

# **Swee Hong Limited**

**First Quarter**

**Unaudited Financial Statement**

**for the period ended**

**30 September 2019**

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

**PART 1 – INFORMATION REQUIRED FOR THE ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

	Current three months ended 30 September 2019 S\$'000	Group Previous three months ended 30 September 2018 S\$'000	Increase / (Decrease)
<b>Revenue</b>	1,559	7,948	(80%)
Cost of works	(1,506)	(7,298)	(79%)
<b>Gross (loss)/ profit</b>	53	650	(92%)
Other gains – net	119	51	133%
<b>Expenses</b>			
-Distribution and marketing	(1)	-	n.m.
-Administrative	(614)	(484)	27%
-Other operating expenses	(821)	-	100%
-Finance	(190)	(189)	1%
<b>(Loss)/profit before income tax</b>	(1,454)	28	n.m.
Income tax expense	-	-	-
<b>Net (loss)/profit</b>	(1,454)	28	n.m.
<b>Other comprehensive gain:</b>			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value gains - equity investments	*	-	n.m.
Currency translation differences arising from consolidation			
- Gains	*	-	n.m.
Other comprehensive gain, net of tax	*	-	n.m.
<b>Total comprehensive (loss)/income</b>	(1,454)	28	n.m.
<b>Net (loss)/profit attributable to:</b>			
Equity holders of the Company	(1,454)	28	n.m.
Non-controlling interests	*	-	n.m.
	(1,454)	28	n.m.
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(1,454)	28	n.m.
Non-controlling interests	*	-	n.m.
	(1,454)	28	n.m.

\* 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):**

	Current three months ended 30 September 2019 S\$'000	Group Previous three months ended 30 September 2018 S\$'000	Increase / (Decrease)
Foreign exchange losses - net	-	8	(100%)
Dividend income	-	*	n.m.
Loss on disposal of property, plant and equipment	-	(2)	(100%)
Amortisation of deferred income	(36)	(36)	n.m.
Bank interest income	*	(10)	(100%).
Government grant	(17)	(2)	750%
Income from sales of scrap materials	(67)	(8)	738%
Other income	-	(1)	(100%).
Interest expenses	190	189	1%
Late payment interest charges	821	-	100%
Deprecation of property, plant and equipment	266	339	(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 September 2019 S\$'000	Unaudited As at 30 June 2019 S\$'000	Unaudited As at 30 September 2019 S\$'000	Unaudited As at 30 June 2019 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	331	576	322	566
Trade and other receivables	1,225	709	1,245	730
Contract assets	3,163	2,871	3,163	2,871
Construction contract work-in-progress	185	185	185	185
	<u>4,904</u>	<u>4,341</u>	<u>4,915</u>	<u>4,352</u>
<b>Non-current assets</b>				
Finance assets, at FVPL	15	15	15	15
Investment in subsidiary corporations	-	-	4	4
Property, plant and equipment	3,736	3,996	3,736	3,996
	<u>3,751</u>	<u>4,011</u>	<u>3,755</u>	<u>4,015</u>
<b>Total assets</b>	<u>8,655</u>	<u>8,352</u>	<u>8,670</u>	<u>8,367</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	23,104	24,043	23,092	24,032
Contract liabilities	2,989	2,031	2,989	2,031
Deferred income	142	142	142	142
Borrowings	18,226	16,898	18,226	16,898
	<u>44,461</u>	<u>43,114</u>	<u>44,449</u>	<u>43,103</u>
<b>Non-current liabilities</b>				
Deferred income	213	249	213	249
Borrowings	8,295	7,849	8,295	7,849
	<u>8,508</u>	<u>8,098</u>	<u>8,508</u>	<u>8,098</u>
<b>Total liabilities</b>	<u>52,969</u>	<u>51,212</u>	<u>52,957</u>	<u>51,201</u>
<b>NET LIABILITIES</b>	<u>(44,314)</u>	<u>(42,860)</u>	<u>(44,287)</u>	<u>(42,834)</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	5	5	5	5
Accumulated losses	(100,894)	(99,440)	(100,867)	(99,414)
	<u>(44,314)</u>	<u>(42,860)</u>	<u>(44,287)</u>	<u>(42,834)</u>
Non-controlling interests	*	*	*	-
<b>TOTAL EQUITY</b>	<u>(44,314)</u>	<u>(42,860)</u>	<u>(44,287)</u>	<u>(42,834)</u>

\* Amount below S\$1,000.

