



BUSINESS UPDATE

The Board of Directors (“the Board”) of Sin Ghee Huat Corporation Ltd (the “Company” and together with its subsidiaries, the “Group”) wishes to provide a business update to shareholders.

COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organisation (“WHO”) in March 2020¹ and has since spread to many parts of the world. In order to stem the spread of COVID-19, the Singapore Government implemented the circuit breaker in April 2020² and was extended to 2 June 2020.

The Singapore Government also announced certain budgetary measures to encourage companies to continue employment for its workforce during the circuit breaker period. Under the Job Support Scheme (“JSS”), the Singapore Government will provide the Group with payment of 25% of local wages for 10 months³ subject to a qualifying salary ceiling, and for the months of April and May 2020, the JSS will be increased to 75%. In addition, for the months of April and May 2020, the foreign worker levies are waived and the Group will also receive foreign worker levy rebate.

The Group’s operations are considered as an “essential service” and are permitted to operate during the circuit breaker period. We are committed to supporting our customers whilst also safeguarding the health and safety of our employees and other stakeholders. Therefore, the Group has put in place various COVID-19 mitigation measures and also implemented its business continuity plans, such as making arrangement for part of its workforce to work from home, wearing of mask, temperature-taking two times daily, segregation of staff between different sites and safe distancing within the same premises.

The COVID-19 will have an adverse impact on the Group’s revenue. Our revenue for the financial year ending 30 June 2020 is expected to be approximately 20% to 30% lower compared to the last financial year ended 30 June 2019. Similarly, gross profit is also expected to fall in tandem with the decrease in revenue. The Group is also experiencing delay in collections from some of our customers and will continue to follow-up closely.

As at 31 December 2019, the Group has approximately S\$12.0 million and S\$70.0 million in cash and cash equivalents and net current assets respectively. Therefore, the Group is confident that it will be able to operate as a going-concern and continue to meet its financial obligations.

SG Metals (Suzhou) Ltd

As conveyed to the shareholders in the Letter to Shareholders last year, the viability of SG Metals (Suzhou) Ltd (“SGMSZ”), a wholly-owned subsidiary of the Company, was the subject of the Board’s review.

In view of the continued losses of SGMSZ, the Board has decided to cease its business operations with effect from the close of the current financial year.

First Break SG Metals 2015 Limited

The Board has also reviewed the viability of the joint venture entity, First Break SG Metals 2015 Limited (“FBSGM”), in New Zealand, in which the Company has an equity interest of 50%. Due to the continued losses of FBSGM, the Board, with the consent and agreement of the New Zealand joint venture partner, First Break Metals Holdings Limited, has decided that the joint venture arrangement be terminated with immediate effect.

The processes of the termination and cessation of the businesses of SGMSZ and FBSGM are under way. The Board will keep shareholders updated on material developments and financial impact for both SGMSZ and FBSGM as soon as practicable.

By Order of the Board

Kua Ghim Siong
Chief Executive Officer
Sin Ghee Huat Corporation Ltd.

Date: 5 June 2020

¹ <http://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/3/who-announces-covid-19-outbreak-a-pandemic>

² <https://www.moh.gov.sg/news-highlights/details/circuit-breaker-to-minimise-further-spread-of-covid-19>

³ <https://www.iras.gov.sg/irashome/Schemes/Businesses/Jobs-Support-Scheme--JSS-/>