

# **Swee Hong Limited**

## **Full Year Unaudited Financial Statement**

**for the year ended**

**30<sup>th</sup> June 2020**

(Company Registration No.: 198001852R)  
(Incorporated in the Republic of Singapore)

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

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

	Unaudited FY2020 S\$'000	Group Restated and unaudited FY2019 S\$'000	Increase / (Decrease)
<b>Revenue</b>	4,717	(11,158)	(142%)
Cost of works	(5,736)	(41,416)	(86%)
<b>Gross (loss)</b>	(1,019)	(52,574)	(98%)
Other gains – net	489	558	(12%)
<b>Expenses</b>			
- Distribution and marketing	(1)	(7)	(86%)
- Administrative	(2,612)	(2,559)	(2%)
- Finance	(4,041)	(3,293)	(23%)
<b>(Loss) before income tax</b>	(7,184)	(57,875)	(88%)
Income tax expense	-	-	-
<b>Net (loss)</b>	(7,184)	(57,875)	(88%)
<b>Other comprehensive gain:</b>			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value loss - equity investments	(3)	*	(100%)
Currency translation differences arising from consolidation			
- Gains	*	*	n.m.
Other comprehensive gain, net of tax	*	*	n.m.
<b>Total comprehensive (loss)</b>	(7,187)	(57,875)	(88%)
<b>Net (loss) attributable to:</b>			
Equity holders of the Company	(7,184)	(57,875)	(88%)
Non-controlling interests	*	*	n.m.
	(7,184)	(57,575)	(88%)
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(7,187)	(57,875)	(88%)
Non-controlling interests	*	*	n.m.
	(7,187)	(57,875)	(88%)

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

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**1(a)(ii) The net (loss)/profit attributable to shareholders of the Company includes the following charges/(credits):**

	Unaudited FY2020 S\$'000	Group Restated and unaudited FY2019 S\$'000	Increase / (Decrease)
Foreign exchange (gains)/losses - net	148	(105)	(241%)
Dividend income	-	(1)	n.m.
Gain on disposal of property, plant and equipment	(1)	(58)	(98%)
Property, plant and equipment written off	34	106	(68%)
Amortisation of deferred income	(141)	(141)	n.m.
Bank interest income	-	(23)	(100%)
Government grant	(253)	(53)	377%
Income from sales of scrap materials	(93)	(1,136)	(92%)
Currency translation gains – net	*	*	n.m.
Other income	-	(2)	n.m.
Interest expenses	754	1,833	(59%)
Provision for onerous contract	-	1,651	(100%)
Late payment interest charges	3,287	1,459	125%
Deprecation of property, plant and equipment	1,059	1,354	(22%)

\* Amount below S\$1,000.

n.m. denotes not meaningful.

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

	Group		Company	
	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited FY2019 As at 30 June 2019 S\$'000	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited FY2019 As at 30 June 2019 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	190	254	181	245
Trade and other receivables	588	593	608	613
Contract assets	708	224	708	224
Other current assets	158	185	158	185
	<u>1,644</u>	<u>1,256</u>	<u>1,655</u>	<u>1,267</u>
<b>Non-current assets</b>				
Financial assets, at FVPL	12	15	12	15
Financial assets, at amortised cost	321	321	321	321
Investment in subsidiary corporations	-	-	-	-
Property, plant and equipment	3,095	3,996	3,095	3,996
	<u>3,428</u>	<u>4,332</u>	<u>3,428</u>	<u>4,332</u>
<b>Total assets</b>	<u>5,072</u>	<u>5,588</u>	<u>5,083</u>	<u>5,599</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	23,546	21,370	23,530	21,358
Contract liabilities	2,420	3,369	2,420	3,369
Deferred income	142	142	142	142
Borrowings	29,728	23,893	29,730	23,894
	<u>55,836</u>	<u>48,774</u>	<u>55,822</u>	<u>48,763</u>
<b>Non-current liabilities</b>				
Deferred income	107	248	107	248
Borrowings	198	448	198	448
	<u>305</u>	<u>696</u>	<u>305</u>	<u>696</u>
<b>Total liabilities</b>	<u>56,141</u>	<u>49,470</u>	<u>56,127</u>	<u>49,459</u>
<b>NET (LIABILITIES)</b>	<u>(51,069)</u>	<u>(43,882)</u>	<u>(51,044)</u>	<u>(43,860)</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	56,575	56,575	56,575	56,575
Other reserves	2	5	2	5
Accumulated losses	(107,646)	(100,462)	(107,621)	(100,440)
	<u>(51,069)</u>	<u>(43,882)</u>	<u>(51,044)</u>	<u>(42,860)</u>
Non-controlling interests	*	*	-	-
<b>TOTAL EQUITY</b>	<u>(51,069)</u>	<u>(43,882)</u>	<u>(51,044)</u>	<u>(42,860)</u>

\* Amount below S\$1,000.

