>5,999</b>	(16)
Other operating income	78	34	129	93	136	(32)
Distribution costs	(1,319)	(1,587)	(17)	(2,740)	(2,943)	(7)
Administrative expenses	(647)	(830)	(22)	(1,514)	(1,673)	(10)
Impairment on trade and other receivables	(90)	(15)	500	(433)	(60)	NM
Other operating expenses	(158)	(22)	NM	(108)	(13)	NM
<b>Results from operating activities</b>	<b>84</b>	<b>520</b>	(84)	<b>367</b>	<b>1,446</b>	(75)
Finance income	27	60	(55)	70	136	(49)
Finance cost	(47)	(12)	292	(86)	(30)	187
<b>Profit before tax</b>	<b>64</b>	<b>568</b>	(89)	<b>351</b>	<b>1,552</b>	(77)
Tax credit/(expense)	46	(117)	NM	(16)	(362)	(96)
<b>Net profit for the period</b>	<b>110</b>	<b>451</b>	(76)	<b>335</b>	<b>1,190</b>	(72)
<b>Earnings per share</b>						
Basic (cents)	0.05	0.20		0.15	0.54	
Diluted (cents)	0.05	0.20		0.15	0.54	

NM: Not meaningful

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

	<b>Group</b>					
	<b>Second quarter ended</b>		<b>Increase/</b>	<b>Half year ended</b>		<b>Increase/</b>
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>(Decrease)</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>(Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Net profit for the period</b>	<b>110</b>	<b>451</b>	(76)	<b>335</b>	<b>1,190</b>	(72)
<b>Other comprehensive income:</b>						
Foreign currency translation difference arising from consolidation	–	(3)	NM	(15)	(53)	(72)
<b>Total comprehensive income for the period</b>	<b>110</b>	<b>448</b>	(75)	<b>320</b>	<b>1,137</b>	(72)
<b>Attributable to:</b>						
Equity holders of the Company	110	448	(75)	320	1,137	(72)
<b>Total comprehensive income for the period</b>	<b>110</b>	<b>448</b>	(75)	<b>320</b>	<b>1,137</b>	(72)

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

	<b>Group</b>			
	<b>Second quarter ended</b>		<b>Half year ended</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	(154)	(220)	(320)	(510)
Depreciation of right-of-use assets	(41)	–	(81)	–
Foreign exchange (loss)/gain	(130)	(10)	(86)	42
Gain/(loss) on disposal of property, plant and equipment	32	(13)	32	(13)
Allowance for inventory impairment, net	(138)	(30)	(163)	(373)
Allowance of doubtful debts, trade	(90)	(15)	(433)	(60)
Recovery of doubtful debts, trade	4	8	9	55

(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	
	31/12/2019	30/6/2019	31/12/2019	30/6/2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	13,090	8,663	13,001	8,538
Right-of-use assets	3,955	–	3,955	–
Investment in subsidiaries	–	–	6,524	6,524
Investment in joint venture	–	–	50	50
Trade and other receivables	918	1,334	7,075	7,491
Deferred tax assets	426	329	342	244
	18,389	10,326	30,947	22,847
<b>Current assets</b>				
Inventories	52,387	49,883	40,751	37,074
Trade and other receivables	12,832	14,408	11,840	15,721
Other financial assets	–	1,001	–	1,001
Cash and cash equivalents	12,043	15,101	10,188	13,521
	77,262	80,393	62,779	67,317
<b>Total assets</b>	95,651	90,719	93,726	90,164
<b>Equity attributable to equity holders of the Company</b>				
Share capital	45,750	45,750	45,750	45,750
Reserves	(52)	(37)	–	–
Retained earnings	38,994	39,991	39,029	40,141
<b>Total equity</b>	84,692	85,704	84,779	85,891
<b>Non-current liabilities</b>				
Lease liabilities	3,740	–	3,740	–
	3,740	–	3,740	–
<b>Current liabilities</b>				
Trade and other payables	5,703	4,483	4,600	3,751
Borrowings	894	–	–	–
Lease liabilities	246	–	246	–
Current tax liabilities	376	532	361	522
	7,219	5,015	5,207	4,273
<b>Total liabilities</b>	10,959	5,015	8,947	4,273
<b>Total equity and liabilities</b>	95,651	90,719	93,726	90,164

