

# **Swee Hong Limited**

**Full Year Unaudited Financial**

**Statement and Dividend**

**Announcement for the year ended**

**30 June 2016**

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS**

**1(a) Group income statement, together with comparative statement for the corresponding period of the immediately preceding financial year**

	2016 \$'000	2015 \$'000	Increase/ (decrease)
Revenue	40,818	22,121	85%
Cost of works	(42,795)	(27,135)	58%
Gross profit / (loss)	(1,977)	(5,014)	(61%)
Other (loss) / gains – net	(3,816)	361	n.m.
Expenses			
- Distribution and marketing	(11)	(39)	(72%)
- Administrative	(3,932)	(14,564)	(73%)
- Finance	(442)	(73)	508%
	(10,178)	(19,328)	(47%)
Share of profit/(loss) of associated company	-	(133)	(100%)
Profit/(loss) before income tax	(10,178)	(19,462)	(48%)
Income tax credit	-	17	(100%)
<b>Net profit/(loss) from continuing operations</b>	<b>(10,178)</b>	<b>(19,445)</b>	<b>(48%)</b>
<b>Discontinued operations</b>			
Profit/(loss) from discontinued operations	-	(31,862)	n.m.
	<b>(10,178)</b>	<b>(51,306)</b>	<b>(80%)</b>

**(i) Consolidated Statement of comprehensive income for the Financial Year ended 30 June 2016**

	2016 \$'000	2015 \$'000	Increase/ (decrease)
<b>Other comprehensive loss:</b>			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value (losses) / gains	(29)	25	n.m.
- Reclassification	(104)	(53)	n.m.
Currency translation differences arising from consolidation			
- Losses	(15)	*	n.m.
Other comprehensive profit/(loss), net of tax	(148)	(30)	394%
<b>Total comprehensive profit/(loss)</b>	<b>(10,326)</b>	<b>(51,336)</b>	<b>(80%)</b>

\*Amount below \$1,000  
n.m. – not meaningful

**(ii) Notes to the income statement of comprehensive income**

Breakdown of other (losses)/gains - net

	<b>2016</b>	<b>2015</b>	<b>Increase/ (decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Currency translation (losses)/gains - net	(1)	8	n.m.
Dividend income	7	5	43%
Gain on disposal of property, plant and equipment	16	30	(48%)
Available-for-sale financial assets			
- Fair value (losses) / gains	5	105	(95%)
- Reclassification from other comprehensive income on disposal	104	(53)	(296%)
Income from sales of scrap materials	12	52	(76%)
Bank interest income	*	*	n.m.
Government grant	179	188	(5%)
Loss on disposal of investment property under construction	(4,202)	-	n.m.
Other income	64	26	142%
	<b>(3,816)</b>	<b>361</b>	

\*Amount below \$1,000  
n.m. – not meaningful

**(iii) Included under administrative expenses:**

	<b>2016</b>	<b>2015</b>	<b>Increase/ (decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Depreciation of property, plant and equipment	440	626	(30%)
Professional fees	2,116	1,602	32%
Write-back for impairment of construction contract amount due from customer	(3,856)	(556)	594%
Impairment on property, plant and equipment (Write-back)/allowance for impairment of receivables	710	8,339	(91%)
- Trade receivables	(39)	56	(169%)
- Other receivables	130	-	100%