**Notes to Statement of Financial Position**

**(i) Trade and other receivables**

	Group		Company	
	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited FY2019 As at 30 June 2019 S\$'000	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited FY2019d As at 30 June 2019 S\$'000
Trade receivables – net	225	379	225	379
Non-trade receivables				
- Subsidiary corporations	-	-	20	20
- Related corporations	46	46	46	46
- Non-related parties	23	26	23	26
Deposits	250	109	250	109
Prepayments	44	33	44	33
	<u>588</u>	<u>593</u>	<u>608</u>	<u>613</u>

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

**(ii) Contract assets and liabilities**

	Group		Company	
	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited FY2019 As at 30 June 2019 S\$'000	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited FY2019 As at 30 June 2019 S\$'000
Contract assets				
- Civil engineering	49	51	49	51
- Tunneling	659	173	659	173
	<u>708</u>	<u>224</u>	<u>708</u>	<u>224</u>
Contract liabilities				
- Civil engineering	202	1,585	202	1,585
- Tunneling	2,218	1,784	2,218	1,784
	<u>2,420</u>	<u>3,369</u>	<u>2,420</u>	<u>3,369</u>

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date arising from construction contracts. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

Contract liabilities relate to the Group billed but the performance obligations had not been satisfied under its contracts at the end of the reporting year.

**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			
	Unaudited As at 30 June 2020		Restated and unaudited As at 30 June 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	-	19,777	-	15,959
Convertible bonds	-	9,431	-	7,653
Finance lease liabilities	520	-	281	-

  

(b) Amounts repayable after one year	As at 30 June 2019		As at 30 June 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	198	-	448	-

On 19 February 2018, the Company issued 5% convertible bonds denominated in Singapore Dollars with a nominal value of S\$7.0 million. The bonds are due for repayment three years from the issue date at their nominal value of S\$7.0 million or may be converted into shares of the Company at the holder's option at the conversion price of S\$0.015 per share during the conversion period from 19 August 2019 up to 15 days before the maturity date of 18 February 2021. Please refer to the Company's announcements dated 31 August 2017, 7 September 2017, 7 February 2018 and 18 February 2018 as well as the Company's circular dated 23 January 2018 for more information on the convertible bonds.

The finance lease liabilities of S\$718,000 are secured by a guarantee provided by the Company's Immediate Holding Company. As at 30 June 2020, the carrying amounts of plant and machinery held under finance leases are with net book value of S\$879,000.

The loan from the Immediate Holding Company amounting to S\$7.9 million is unsecured, interest-free and repayable on demand.

The loan from a related party amounting to S\$4.3 million is secured, interest-free and repayable on demand.

Related party refers to a company in which a director has substantial interests.

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

	Group	
	Unaudited Current year ended 30 June 2020 S\$'000	Restated and unaudited Current year ended 30 June 2019 S\$'000
<b>Cash flows from operating activities</b>		
Net (loss)	(7,184)	(57,875)
Adjustments for:		
Depreciation of property, plant and equipment	1,059	1,354
Gain on disposal of property, plant and equipment - net	(1)	(58)
Provision for onerous contract	-	1,651
Interest income	*	(23)
Dividend income	-	(1)
Interest expenses	4,041	1,833
Late payment interest charges	3,287	1,460
Amortisation of deferred income	(142)	(142)
Credit loss allowance on trade and other receivables	-	855
Write-off of property, plant and equipment	34	106
Foreign exchange losses/(gains) - net	147	(105)
Unrealised currency translation losses- net	*	*
<b>Operating cash before working capital changes</b>	<b>1,241</b>	<b>(50,945)</b>
<b>Changes in working capital:</b>		
Other current assets	27	771
Trade and other receivables	4	466
Trade and other payables	(3,989)	4,248
Contract assets	(483)	36,665
Contract liabilities	(948)	3,369
Cash flows used in operations	(4,148)	(5,426)
Interest received	*	23
<b>Net cash used in operating activities</b>	<b>(4,148)</b>	<b>(5,403)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(225)	(123)
Proceeds from disposal of property, plant and equipment	33	158
Dividends received	-	1
<b>Net cash (used in)/ provided by investing activities</b>	<b>(192)</b>	<b>35</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	6,441	9,303
Proceeds from issuance of new ordinary shares pursuant to exercise of warrants	-	4,000
Share issue expenses	-	(203)
Repayment of borrowings	(2,127)	(8,534)
Repayment of finance lease liabilities	(18)	(417)
Interest paid	(20)	(525)
Fixed deposit unpledged/ (pledged)	-	1,722
Restricted cash at bank	-	(321)
<b>Net cash provided by financing activities</b>	<b>4,276</b>	<b>5,025</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(64)</b>	<b>(342)</b>
<b>Cash and cash equivalents</b>		
Beginning of financial year	135	488
Effects of currency translation on cash and cash equivalents	*	(11)
<b>End of financial year</b>	<b>71</b>	<b>135</b>