**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 December 2019</u>		<u>As at 30 June 2019</u>	
Secured	Unsecured	Secured	Unsecured
-	894	-	-

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

<u>As at 31 December 2019</u>		<u>As at 30 June 2019</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

	<b>Group</b>			
	<b>Second quarter ended</b>		<b>Half year ended</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>				
Profit for the period	110	451	335	1,190
<b>Adjustments for :</b>				
Depreciation of property, plant and equipment	154	220	320	510
Depreciation of right-of-use assets	41	–	81	–
(Gain)/loss on disposal of property, plant and equipment	(32)	13	(32)	13
Finance income	(27)	(60)	(70)	(136)
Finance cost	47	12	86	30
Tax (credit)/expense	(46)	117	16	362
	<b>247</b>	<b>753</b>	<b>736</b>	<b>1,969</b>
<b>Changes in operating assets and liabilities:</b>				
Trade and other receivables	2,082	(37)	1,992	(2,927)
Trade and other payables	975	(714)	1,220	(144)
Inventories	(626)	(2,754)	(2,504)	(2,907)
<b>Net cash generated from/(used in) operations</b>	<b>2,678</b>	<b>(2,752)</b>	<b>1,444</b>	<b>(4,009)</b>
Income tax paid	(269)	(98)	(269)	(78)
Interest paid on lease	(38)	–	(76)	–
<b>Net cash generated from/(used in) operating activities</b>	<b>2,371</b>	<b>(2,850)</b>	<b>1,099</b>	<b>(4,087)</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(2,651)	(740)	(4,747)	(751)
Proceed from sales of property, plant and equipment	32	–	32	–
Proceeds from redemption of debt securities	1,000	–	1,000	–
Interest received	26	60	70	136
<b>Net cash used in investing activities</b>	<b>(1,593)</b>	<b>(680)</b>	<b>(3,645)</b>	<b>(615)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(8)	(12)	(9)	(29)
Proceeds from borrowings	894	728	1,427	1,131
Repayment of borrowings	(533)	(1,424)	(533)	(2,413)
Principal payment of lease liabilities	(25)	–	(50)	–
Dividend paid	(1,332)	(666)	(1,332)	(666)
<b>Net cash used in financing activities</b>	<b>(1,004)</b>	<b>(1,374)</b>	<b>(497)</b>	<b>(1,977)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(226)</b>	<b>(4,904)</b>	<b>(3,043)</b>	<b>(6,679)</b>
Cash and cash equivalents at beginning of the period	12,269	24,449	15,101	26,274
Effect of exchange rate fluctuations	–	(3)	(15)	(53)
<b>Cash and cash equivalents at end of the period</b>	<b>12,043</b>	<b>19,542</b>	<b>12,043</b>	<b>19,542</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	10,043	8,486	10,043	8,486
Short-term bank deposits	2,000	11,056	2,000	11,056
	<b>12,043</b>	<b>19,542</b>	<b>12,043</b>	<b>19,542</b>

- (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	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 July 2019</b>	<b>45,750</b>	<b>(37)</b>	<b>39,991</b>	<b>85,704</b>
Total comprehensive income for the quarter ended 30 September 2019	–	(15)	225	210
<b>Balance as at 30 September 2019</b>	<b>45,750</b>	<b>(52)</b>	<b>40,216</b>	<b>85,914</b>
Total comprehensive income for the quarter ended 31 December 2019	–	–	110	110
Dividend paid	–	–	(1,332)	(1,332)
<b>Balance as at 31 December 2019</b>	<b>45,750</b>	<b>(52)</b>	<b>38,994</b>	<b>84,692</b>
<b>Balance as at 1 July 2018</b>	<b>45,750</b>	<b>20</b>	<b>38,262</b>	<b>84,032</b>
Total comprehensive income for the quarter ended 30 September 2018	–	(50)	739	689
<b>Balance as at 30 September 2018</b>	<b>45,750</b>	<b>(30)</b>	<b>39,001</b>	<b>84,721</b>
Total comprehensive income for the quarter ended 31 December 2018	–	(3)	451	448
Dividend paid	–	–	(666)	(666)
<b>Balance as at 31 December 2018</b>	<b>45,750</b>	<b>(33)</b>	<b>38,786</b>	<b>84,503</b>