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**Notes to Statement of Financial Position**

**(i) Trade and other receivables**

	Group		Company	
	Unaudited As at 30 September 2019 S\$'000	Unaudited As at 30 June 2019 S\$'000	Unaudited As at 30 September 2019 S\$'000	Unaudited As at 30 June 2019 S\$'000
Trade receivables – net	912	495	911	495
Non-trade receivables				
- Subsidiary corporations	-	-	21	21
- Related corporations	46	46	46	46
- Non-related parties	13	26	13	26
Deposits	221	109	221	109
Prepayments	33	33	33	33
	<u>1,225</u>	<u>709</u>	<u>1,245</u>	<u>730</u>

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

**(ii) Contract assets and liabilities**

	Group		Company	
	Unaudited As at 30 September 2019 S\$'000	Audited As at 30 June 2019 S\$'000	Unaudited As at 30 September 2019 S\$'000	Audited As at 30 June 2019 S\$'000
Contract assets	35,480	35,188	35,480	35,188
Impairment allowances on contract assets	(32,317)	(32,317)	(32,317)	(32,317)
	<u>3,163</u>	<u>2,871</u>	<u>3,163</u>	<u>2,871</u>
Contract liabilities	<u>2,989</u>	<u>2,031</u>	<u>2,989</u>	<u>2,031</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 Group invoices the customer.

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

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

	Group			
	As at 30 September 2019		As at 30 June 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<b>(a) Amount repayable in one year or less, or on demand</b>				
Borrowings	1,695	16,202	1,695	14,922
Finance lease liabilities	329	-	281	-
<b>(b) Amounts repayable after one year</b>				
Finance lease liabilities	387	-	448	-
Convertible bonds	-	7,908	-	7,401

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\$716,000 are secured by a guarantee provided by the Company's Immediate Holding Company. As at 30 September 2019, the carrying amounts of plant and machinery held under finance leases are with net book value of S\$964,000.

The loans from the Company's Immediate Holding Company and a related party amounting to S\$8.7 million and S\$0.8 million respectively are unsecured, interest-free and repayable on demand.

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**Notes to Statement of Financial Position**

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

	Group Unaudited Current three months ended 30 September 2019 S\$'000	Unaudited Previous three months ended 30 September 2018 S\$'000
<b>Cash flows from operating activities</b>		
Net (loss)/profit	(1,454)	28
Adjustments for:		
Depreciation of property, plant and equipment	266	339
Amortisation of deferred income	(36)	(36)
Gains on disposal of property, plant and equipment - net	-	(2)
Bank Interest income	*	(10)
Dividend income	-	*
Interest expenses	190	189
Late payment interest charges	821	-
Unrealised currency translation losses	-	11
<b>Operating cash (outflow)/ inflow before working capital changes</b>	<b>(213)</b>	<b>519</b>
<b>Changes in working capital:</b>		
Construction contract work-in-progress	-	330
Trade and other receivables	(2,547)	(3,545)
Trade and other payables	1,090	3,053
Contract assets	(291)	1,344
Contract liabilities	958	-
Cash (used in)/generated from operations	(1,003)	1,701
Interest received	*	*
<b>Net cash (used in)/provided by operating activities</b>	<b>(1,003)</b>	<b>1,701</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(6)	(32)
Proceeds from disposal of property, plant and equipment	-	35
Dividends received	-	*
<b>Net cash (used in)/provided by investing activities</b>	<b>(6)</b>	<b>3</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,533	2,300
Repayment of borrowings	(746)	(3,500)
Repayment of finance lease liabilities	(13)	(285)
Interest paid	(10)	(327)
<b>Net cash provided by/(used in) financing activities</b>	<b>764</b>	<b>(1,812)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(245)</b>	<b>(108)</b>
<b>Cash and cash equivalents</b>		
Beginning of financial period	457	488
Effects of currency translation on cash and cash equivalents	-	(3)
<b>End of financial period</b>	<b>212</b>	<b>377</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:

	Group Unaudited As at 30 September 2019 S\$'000	Unaudited As at 30 September 2019 S\$'000
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	212	377
Fixed deposits at bank	119	1,854
Cash and cash equivalents per consolidated statement of financial position	331	2,231
Less: Fixed deposits pledged	(119)	(1,854)
Cash and cash equivalents per consolidated statement of cash flows	212	377