\* Amount below S\$1,000.

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For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	<b>Group</b>	<b>Restated and unaudited</b>
	<b>Unaudited As at 30 June 2020 S\$'000</b>	<b>As at 30 June 2019 S\$'000</b>
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	71	135
Fixed deposits at bank	120	119
Cash and cash equivalents per consolidated statement of financial position	191	254
Less: Fixed deposits pledged	(120)	(119)
Cash and cash equivalents per consolidated statement of cash flows	71	135

**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 year of the immediately preceding financial year**

**Statement of changes in equity**

	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
<b>Group</b>					
<b>As at 1 July 2019</b>	56,575	(100,462)	5	*	(43,882)
Loss for the financial year	-	(7,184)	-		(7,184)
Other comprehensive loss for the financial year	-		(3)		(3)
<b>As at 30 June 2020</b>	56,575	(107,646)	2	*	(51,069)
<b>As at 1 July 2018</b>	52,778	(42,587)	6	-	10,197
Loss for the financial year	-	(57,875)	-	*	(57,875)
Issuance of new ordinary shares pursuant to exercise of warrants	4,000	-	-	-	4,000
Share issue expenses	(203)	-	-	-	(203)
Other comprehensive loss for the financial year	-		(1)	*	(1)
<b>As at 30 June 2019</b>	56,575	(100,462)	5	*	(43,882)
<b>Company</b>					
<b>As at 1 July 2019</b>	56,575	(100,440)	5	-	(43,860)
Loss for the financial year	-	(7,181)	-	-	(7,181)
Other comprehensive loss for the financial year	-		(3)	-	(3)
<b>As at 30 June 2020</b>	56,575	(107,621)	2	-	(51,044)
<b>As at 1 July 2018</b>	52,778	(43,358)	6	-	9,426
Loss for the financial year	-	(57,082)	-	-	(57,082)
Issuance of new ordinary shares pursuant to exercise of warrants	4,000	-	-	-	4,000
Share issue expenses	(203)	-	-	-	(203)
Other comprehensive loss for the financial year	-		(1)	-	(1)
<b>As at 30 June 2019</b>	56,575	(100,440)	5	-	(43,860)

\* Amount below S\$1,000.

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Other reserves	Group		Company	
	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited As at 30 June 2019 S\$'000	Unaudited As at 30 June 2020 S\$'000	Restated and unaudited As at 30 June 2019 S\$'000
<b>(a) Composition:</b>				
Fair value reserve	2	5	2	5
Currency translation reserve	*	*	-	-
	<u>2</u>	<u>5</u>	<u>2</u>	<u>5</u>
<b>(b) Movements:</b>				
<b>(i) Fair value reserve</b>				
Beginning of financial year	5	6	5	6
Fair value (losses) / gains	(3)	(1)	(3)	(1)
End of financial year	<u>2</u>	<u>5</u>	<u>2</u>	<u>5</u>
<b>(ii) Currency translation reserve</b>				
Beginning of financial year	-	-	-	-
Net currency translation differences of financial statements of foreign subsidiary corporation	*	*	-	-
End of financial year	<u>*</u>	<u>*</u>	<u>-</u>	<u>-</u>

\* Amount below S\$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 year 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 year reported on and as at the end of the corresponding year of the immediately preceding financial year**

#### Share Capital

During the financial period ended 30 June 2020, there had been no increase in the issued and paid-up share capital of the Company.

#### Treasury shares

As at 30 June 2020 and 2019, there were no treasury shares held.