### Statement of Changes in Equity for the Company

	Share capital	Retained earnings	Total
	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 July 2019</b>	<b>45,750</b>	<b>40,141</b>	<b>85,891</b>
Total comprehensive income for the quarter ended 30 September 2019	–	142	142
<b>Balance as at 30 September 2019</b>	<b>45,750</b>	<b>40,283</b>	<b>86,033</b>
Total comprehensive income for the quarter ended 31 December 2019	–	78	78
Dividend paid	–	(1,332)	(1,332)
<b>Balance as at 31 December 2019</b>	<b>45,750</b>	<b>39,029</b>	<b>84,779</b>
<b>Balance as at 1 July 2018</b>	<b>45,750</b>	<b>38,512</b>	<b>84,262</b>
Total comprehensive income for the quarter ended 30 September 2018	–	1,051	1,051
<b>Balance as at 30 September 2018</b>	<b>45,750</b>	<b>39,563</b>	<b>85,313</b>
Total comprehensive income for the quarter ended 31 December 2018	–	473	473
Dividend paid	–	(666)	(666)
<b>Balance as at 31 December 2018</b>	<b>45,750</b>	<b>39,370</b>	<b>85,120</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 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 share capital of the Company during the period reported on.

There were no outstanding convertibles and treasury shares as at 31 December 2019 and 31 December 2018.

- 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:*

	As at 31/12/2019	As at 30/06/2019
Number of shares in issue	222,000,000	222,000,000

- 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.

- 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

- 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.*

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the financial period reported on are consistent with those in the most recently audited financial statements for the financial year ended 30 June 2019.

- 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.*

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases with effect from 1 July 2019 using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group and the Company have applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 July 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The ROU assets as at 31 December 2019 were mainly related to leases of the warehouses occupied by the Group and the Company. Accordingly, there was a corresponding increase in lease liabilities of approximately \$3.99 million as at 31 December 2019.

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	
	Second quarter ended		Half year ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.05	0.20	0.15	0.54
(b) on a fully diluted basis	0.05	0.20	0.15	0.54
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	
	31/12/2019	30/06/2019	31/12/2019	30/06/2019
Net asset value per share based on issued share capital (cents)	38.1	38.6	38.2	38.7
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 second quarter ended 31 December 2019

The Group posted a lower revenue of \$9.29 million amid muted market demand for the second quarter ended 31 December 2019 (2Q2020) compared with \$13.87 million recorded in 2Q2019, the corresponding quarter of the preceding financial year. A drop in project orders in 2Q2020 further lowered the revenue for the quarter.



Gross profit for 2Q2020 declined to \$2.22 million (2Q2019: \$2.94 million) mainly due to lower revenue. Gross profit margin for 2Q2020 was higher at 24% (2Q2019: 21%) mainly attributed to improved selling prices, lower cost of materials purchased in earlier periods, as well as lower proportion of project orders which would otherwise dilute the profit margin.

Distribution costs and administrative expenses were lower mainly due to one-time adjustment on rental/lease expense relating to right-of-use assets and lower manpower costs.

Impairment loss on trade and other receivables for 2Q2020 was higher at \$90,000 (2Q2019: \$15,000) mainly due to provision made for amounts due from certain customers and the joint venture.

Finance income for 2Q2020 was lower at \$27,000 (2Q2019: \$60,000) largely due to reduced short-term bank deposits. Finance cost for 2Q2020 was higher at \$47,000 (2Q2019: \$12,000) mainly attributed to recognition of interest expenses on lease accounting following the adoption of SFRS(I) 16.

Other operating income for 2Q2020 was higher at \$78,000 (2Q2019: \$34,000) mainly due to sales of scraps and profit from sales of motor vehicle. Other operating expenses were higher at \$158,000 (2Q2019: \$22,000) largely due to higher foreign exchange loss during the quarter.

Tax credit of \$46,000 was recognised for 2Q2020 versus tax expense of \$117,000 for 2Q2019 largely attributed to increase of deferred tax assets.