\*Amount below \$1,000  
n.m. – not meaningful

**1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4,962	3,194	4,923	3,155
Trade and other receivables	14,439	15,147	14,460	15,154
Construction contract work-in-progress	1,729	169	1,729	169
	21,130	18,509	21,112	18,477
Discounted operations and assets classified as held-for-sale	331	32,907	331	32,907
	<b>21,461</b>	<b>51,416</b>	<b>21,443</b>	<b>51,384</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	11	288	11	288
Investment in subsidiary corporations	-	-	2	602
Property, plant and equipment	10,322	12,005	10,322	12,005
	<b>10,333</b>	<b>12,294</b>	<b>10,335</b>	<b>12,896</b>
<b>Total assets</b>	<b>31,794</b>	<b>63,710</b>	<b>31,778</b>	<b>64,280</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	54,655	53,009	55,406	53,770
Borrowings	22,181	43,066	22,181	43,066
	76,836	96,075	77,587	96,837
Liabilities directly associated with assets classified as held-for-sale	-	2,314	-	2,314
	<b>76,836</b>	<b>98,389</b>	<b>77,587</b>	<b>99,150</b>
<b>Non-current liabilities</b>				
Borrowings	-	38	-	38
<b>Total liabilities</b>	<b>76,836</b>	<b>98,427</b>	<b>77,587</b>	<b>99,188</b>
<b>Net current liabilities</b>	<b>(55,375)</b>	<b>(46,973)</b>	<b>(56,144)</b>	<b>(47,766)</b>
<b>NET LIABILITIES</b>	<b>(45,042)</b>	<b>(34,717)</b>	<b>(45,809)</b>	<b>(34,908)</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	28,580	28,580	28,580	28,580
Other reserves	(15)	132	1	134
Accumulated losses	(73,607)	(63,429)	(74,390)	(63,622)
<b>TOTAL EQUITY</b>	<b>(45,042)</b>	<b>(34,717)</b>	<b>(45,809)</b>	<b>(34,908)</b>

## Notes to Statement of Financial Position

### (i) Trade and other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables - non-related parties	3,735	1,279	3,735	1,279
Construction contracts:				
- Due from customers	7,534	6,685	7,534	6,685
Non-trade receivables				
- Subsidiary corporations	-	-	20	7
- Related party	-	-	1	-
- Non-related parties	453	263	453	263
	453	263	474	270
Advance to suppliers	1,904	6,548	1,904	6,548
Deposits	130	354	130	354
Prepayments	683	17	683	17
	<b>14,439</b>	<b>15,147</b>	<b>14,460</b>	<b>15,154</b>

The non-trade amount due from subsidiary corporations are unsecured, interest-free and is receivable on demand

### (ii) Discontinued operations and assets classified as held-for-sale

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Investment property under construction	-	29,064	-	29,064
Property, plant and equipment - leasehold building	331	349	331	349
Other receivables	-	3,494	-	3,494
	<b>331</b>	<b>32,907</b>	<b>331</b>	<b>32,907</b>

### (iii) Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables				
- non-related parties	30,725	25,566	30,725	25,566
- related party	3,163	-	3,163	-
Construction contracts:				
- Due to customers	660	5,550	660	5,550
Other payables				
- Subsidiary corporations	-	-	774	774
- Related parties	-	1,355	-	1,355
- Non-related parties	11,520	15,971	11,520	15,971
	11,520	17,326	12,294	18,100
Accrued operating expenses	8,587	4,567	8,564	4,554
	<b>54,655</b>	<b>53,009</b>	<b>55,406</b>	<b>53,770</b>

The non-trade amounts due to subsidiary corporations are unsecured, interest-free and are repayable on demand.

**(iv) Liabilities directly associated with assets classified as held for sale**

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Other payables - non-related parties	-	2,314	-	2,314

**Explanatory Notes:**

Trade and other receivables as at 30 June 2016 of \$14.4 million decreased by \$0.7 million from \$15.1 million as at 30 June 2015. Prepayments and advances to suppliers decreased by \$4.0 million from \$6.6 million as at 30 June 2015 to \$2.6 million as at 30 June 2016. This was partially offset by increase in trade receivables and construction contract unbilled receivables of \$3.3 million from \$8.0 million as of 30 June 2015 to \$11.3 million as at 30 June 2016.

Construction contract work-in-progress as at 30 June 2016 amounting to \$1.7 million increased by approximately \$1.5 million from \$0.2 million as at 30 June 2015 mainly due to purchase of inventories for ER382 project and unassembled plant & machinery.