#### Convertible bonds

##### S\$7,000,000 convertible bonds due on 18 February 2021

We refer to the Company's announcement dated 31 August 2017, 7 September 2017, 7 February 2018 and 18 February 2018, regarding the Company's issuance of S\$7,000,000 convertible bonds due on 18 February 2021. The convertible bonds are convertible at the holder's option at any time from 19 August 2019 up to 15 days before the maturity date of 18 February 2021 into fully paid ordinary shares of the Company at an initial conversion price of S\$0.015 per share. As at 31 December 2019, there was no conversion of bonds into equity shares.

**1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year**

	<b>Number of shares</b>	<b>Share capital (S\$)</b>
As at 1 July 2019	3,232,159,507	56,574,963
As at 30 June 2020	3,232,159,507	56,574,963

During the financial period ended 30 June 2020, there had been no increase in the issued and paid-up share capital of the Company.

**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 year 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**

Except as disclosed in note 5 below, 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 annual financial statements for the financial year ended 30 June 2018.

In addition, the financial liabilities repayable after one year of the Group are not reclassified to current liabilities as these unaudited financials are prepared on the basis that the restructuring scheme and the proposed investor investment are completed successfully.

On the going concern assumption on which the financial statements of the Group are prepared are deemed to be appropriate. The Board is of the opinion that adjustment will have to be made to, inter alia, restate the carrying value of the Group's assets to their recoverable amounts. Non-current assets may be reclassified to current assets and provisions may have to be for further liabilities which may arise. The Company will engage an external consultant for further advice.

**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 all new and revised Financial Reporting Standard (“FRS”) and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual year beginning on or after 1 July 2019, where applicable.

The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group’s accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or prior years reporting period.

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

	Group	
	Unaudited As at 30 June 2020	Restated and unaudited As at 30 June 2019
Net (loss) attributable to equity holders of the Company (S\$ ‘000)	(7,184)	(57,875)
Weighted average number of ordinary shares outstanding for basic earnings per share (‘000)	3,232,160	2,832,160
Basic earnings per share (cents per share)	(0.22)	(2.04)
Weighted average number of ordinary shares outstanding for diluted earnings per share (‘000)	3,232,160	2,832,160
Diluted earnings per share (cents per share)	n.m.	n.m.

*n.m. denotes not meaningful.*

For the financial year ended 30 June 2020, the calculation for the diluted earnings per share did not assume conversion of outstanding warrants and convertible bonds because the conversion price is anti-dilutive.

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

	Group		Company	
	Unaudited As at 30 June 2020	Unaudited As at 30 June 2019	Unaudited As at 30 June 2020	Restated and unaudited As at 30 June 2019
Net (liabilities) (S\$‘000)	(51,069)	(43,882)	(51,044)	(42,860)
Number of shares (‘000)	3,232,160	3,232,160	3,232,160	3,232,160
Net (liabilities) value per ordinary shares (cents)	(1.58)	(1.36)	(1.58)	(1.36)

**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 year 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 year reported on

**Review of the Group's performance**

(Financial year ended 30 June 2020 ("FY2020") vs. Financial year ended 30 June 2019 ("FY2019"))

**Revenue**

	FY2020		Group		FY2019		Increase/ (decrease)	Increase/ (decrease)
	S\$'000		S\$'000		S\$'000		S\$'000	
Civil Engineering	268	6%	29,677	95%	(29,409)		(29,409)	(99%)
Tunnelling	4,449	94%	1,490	5%	2,959		2,959	198%
	<u>4,717</u>	<u>100%</u>	<u>31,167</u>	<u>100%</u>				
Reversal of prior years' revenue	-		(42,325)		42,325		42,325	(100%)
	<u>4,717</u>		<u>(11,158)</u>		<u>15,875</u>		<u>15,875</u>	

Revenue from Civil Engineering segment decreased by S\$29.4 million from S\$29.7 million in FY2019 to S\$0.2 million in FY2020 due to lower level of project activities as one of the Company's major civil engineering project is nearing completion.

Revenue from Tunnelling projects increased by S\$2.9 million from S\$1.5 million in FY2019 to S\$4.4 million in FY2020 due to the higher level of project activities for Tunnelling projects with current order book amounting to S\$75.2 million.

Reversal of prior years' revenue was due to management's decision to revise and change its estimates in the transaction prices for certain uncompleted projects in FY2019.