**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**

**Statement of change in equity**

	Share capital	Accumulated losses	Other reserves	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>					
<b>As at 1 July 2019</b>	56,575	(99,440)	5	*	(42,860)
Loss for the financial period	-	(1,454)	-	*	(1,454)
<b>As at 30 September 2019</b>	56,575	(100,894)	5	*	(44,314)
<b>As at 1 July 2018</b>	52,778	(42,587)	6	-	10,197
Profit for the financial period	-	28	-	-	28
<b>As at 30 September 2018</b>	52,778	(42,559)	6	-	10,225
<b>Company</b>					
<b>As at 1 July 2019</b>	56,575	(99,414)	5	-	(42,834)
Loss for the financial period	-	(1,453)	-	-	(1,453)
<b>As at 30 September 2019</b>	56,575	(100,867)	5	-	(44,287)
<b>As at 1 July 2018</b>	52,778	(43,358)	6	-	9,426
Profit for the financial period	-	28	-	-	28
<b>As at 30 September 2018</b>	52,778	(43,330)	6	-	9,454

\* Amount below S\$1,000.



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Other reserves	Group		Company	
	Unaudited As at 30 September 2019 S\$'000	Unaudited As at 30 June 2019 S\$'000	Unaudited As at 30 September 2019 S\$'000	Unaudited As at 30 June 2019 S\$'000
<b>(a) Composition:</b>				
Fair value reserve	5	5	5	5
Currency translation reserve	-	-	-	-
	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>(b) Movements:</b>				
<b>(i) Fair value reserve</b>				
Beginning of financial period	5	5	5	5
Fair value gains	-	-	-	-
End of financial period	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</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 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**

#### Share Capital

During the financial period ended 30 September 2019, there had been no increase in the issued and paid-up share capital of the Company.

#### Warrants

As at 30 September 2019, 100,000,000 warrants outstanding had expired on 8 August 2019.

#### Treasury shares

As at 30 September 2019 and 2018, 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 30 September 2019, there was no conversion of bonds into equity shares. Assuming all the bonds are fully converted as at 30 September 2019, the number of new shares to be issued would be 466,666,666.

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**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**

	Number of ordinary shares	
	30 September 2019	30 June 2019
Total number of issued shares excluding treasury shares	3,232,159,507	3,232,159,507

**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**

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.

**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.

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**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**

	Group	
	Unaudited As at 30 September 2019	Unaudited As at 30 September 2018
Net (loss)/ profit attributable to equity holders of the Company (S\$ '000)	(1,454)	28
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)	n.m.	0.001

*n.m. denotes not meaningful.*

For the financial period ended 30 September 2019, the calculation for the diluted earnings per share did not assume conversion of 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 period reported on and  
(b) immediately preceding financial year**

	Group		Company	
	Unaudited As at 30 September 2019	Unaudited As at 30 June 2019	Unaudited As at 30 September 2019	Unaudited As at 30 June 2019
Net liabilities (S\$'000)	(44,314)	(42,860)	(44,287)	(42,834)
Number of shares ('000)	3,232,160	3,232,160	3,232,160	3,232,160
Net asset value per ordinary shares (cents)	n.m.	n.m.	n.m.	n.m.

*n.m. denotes not meaningful.*

**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

**Review of the Group's performance**

**(First quarter of FY2020 ("1Q2020") vs. First quarter of FY2019 ("1Q2019"))**

**Revenue**

	Group				Increase/ (decrease) S\$'000	Increase/ (decrease)
	1Q2020 S\$'000		1Q2019 S\$'000			
Civil Engineering	1,155	74%	7,948	100%	(6,793)	(85%)
Tunnelling	404	26%	-	-	404	100%
	<u>1,559</u>	<u>100%</u>	<u>7,948</u>	<u>100%</u>	<u>(6,389)</u>	

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### **Review of the Group's performance (Cont'd)**

Revenue from Civil Engineering projects decreased by S\$6.8 million from S\$7.9 million in 1Q2019 to S\$1.2 million in 1Q2020 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\$0.4 million compared to 1Q2019 due to the new tunnelling projects which have commenced during the financial period. The new Tunnelling projects have a current order book amounting to S\$79.5 million.

#### **Gross profit**

	1Q2020		Group		1Q2019		Increase/ (decrease)	Increase/ (decrease)
	S\$'000		S\$'000		S\$'000		S\$'000	
Civil Engineering	11	21%	650	100%	(639)		(98%)	
Tunnelling	42	79%	-	-	42		100%	
	<u>53</u>	<u>100%</u>	<u>650</u>	<u>100%</u>	<u>(597)</u>			

The Group gross profit of approximately S\$53,000 in 1Q2020 was mainly contributed from new tunnelling projects which commenced during the financial period.

#### **Other gains**

Other gains increased by S\$68,000 from S\$51,000 in 1Q2019 to S\$119,000 in 1Q2020 mainly due to the increase in income from sales of scrap materials of S\$67,000.