Asset classified as held-for-sale relates to the property located at 190A/190C Chua Chu Kang Avenue 1, Singapore 689466 which is expected to be sold in the near future to fund the Creditors Scheme of Arrangement.

Available-for-sale financial assets as at 30 June 2016 of \$11,000 decreased by approximately \$0.3 million from \$0.3 million as of 30 June 2015 mainly due to disposal during the financial year.

Property, plant and equipment decreased by approximately \$1.7 million from \$12.0 million as at 30 June 2015 to \$10.3 million as at 30 June 2016 mainly due to \$2.0 million depreciation charge for the financial year and \$0.7 million impairment charge on property, plant, and equipment, and additions of \$1.0 million during the financial year.

Trade and other payables increased by approximately \$1.7 million from \$53.0 million as at 30 June 2015 to \$54.7 million as at 30 June 2016 mainly due to increase in accrued operating expenses of \$4.0 million from \$4.6 million as at 30 June 2015 to \$8.6 million as at 30 June 2016. Trade payables and other payables increased by approximately \$2.5 million from \$42.9 million as at 30 June 2015 to \$45.4 million as at 30 June 2016 mainly due to claims from Scheme Creditors which was partially offset by the part payment of \$5.2 million made in June 2016. Construction contracts amount due to customers reduced by approximately \$4.9 million mainly due to reversal of impairment of \$5.3 million relating to one of the completed projects for which payment has been received.

As at 30 June 2016, the Group is in a net current liabilities position of \$55.4 million.

## 1(b)(ii) Aggregate amount of the Group's borrowings and debts securities

(a) Amount repayable in one year or less, or on demand

	Group		Group	
	30 June 2016	30 June 2016	30 June 2015	30 June 2015
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Trade finance	-	2,264	-	2,560
Finance lease liabilities	160	-	439	-
Bank borrowing	2,200	5,852	28,949	-
Bank overdraft	-	31	-	28
Loan from a non-related party	-	-	-	1,216
Loan from related parties	1,800	9,874	-	-
Loan from director	-	-	-	9,874
<b>Total</b>	<b>4,160</b>	<b>18,021</b>	<b>29,388</b>	<b>13,678</b>

(b) Amount repayable after one year

	Group		Group	
	30 June 2016	30 June 2016	30 June 2015	30 June 2015
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	-	-	38	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>

The Group's bank borrowings consist of \$10.5 million of which \$2.4 million is secured and \$8.1 million unsecured.

Loan from a related party, KH Foges Pte Ltd ("Subscriber") pursuant to subscription agreement dated 14 March 2016, amounting to \$1.8 million is secured by a facility agreement dated 2 June 2016. Interest-free loan from former director amounting to \$9.9 million is included in loan from related parties.