**Gross (loss)/profit**

	FY2020		Group		FY2019		Increase/ (decrease)	Increase/ (decrease)
	S\$'000		S\$'000		S\$'000		S\$'000	
Civil Engineering	(1,505)	148%	(48,740)	92%	47,235		47,235	(96%)
Tunnelling	486	(48%)	(3,834)	8%	4,320		4,320	(113%)
	<u>(1,019)</u>	<u>100%</u>	<u>(52,574)</u>	<u>100%</u>	<u>51,555</u>		<u>51,555</u>	

In line with the substantial reversal of prior's year's revenue, the Group suffered a gross loss of S\$52.6 million in FY2019 as compared to a gross loss of S\$1.0 million in FY2020.

**Other gains**

Other gains decreased by S\$69,000 from S\$0.6 million in FY2019 to S\$0.5 million in FY2020 mainly due to an decrease of income from sales of scrap materials.

**Distribution and marketing expenses**

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

**Administrative expenses**

Administrative expenses increased by S\$53,000 from S\$2.6 million in FY2019 to S\$2.6 million in FY2020 mainly due to a professional charge in FY2020.

**Finance cost**

Finance costs increased by S\$0.7 million from S\$3.3 million in FY2019 to S\$4.0 million in FY2020 mainly due to increase of borrowings resulting in late interest charges incurred.

**Loss for the financial year**

As a result of the above factors, the Group reported a loss from net loss of S\$57.9 million in FY2019 to net loss of S\$7.2 million in FY2020.

**Review of the Group's Financial Position**

**(Financial year ended 30 June 2020 ("FY2020") vs. Financial year ended 30 June 2019 ("FY2019"))**

**Current assets**

Current assets increased by approximately S\$0.3 million from S\$1.3 million in FY2019 to S\$1.6 million in FY2020. The increase was mainly due to a increase in contract assets.

**Non-current assets**

Non-current assets decreased by approximately S\$0.9 million from S\$4.3 million in FY2019 to S\$3.4 million as at FY2020. The decrease in non-current assets was mainly due to depreciation charges.

**Current liabilities**

Current liabilities increased by approximately S\$7.0 million from S\$48.8 million in FY2019 to S\$55.8 million in FY2020. The increase in current liabilities was mainly due to increase in borrowings and accrual for late payment charges.

**Non-current liabilities**

Non-current liabilities decreased by approximately S\$0.4 million from S\$0.7 million in FY2019 to S\$0.3 million in FY2020. The decrease in non-current liabilities was mainly due to decrease in finance lease payables for non-current.

**Review of the Group's Cash Flows**

**(Financial year ended 30 June 2020 ("FY2020") vs. Financial year ended 30 June 2019 ("FY2019"))**

**Net cash used in operating activities**

The Group used net cash of approximately S\$4.2 million for operating activities in FY2020. Major movements of the cash flow from operating activities comprised of:

- (a) net operating cash inflow before working capital of S\$1.2 million;
- (b) a decrease in trade and other payables of approximately S\$4.0 million due to lower level of project activities from Civil Engineering project offset by new Tunnelling projects.

**Net cash used by investing activities**

The Group used net cash of approximately S\$192,000 for investing activities in FY2020 due to addition of plant and equipment of approximately S\$225,000.

**Net cash provided by financing activities**

The group generated net cash of approximately S\$4.3 million from financing activities in FY2020 mainly due to:

- (a) repayment of borrowings of approximately S\$2.1 million; and
- (b) offset against proceeds from borrowings of approximately S\$6.5 million primarily in relation to loans to finance the working capital of the Group's ongoing projects.

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

The company had on 28 August 2020 issued a profit guidance announcement on SGXNET to inform shareholders that the Group would be expecting to report a net loss for FY2020. The results in this announcement are in line with the previous announcement made.

**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**

We refer to the update to Creditors on 26 August 2020, and the notification of delisting from the Official List of the Singapore Exchange Securities Trading Limited ("Delisting Notification") that the Company received from the Singapore Exchange Securities Trading Limited ("SGX") on 21 August 2020. The Company is to make the necessary arrangements to delist the Company from the SGX by 21 September 2020.

The Company is working with its legal advisers, the independent financial advisor, and CIIC Group Pte Ltd (the proposed investor) to discuss the consequences of the Delisting Notification on the Scheme of Arrangement and make any amendments to the Scheme of Arrangement.

The Company intends to proceed with the scheme meeting scheduled to be held on 2 September 2020.

The Board believes that the Scheme of Arrangement, if approved and implemented, will enable creditors to maximise the recovery of their debts in an orderly manner.

**11 Dividend**

**(a) Current Financial Year Reported On**

Any dividend declared for the current financial year reported on?

None.

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

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

None.

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**(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 the year ended 30 June 2020.

