

SWEE HONG LIMITED
 Company Registration No. 198001852R
 (Incorporated in the Republic of Singapore)
 (the “Company”)

SGX QUERIES REGARDING THE VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND RESTATED AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The board of directors (the “Board”) of Swee Hong Limited (the “Company”, and together with its subsidiaries, the “Group”) refers to the announcement on the unaudited full year financial statements for the financial year ended 30 June 2020 and restated and unaudited financial statements for financial year ended 30 June 2019 released by the Company on SGXNet on 30 August 2020.

SGX query 1

In the Company’s full year unaudited financial statement for the year ended 30 June 2020, the Company made adjustments and restated its FY2019 financial statements. As the variance of the amounts are material, please tabulate the FY2019 results on 2 December 2019 with these restated amounts and explain with details the reasons for the material items that have been adjusted and reasons for the significant variance.

Company’s response

The Board wishes to announce and clarify differences between the unaudited financial statements and restated and unaudited financial statements for the financial year ended 30 June 2019. The variances and the reasons for the differences are set out in the explanatory notes below.

Consolidated Statement of Comprehensive Income for financial year ended 30 June 2019

Particulars	Unaudited \$’000	Restated and unaudited \$’000	Variations \$’000	Note
Revenue	25,143	(11,158)	(36,301)	A
Cost of works	(46,041)	(41,416)	4,625	B
Other gains -net	1,519	558	(961)	C
Administrative Expenses	(2,873)	(2,559)	314	D
Other operating expenses	(33,563)	-	(33,563)	E
Finance	(1,031)	(3,293)	(2,262)	F

The restated and unaudited reclassifications are as below:

Note

- A** Revenue decreased by S\$36.3 million due to reversal of prior years’ revenue was brought about by management’s revisions and changes made during the financial year ended 30 June 2019 in the estimates of the transaction prices and total project costs for certain uncompleted projects. The above transaction should recognise as reversal of revenue instead of impairment loss for projects under other operating expenses.

The revisions and changes in those estimates reduced the cumulative revenue recognised to date and decreased the estimated measure of progress towards complete satisfaction of performance obligation as at 30 June 2019. The aggregate impact of the change in estimates were adjusted on a cumulative catch-up basis during the financial year resulting to a negative net revenue of \$11.2 million for the financial year ended 30 June 2019.

- B** Cost of works decreased by S\$4.6 million mainly due to:
 (i) reversal of provision for foreseeable loss of S\$4.8 million,
 (ii) reclassification of bad debt written-off of S\$607,000 against other gains.
 (iii) partially offset with unrecorded cost of works of S\$745,000 and back charges of S\$116,000.
- C** Other gains net decreased by S\$961,000 mainly due to bad debt written-off of S\$921,000 (S\$607,000 + S\$314,000).
- D** Administrative expenses decreased by S\$314,000 mainly due to reclassification of bad debt written-off of against other gains.
- E** Other operating expenses decreased by S\$33.6 million due to reclassification of late interest charges of S\$ 1.2 million to finance cost, and reversal of allowance for impairment loss of S\$32.3 million against the revenue.
- F** Finance cost increased by S\$2.3 million mainly due to reclassification of late interest charges of S\$1.2 million and interest accrual of S\$760,000 for bond borrowing balance.

Statements of Group Financial Position for financial year ended 30 June 2019:

Particulars	Unaudited \$'000	Restated and unaudited \$'000	Variances \$'000	Note
Current assets				
Cash and cash equivalents	576	254	(322)	G
Trade and other receivables	709	593	(116)	H
Contract assets	2,871	224	(2,647)	I
Non-current assets				
Financial assets, at amortised cost	-	321	321	G
Current liabilities				
Trade and other payables	24,043	21,370	(2,673)	J
Contract liabilities	2,031	3,369	1,338	I
Borrowings	16,898	23,893	6,995	K
Non-Current liabilities				
Borrowings	7,849	448	(7,401)	K

Note

- G** Cash and cash equivalents decreased by S\$322,000 was due to reclassification of the garnishee cash balance to finance assets, at amortised cost.
- H** Trade and other receivables decreased by S\$116,000 due to back charges recognised.
- I** Contract assets and contract liabilities net decreased by S\$4.0 million mainly due to the revisions and changes in the estimates of the transaction prices and total project costs for certain uncompleted projects.
- J** Trade and other payables decreased by S\$2.7 million mainly due to:
(i) adjustment for reversal of foreseeable loss of S\$4.8 million,
(ii) partially offset with the accrual of finance cost of S\$1.2 million, and unrecorded cost of works of S\$745,000.
- K** Borrowing increased by S\$6.9 million in current liabilities mainly due to reclassification of bond payables of S\$7.4 million from non-current liabilities, partially offset with reclassification of accrual for finance cost of S\$500,000 to trade and other payables.

BY ORDER OF THE BOARD

Yeo Junyu
Executive Director
8 September 2020