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

Consolidated statements of cash flows for the Financial Year ended 30 June 2016

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
- loss from continuing operations	(10,178)	(19,445)
- loss from discontinuing operations	-	(31,862)
Net loss	(10,178)	(51,307)
Adjustments for:		
- Income tax credit	-	(17)
- Depreciation and impairment of property, plant and equipment	2,723	10,592
- Amortisation of investment property under construction	-	3,590
- Re-measurement of assets classified as held-for-sale to fair value less cost to sell	-	22,993
- Loss on disposal of investment property	4,202	-
- Gain on disposal of property, plant and equipment	(16)	(30)
- Gain on disposal of associated company	-	*
- Gain on disposal of available-for-sale financial assets - net	(109)	(52)
- Interest income	-	*
- Finance expense	442	73
- Dividend income	(7)	(5)
- Unrealised currency translation gains-net	(13)	(1)
- Share of loss of associated company	-	133
	(2,956)	(14,030)
<b>Change in working capital:</b>		
- Construction contract work-in-progress	(1,560)	211
- Trade and other receivables	3,763	2,770
- Trade and other payables	(1,565)	24,780
Cash flows generated from operations	(2,318)	13,731
Interest received	-	*
Interest paid	-	(1)
Income tax refund	-	17
<b>Net cash (used in)/provided by operating activities</b>	(2,318)	13,747
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(1,022)	(1,912)
Proceeds from disposal of Investment property under construction	30,000	-
Additions to Investment property under construction	(3,835)	(36,610)
Disposal of associated company	-	*
Disposal of property, plant and equipment	16	30
Dividends received	7	5
Purchase of available-for-sale financial assets	-	(4)
Disposal of available-for-sale financial assets	255	105
<b>Net cash provided by/(used in) investing activities</b>	25,421	(38,386)
<b>Cash flows from financing activities</b>		
Bank deposits released	-	304
Repayment of finance lease liabilities	(316)	(1,480)
Proceeds from borrowings	1,800	32,674
Repayment of borrowings	(22,819)	(3,191)
Interest paid	(2)	(85)
<b>Net cash (used in)/provided by financing activities</b>	(21,337)	28,222
<b>Net increase in cash and cash equivalents</b>	1,766	3,584
<b>Cash and cash equivalents</b>		
Beginning of financial year	3,165	(419)
<b>End of financial year</b>	<b>4,931</b>	<b>3,165</b>

\* Amount below \$1,000

## **Explanatory Notes:**

- (i) For the purposes of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	4,962	3,194

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances (as above)	4,962	3,194
Less: Bank overdraft	(31)	(28)
Cash and cash equivalents per consolidated statement of cash flows	4,931	3,165

## **(ii) Review of Cash Flows for the Financial Year ended 30 June 2016**

### **Operating activities**

During FY2016, cash used in operating activities amounted to \$2.3 million. The reasons for the changes in working capital are explained in the Explanatory Notes to the Statement of Financial Position on page 6.

### **Investing activities**

Net cash provided by investing activities of approximately \$25.4 million arise mainly from the \$30.0 million gross proceeds from disposal of investment property under construction and \$0.3 million from disposal of available-for-sale financial assets which was offset by additions to property plant and equipment of \$1.0 million and additions to investment property under construction of \$3.8 million.

### **Financing activities**

Net cash used in financing activities of approximately \$21.3 million was mainly due to repayment of bank borrowings of \$22.8 million and repayment of finance lease liabilities amounting to \$0.3 million. This was offset by borrowings of \$1.8 million extended from a related party.

Overall, cash and cash equivalents stood at approximately \$4.9 million as at 30 June 2016.

**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**

	Share Capital	Accumulated losses	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>2016</b>				
As at 1 July 2015	28,580	(63,429)	132	(34,717)
Total comprehensive loss for the year	-	(10,178)	(147)	(10,325)
<b>As at 30 June 2016</b>	<b>28,580</b>	<b>(73,607)</b>	<b>(15)</b>	<b>(45,042)</b>
<b>2015</b>				
As at 1 July 2014	28,580	(12,122)	162	16,620
Total comprehensive loss for the year	-	(51,306)	(30)	(51,336)
<b>As at 30 June 2015</b>	<b>28,580</b>	<b>(63,429)</b>	<b>132</b>	<b>(34,717)</b>
	Share Capital	Accumulated losses	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Company</b>				
<b>2016</b>				
As at 1 July 2015	28,580	(63,621)	134	(34,908)
Total comprehensive loss for the year	-	(10,769)	(133)	(10,902)
<b>As at 30 June 2016</b>	<b>28,580</b>	<b>(74,390)</b>	<b>1</b>	<b>(45,809)</b>
<b>2015</b>				
As at 1 July 2014	28,580	(12,258)	162	16,484
Total comprehensive loss for the year	-	(51,363)	(29)	(51,392)
<b>As at 30 June 2015</b>	<b>28,580</b>	<b>(63,621)</b>	<b>134</b>	<b>(34,908)</b>