**13 Interested person transactions disclosure**

The Group had obtained a general mandate from shareholders of the Company for Interested Person Transactions (“IPTs”) under Rule 920 of the Listing Manual of the SGX-ST from shareholders in the Annual General Meeting held on 26 October 2018. The general mandate has since expired on 31 January 2020. Details of the IPTs (excluding transactions less than S\$100,000) of the Group for FY2020 are as follow:

Name of interested Person	Aggregate value of all IPTs (excluding transactions less than S\$100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920 of the Listing Manual)
CIIC Group Pte. Ltd.	S\$’000 4,330

The loan from a related party amounting to S\$4.3 million is secured, interest-free and repayable on demand.

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

**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 micro tunnelling works.

Currently, the business segments operate only in Singapore.

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Year ended 30 June 2020	Civil Engineering	Tunnelling	Common and all other segments	Total
	SS\$'000	SS\$'000	SS\$'000	SS\$'000
<b>Revenue</b>	268	4,449	-	4,717
<b>Gross loss</b>	(1,505)	486	-	(1,019)
Other income	-	-	489	489
Distribution and marketing expenses	-	-	(1)	(1)
Administrative expenses	-	-	(2,612)	(2,612)
Finance expenses	-	-	(4,041)	(4,041)
Loss before income tax	(1,505)	486	(6,165)	(7,184)
Less: Income tax expense	-	-	-	-
<b>Net profit /(loss) from operations</b>	<b>(1,505)</b>	<b>486</b>	<b>(6,165)</b>	<b>(7,184)</b>
Net loss includes:				
- Depreciation of property, plant and equipment	674	381	4	1,059
<b>Segment assets</b>	<b>2,281</b>	<b>1,986</b>	<b>805</b>	<b>5,072</b>
Total assets include:				
- Additions to property, plant and equipment	90	133	2	225
<b>Segment liabilities</b>	<b>18,275</b>	<b>3,167</b>	<b>35,184</b>	<b>56,141</b>
Year ended 30 June 2019	Civil Engineering	Tunnelling	Common and all other segments	Total
	SS\$'000	SS\$'000	SS\$'000	SS\$'000
<b>Revenue</b>	(8,703)	(2,455)	-	(11,158)
<b>Gross loss</b>	(48,740)	(3,834)	-	(52,574)
Other income - net	-	-	559	559
Distribution and marketing expenses	-	-	(7)	(7)
Administrative expenses	-	-	(2,559)	(2,559)
Finance expenses	-	-	(3,294)	(3,293)
Loss before income tax	(48,740)	(3,834)	(5,301)	(57,875)
Less: Income tax expense	-	-	-	-
<b>Net (loss) from operations</b>	<b>(48,740)</b>	<b>(3,834)</b>	<b>(5,301)</b>	<b>(57,875)</b>
Net (loss)/ profit includes:				
- Depreciation of property, plant and equipment	1,269	52	33	1,354
<b>Segment assets</b>	<b>4,372</b>	<b>432</b>	<b>784</b>	<b>5,588</b>
Total assets include:				
- Additions to property, plant and equipment	115	5	3	123
<b>Segment liabilities</b>	<b>20,153</b>	<b>2,071</b>	<b>27,246</b>	<b>49,470</b>

**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 Section 8 above.

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

**16 A breakdown of sales**

	30 June 2020	30 June 2019	Increase/ (decrease)
	S\$'000	S\$'000	S\$'000
a) Sales reported for first half year	3,266	15,268	(12,002)
b) Operating profit after taxation reported for first half of the year	(2,866)	54	(2,920)
c) Sales reported for second half year	1,451	(26,426)	(27,877)
d) Operating loss after taxation reported for second half of the year	(4,321)	(57,929)	(53,608)

**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 FY2020 and FY2019.

**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.**

There were no persons occupying a managerial position during the year who were related to any director or chief executive officer or substantial shareholder of the company.

**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 Negative confirmation pursuant to Rule 705(5) of the Listing Manual**

Due to the uncertainties of the outcome discussed in Section 4 and Section 8 above, and any unforeseen circumstances that may arise, further adjustments may require to be made to the Group's management accounts. Therefore, the unaudited financial statements may not be reflective of the Company and Group's financial statements for the financial year ending 30 June 2020. Save as aforementioned, the Board of Directors of the Company (the "Board") confirm to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements of the Group for the year ended 30 June 2020 to be false or misleading in any material aspect.

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

**Yeo Junyu**  
Executive Director  
30 August 2020

**Moorthy Varadhan**  
Executive Director  
30 August 2020