### **Consolidated Income Statement For the half year ended 31 December 2019**

Revenue for the half year ended 31 December 2019 (1H2020) declined to \$21.45 million compared with \$26.70 million registered in 1H2019, the corresponding period of the preceding financial year, largely due to a drop in project orders and slow market demand. This also led to lower gross profit for 1H2020.

Finance income for 1H2020 was lower at \$70,000 (1H2019: \$136,000) largely due to reduced short-term bank deposits. Finance cost for 1H2020 was higher at \$86,000 (1H2019: \$30,000) mainly attributed to recognition of interest expenses on lease accounting following the adoption of SFRS(I) 16.

Impairment loss on trade and other receivables was higher for 1H2020 at \$433,000 (1H2019: \$60,000) mainly due to provision made for amount due from the joint venture as recovery of the receivables had been slow.

Other operating income for 1H2020 was lower at \$93,000 (1H2019: \$136,000) mainly attributed to lower amount of bad debts recovered in 1H2020. Other operating expenses for 1H2020 was higher at \$108,000 (1H2019: \$13,000) largely because of the foreign exchange loss incurred in 1H2020, whereas foreign exchange gain was recorded in 1H2019.

The above collectively resulted in a net profit of \$335,000 for 1H2020 compared with the net profit of \$1.19 million for 1H2019.

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

Expenditure on property, plant and equipment for 2Q2020 jumped to \$2.65 million (2Q2019: \$740,000) mainly due to the redevelopment of the warehouse at Gul Crescent. For the same reason, the expenditure on property, plant and equipment in 1H2020 increased to \$4.75 million (1H2019: \$751,000).

Trade and other receivables were lower as of 31 December 2019 at \$13.75 million (30 June 2019: \$15.74 million) mainly due to lower sales in the current period. Inventories increased to \$52.39 million (30 June 2019: \$49.88 million) largely due to slowdown in sales.

The Group's adoption of SFRS(I) 16 *Leases* necessitates the recognition of ROU assets and the corresponding lease liabilities effective from 1 July 2019. The ROU assets, which were mainly related to leases of the warehouses, were \$3.96 million, and the corresponding lease liabilities were \$3.99 million, as at 31 December 2019.

Borrowings of \$894,000 (30 June 2019: \$nil) arose from short-term financing for purchase of inventories.

Net cash generated from operations in 2Q2020 was \$2.68 million as opposed to net cash used in operations of \$2.75 million in 2Q2019 largely due to (a) decrease in trade and other receivables resulting from lower sales in 2Q2020, and (b) increase in trade other payables resulting from timing of payment, as offset by increase in inventories in 2Q2020. Similarly, net cash generated from operations was \$1.44 million in 1H2020 compared to net cash used in operations of \$4.01 million in 1H2019.

Net cash used in investing activities in 2Q2020 was higher at \$1.59 million (2Q2019: \$680,000) largely due to expenditure on the redevelopment of the warehouse facility, as offset by proceeds from bonds redemption of \$1.00 million (2Q2019: \$nil). 1H2020 recorded a higher net cash used in investing activities of \$3.65 million (1H2019: \$615,000) for the same reasons.

Net cash used in financing activities for 2Q2020 was \$1.00 million (2Q2019: \$1.37 million) mainly due to higher dividend payment of \$1.33 million (2Q2019: \$666,000) in respect of the preceding financial year, as offset by proceeds from borrowings (net of repayment), whereas repayment exceeded proceeds of borrowings in 2Q2019). Net cash used in financing activities in 1H2020 decreased due to similar factors.

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 performance for 2Q2020 was consistent with the Statement in Paragraph 10 of the Company's previous results announcement dated 13 November 2019.

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 general market conditions continue to be challenging, and demand for our products remains muted. The Group endeavours to manage costs prudently and increase its marketing efforts amid the challenging environment.

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 December 2019.

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 second quarter ended 31 December 2019 to be false or misleading in any material aspect.

Kua Ghim Siong  
Chief Executive Officer

Kua Peng Chuan  
Director

BY ORDER OF THE BOARD

Kua Ghim Siong  
Chief Executive Officer  
7 February 2020