**Other Reserves**

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Fair value reserve	1	134	1	134
Currency translation reserve	(16)	(1)	-	-
	<b>(15)</b>	<b>132</b>	<b>1</b>	<b>134</b>
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	134	162	134	162
Fair value (loss) / gain	(29)	25	(29)	25
Reclassification to profit or loss	(104)	(53)	(104)	(53)
<b>End of financial year</b>	<b>1</b>	<b>134</b>	<b>1</b>	<b>134</b>
(ii) Currency translation reserve				
Beginning of financial year	(1)	*	-	-
Net currency translation differences of financial statements of foreign subsidiary corporations	(15)	(1)	-	-
<b>End of financial year</b>	<b>(16)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>

\* Amount below \$1,000

**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 were no changes to the Company's share capital since the end of the previous period reported on. There were no treasury shares held. There were no convertibles which may result in the issue of new shares.

**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**

	30 June 2016	30 June 2015
Total number of issued shares	368,500,000	368,500,000

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported 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.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 computation methods used in the preparation of the financial statements for the current reporting period as compared with the audited consolidated financial statements as at 30 June 2015.

**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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	30 June 2016	30 June 2015
Net loss attributable to equity holders of the Company (S\$'000)	(10,178)	(51,306)
Weighted average number of ordinary shares in issue ('000)	368,500	368,500
<b>Basic and diluted loss per share (cents)</b>	<b>(2.76)</b>	<b>(13.92)</b>

**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 period reported on and  
(b) immediately preceding financial year**

	The Group		The Company	
	As at 30 June 2016	As at 30 June 2015	As at 30 June 2016	As at 30 June 2015
Net Liabilities (S\$'000)	(45,042)	(34,717)	(45,809)	(34,908)
Number of shares (' 000)	368,500	368,500	368,500	368,500
Net Liabilities value per ordinary share (cents)	(12.22)	(9.42)	(12.43)	(9.47)

**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 or liabilities of the group during the current financial period reported on**

## **BUSINESS OVERVIEW**

The Group is principally engaged in civil engineering works and micro-tunnelling works in Singapore and acts primarily as the main contractor.

### **Income Statement Review (Financial Year ended 30 June 2016 vs. Financial Year ended 30 June 2015)**

#### **Revenue**

	Group					
	2016		2015		Increase/ (decrease)	Increase/ (decrease)
	\$'000	%	\$'000	%	\$'000	%
Civil engineering	39,656	97%	15,794	71%	23,862	151%
Tunneling	1,162	3%	6,327	29%	(5,165)	(82%)
	<b>40,818</b>	<b>100%</b>	<b>22,121</b>	<b>100%</b>	<b>18,697</b>	

Revenue from civil engineering segment increased by \$23.9 million from \$15.8 million in FY2015 to \$39.7 million in FY2016 mainly due to increased progress of the on-going projects, particularly the ER382 Bukit Brown and progress claim as part of finalisation of accounts for the completed Main Gardens project.

Revenue from tunnelling segment decreased by \$5.1 million from \$6.3 million in FY2015 to \$1.2 million in FY2016 mainly due to slow progress in Nee Soon tunnelling project.

#### **Gross Profit/ (loss)**

	Group					
	2016		2015		Increase/ (decrease)	Increase/ (decrease)
	\$'000	%	\$'000	%	\$'000	%
Civil engineering	5,016	(254%)	(2,149)	43%	7,165	333%
Tunnelling	(6,993)	354%	(2,865)	57%	(4,127)	144%
	<b>(1,977)</b>	<b>100%</b>	<b>(5,014)</b>	<b>100%</b>	<b>3,038</b>	

n.m. denotes not meaningful

The Group's gross loss of \$2.0 million is a decrease of approximately \$3.0 million from a gross loss of \$5.0 million in FY2015 mainly due to profit of \$3.6 million from finalisation of accounts for the completed Main Gardens project.