#### **Administrative expenses**

Administrative expenses increased by S\$0.1 million from S\$0.5 million in 1Q2019 to S\$0.6 million in 1Q2020 mainly due to an increase in professional fee charges incurred.

#### **Other operating expenses**

Other operating expenses incurred approximately of S\$0.8 million in 1Q2020 due to late interest payment charges incurred.

#### **Finance cost**

Finance expense remained unchanged at S\$0.2 million for both periods.

#### **Loss for the financial period**

As a result of the above factors, the Group reported a loss from net profit of S\$28,000 in 1Q2019 to net loss of S\$1.5 million in 1Q2020.

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

#### **(30 September 2019 vs. 30 June 2019)**

##### **Current assets**

Current assets increased by approximately S\$0.6 million from S\$4.3 million as at 30 June 2019 to S\$4.9 million as at 30 September 2019. The increase was mainly due to a trade receivables of approximately S\$0.4 million.

### **Non-current assets**

Non-current assets decreased by approximately S\$0.2 million from S\$4.0 million as at 30 June 2019 to S\$3.8 million as at 30 September 2019 was mainly due to depreciation charges.

### **Review of the Group's Financial Position (Cont'd)**

#### **Current liabilities**

Current liabilities increased by approximately S\$1.3 million from S\$43.1 million as at 30 June 2019 to S\$44.5 million as at 30 September 2019. The increase in current liabilities was mainly due to an increase in borrowings of approximately S\$1.3 million.

#### **Non-current liabilities**

Non-current liabilities increased by approximately S\$0.3 million from S\$8.1 million as at 30 June 2019 to S\$8.5 million as at 30 September 2019. The increase in non-current liabilities was mainly due to late interest charges for borrowings.

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

#### **(First quarter of FY2020 ("1Q2020") vs. First quarter of FY2019 ("1Q2019"))**

##### **Net cash used in operating activities**

The Group used net cash of approximately S\$1.0 million for operating activities in 1Q2020. Major movements of the cash flow from operating activities comprised of:

- (a) net operating cash outflow before working capital of S\$0.2 million; and
- (b) an increase of trade receivables of approximately S\$2.5 million.

##### **Net cash used in investing activities**

Net cash used in investing activities amounted to approximately S\$6,000 in 1Q2020 mainly due to the addition of plant and equipment of approximately S\$6,000.

##### **Net cash provided by financing activities**

Net cash provided by financing activities amounted to approximately S\$0.7 million in 1Q2020 mainly due to proceeds from borrowings of approximately S\$1.5 million primarily in relation to loans to finance the working capital required for the Group's on-going 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 27 November 2019 issued a profit guidance announcement on SGXNET to inform shareholders that the Group would be expecting to report a net loss for 1Q2020. The results in this announcement are in line with the announcement made on 27 November 2019.

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- 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 year and the next 12 months**

**Business Outlook**

Based on BCA website, there's S\$30 billion worth of new construction projects to be rolled out in year 2019/2020 (source BCA website [https://www.bca.gov.sg/newsroom/others/MR\\_Prospects2019.pdf](https://www.bca.gov.sg/newsroom/others/MR_Prospects2019.pdf)), of which S\$6.5 billion is expected to be from public projects. DTSS (Deep Tunnel Sewage System) is also expected to kick off phase 2 and there will be projects worth about S\$10 billion (source PUB website <https://tunnellingjournal.com/tunnelling-begins-singapores-dtss-phase-2/>). As such, the Group's strategy is to secure as much new projects as possible during this period. Despite challenges, we endeavour to secure more new projects due to the new lease of life after the successful execution of the scheme of arrangement.

The current total order book is at S\$80.9 million.

On the going concern assumption on which the financial statements of the Group are prepared are deemed to be inappropriate. 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 made for further liabilities which may arise. The Company will engage an external consultant to perform an independent review and to submit its recommendations.

- 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/recommendeded, a statement to that effect**

No dividend had been declared for the financial period ended 30 September 2019.

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**13 Interested person transactions disclosure**

The Group has 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. There were no IPTs during the financial period under review.

**14 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.

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

Due to the uncertainties of the outcome discussed in section 10 above, and any unforeseen circumstances may raise further adjustments may require to be made to the Group’s management accounts at that point in time with the resultant that the unaudited financial statements of the Company and the Group for 1Q2020 may not 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 period ended 30 September 2019 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

2 December 2019

**Moorthy Varadhan**

Executive Director

2 December 2019