Gross profit from civil engineering segment increased by approximately \$7.1 million during the financial year from \$2.1 million gross loss in FY2015 to \$5.0 million gross profit in FY2016 mainly due to mainly due to the \$5.3 million from finalisation of accounts for the completed Main Garden and completion of other civil engineering projects and increased activities in the ER382 Bukit Brown project.

Gross loss from tunnelling segment increased by approximately \$4.1 million during the financial year from a gross loss of \$2.9 million in FY2015 to a gross loss of \$7.0 million in FY2016 mainly due to provision for foreseeable losses of \$3.1 million and additional costs incurred in one of the tunnelling projects which has run into delays due to the Group's financial situation.

## **Distribution and marketing**

The Group did not incur significant distribution and marketing expenses during FY2016.

## **Administrative Expenses**

Administrative expenses for FY2016 decreased by \$10.6 million as compared with FY2015. The administrative expenses of \$3.9 million mainly comprised of depreciation of \$0.4 million, impairment of property, plant and equipment of \$0.7 million, salaries and related costs of \$2.5 million, professional fees of \$2.1 million and other operating expenses which was offset by write-back of impairment of construction contract amount due from customer of \$3.9 million.

## **Finance Expenses**

Finance expenses relates to interest expenses on borrowings.

## **Profit/(loss) before income tax**

The Group incurred a loss before income tax of approximately \$10.2 million in FY2016, a decrease of \$9.2 million as compared to a loss before income tax of approximately \$19.4 million in FY2015.

## **Total profit/(loss) after tax**

The Group incurred a net loss after tax of approximately \$10.3 million due to the reasons stated above.

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

No forecast or prospect statement was previously disclosed to shareholders.

### **10 A commentary at the date of the announcement of the 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**

#### **Scheme of Arrangement**

On 2 December 2015, the Company lodged a copy of the Order of Court with the Registrar. As such, the Scheme took effect on and from 2 December 2015.

Under the Scheme, certain cash payments will be made to and new Shares will be issued to the Company's Creditors in full satisfaction and complete extinguishment and discharge of the debts owed to the Company's Creditors. In particular, new Shares will be issued to the Company's Creditors pursuant to two debt-to-equity exercises referred to as the "Start Conversion" and the "End Conversion".

On 14 June 2016, at the Eligible Creditors Meeting, the Company's Eligible Creditors unanimously approved the proposed amendment to the Scheme to extend the date by which the Start Conversion Date must occur (failing which the Scheme shall terminate) from 30 June 2016 to 31 October 2016.

In the month of June 2016, the Company disbursed a total of \$6.5 million in RDA and Parri Passu payments.

On 11 August 2016, the Company announced that 435,739,903 Creditors Start Conversion Shares, 493,721,724 OHL Conversion Shares, 1,400,000,000 Subscription Shares, 500,000,000 Warrants and 67,766,667 Fee Shares were allotted and issued on 11 August 2016. As the sale of the Private Lot A0020500 at Plot KR0309 Kranji Link Singapore ("Kranji Property") has not been completed, none of the UOB Start Conversion Shares have been allotted and issued.

#### 190A/190C Chua Chu Kang Avenue 1

The Company is also marketing its property located at 190A/190C Chua Chu Kang Avenue 1, Singapore 689466 for sale to generate funds for the Scheme.

#### Kranji Property

On 23 March 2016, the Company announced that on 18 March 2016, the Company was notified by solicitors acting for UOB that pursuant to the tender for the purchase of the Property conducted from 1 February 2016 to 1 March 2016, UOB had accepted an offer from Civil Tech Pte Ltd ("Buyer") to purchase Kranji Property at the price of \$4,150,000.

On 4 August 2016, the Company announced that, by way of a letter dated 03 August 2016, the Company was notified by solicitors acting for UOB that JTC has rejected the sale of Kranji Property.

#### Proposed Issuance of Subscription Shares and Warrants to KH Foges Pte Ltd

At the Extraordinary General Meeting of the Company held on 2 August 2016 (the "EGM"), all resolutions as set out in the Notice of EGM dated 18 July 2016 were put to vote by poll and were duly passed.

On 11 August 2016, the Company announced that the issuance of 1,400,000,000 Subscription Shares, 500,000,000 Warrants were allotted and issued on 11 August 2016.

Following the allotment and issue of the Subscription Shares, the Subscriber became a controlling shareholder of the Company and the Company and the Subscriber have entered into a non-compete agreement under which the Subscriber has undertaken that for so long as it is a controlling shareholder of the Company, it shall and procure that its associates over which the Subscriber has control:

- a) give a first right of refusal to the Company to bid or tender for any new civil engineering projects; and
- b) not bid or tender for any projects that the Company has submitted or tendered for.

## General

The Company's Building & Construction Authority's ("BCA") grading for Civil Engineering works has been revised from A1 to B1 as the Company did not meet the criteria relating to Financial Resources. The Company is working expeditiously towards regaining the A1 grading.

The unfulfilled order book of the Company is approximately \$110.3 million as of 30 June 2016. The Company is currently working with clients, sub-contractors and suppliers towards the fulfilling of the order book.

With the issuance of Creditors Start Conversion shares on 11 August 2016, the Company will write-off 48% of the admitted debt under the Scheme.

With the completion of Subscriber's share issuance, and the resumption of trading of Company shares on SGX-ST on 22 August 2016, the Board and management will continue to focus on its on-going financial and organisational restructuring to bring stability to foster next phase of growth for the Company.

## **11 Dividend**

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

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

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

### **(c) Date payable**

Not applicable.

### **(d) Books closure date**

Not applicable.

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

No dividend had been declared for FY2016

## **13 Interested person transactions disclosure**

The Group has not obtained a general mandate for Interested Persons Transactions under Rule 920 from shareholders.

There was no IPT of value above \$100,000 being transacted in during the period under review.

## PART II -ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

### Business Segments

The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes. The Group's activities comprise the following reportable segments:

- (i) Civil Engineering – The business division of our Group that carries out civil engineering works which include road construction works, road maintenance works, sewerage rehabilitation (excluding tunnelling works), drains (excluding tunnelling works), soil improvement works and other infrastructure works.
- (ii) Tunnelling – The business division of our Group that carries out microtunnelling works

Currently, the business segments operate only in Singapore.

	Civil		Common and all	Total
	Engineering	Tunnelling	other segments	
30 June 2016	\$'000	\$'000	\$'000	\$'000
<b>Sales</b>	39,656	1,162	-	40,818
<b>Gross profit/(loss)</b>	<u>5,016</u>	<u>(6,993)</u>	<u>-</u>	<u>(1,977)</u>
Other losses - net	-	-	(3,816)	(3,816)
Distribution and marketing expenses	-	-	(11)	(11)
Administrative expenses	2,751	1,352	(8,035)	(3,932)
Finance expenses	-	-	(442)	(442)
<b>Net profit/(loss)</b>	<u>7,767</u>	<u>(5,641)</u>	<u>(12,304)</u>	<u>(10,178)</u>
Net loss includes:				
- Depreciation of property, plant and equipment	642	931	440	2,013
- Write back for impairment of construction contract amount due from customer	(2,740)	(1,116)	-	(3,856)
- Impairment of property, plant and equipment	(12)	(198)	920	710
- Loss on disposal of investment property under construction	-	-	4,202	4,202
- Allowance for impairment of other receivables	-	-	-	-
- Trade receivables	-	(39)	-	(39)
- Other receivables	-	-	130	130
<b>Segment assets</b>	<u>13,655</u>	<u>7,494</u>	<u>10,645</u>	<u>31,794</u>
Total assets includes:				
- Additions to property, plant and equipment	-	-	1,022	1,022
<b>Segment liabilities</b>	<u>21,797</u>	<u>9,693</u>	<u>45,346</u>	<u>76,836</u>

**14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Continued)**

	Civil		Common and all		Total
	Engineering	Tunnelling	Dormitory	other segments	
30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Sales</b>	15,794	6,327	-	-	22,121
<b>Gross loss</b>	<u>(2,149)</u>	<u>(2,865)</u>	<u>-</u>	<u>-</u>	<u>(5,014)</u>
Other income	30	-	-	331	361
Distribution and marketing expenses	-	-	-	(39)	(39)
Administrative expenses	(487)	(12)	-	(14,065)	(14,564)
Finance expenses	-	-	-	(73)	(73)
Loss from operation	<u>(2,606)</u>	<u>(2,878)</u>	<u>-</u>	<u>(13,845)</u>	<u>(19,328)</u>
Share of loss of associated company	-	-	-	(133)	(133)
Loss before income tax	<u>(2,606)</u>	<u>(2,878)</u>	<u>-</u>	<u>(13,978)</u>	<u>(19,462)</u>
Income tax credit	-	-	-	17	17
<b>Net loss</b>	<u>(2,606)</u>	<u>(2,878)</u>	<u>-</u>	<u>(13,961)</u>	<u>(19,445)</u>
<b>Loss from discontinued operations</b>			<u>(31,862)</u>		
Net loss includes:					
- Depreciation of property, plant and equipment	696	931	-	626	2,253
- Impairment of property, plant and equipment	(204)	205	-	8,338	8,339
- Amortisation of investment property under construction	-	-	3,590	-	3,590
- Write back for impairment of construction contracts amount due from customers	(300)	(256)	-	-	(556)
- Allowance for impairment of trade receivables	17	39	-	-	56
- Re-measurement of assets of disposal group classified as held-for sale to fair value less cost to sell			22,993		22,993
<b>Segment assets</b>	<u>7,765</u>	<u>9,886</u>	<u>37,150</u>	<u>8,908</u>	<u>63,710</u>
Total assets includes:					
- Additions to property, plant and equipment	20	-	-	1,892	1,912
- Investment property under construction	-	-	36,610	-	36,610
<b>Segment liabilities</b>	<u>14,629</u>	<u>7,879</u>	<u>51,121</u>	<u>24,798</u>	<u>98,427</u>

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

As explained in Paragraph 8 above.

There are no factors leading to material changes in contributions to turnover by business segment. Civil engineering continues to be our main business segment with micro tunnelling as our secondary segment. As the Group operates only in Singapore, there are no geographical factors involved.

**16 A breakdown of sales**

	30 June 2016	30 June 2015	Increase / (decrease)
	S\$'000	S\$'000	S\$'000
a) Sales reported for first half year	14,898	16,984	(2,086)
b) Operating loss after taxation reported for first half of the year	(7,110)	(1,920)	(5,190)
c) Sales reported for second half year	25,920	5,137	20,783
d) Operating loss after taxation reported for second half of the year	(4,368)	(17,525)	13,156

**17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

No dividend had been declared for FY2016 and FY2015.

**18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format as shown. If there is no such person, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director, CEO and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Ong Keng Guan	54	Son of Ong Hur Seng, a significant shareholder of the Company	Maintenance Manager since 1997	No Change
Ong Eng Hwoon	40	Son of Ong Hoi Lian, a significant shareholder of the Company	Project manager since 2008	No Change
Ong Kah Soon	41	Brother of Ong Kah Lam, a significant shareholder of the Company	Project manager since 1997	No Change

**19 Confirmation by the Company pursuant to Rule 720(1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

**20 Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of Swee Hong Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the year ended 30 June 2016 to be false or misleading in any material aspect.

**FOR AND ON BEHALF OF THE BOARD  
BY ORDER OF THE BOARD**

Anil Dhanpatlal Agrawal  
Executive Director

Teo Boon Tieng  
Independent Director

29 August 2016