

SWEE HONG LIMITED
(Company Registration No.: 198001852R)
(Incorporated in the Republic of Singapore on 3 June 1980)

**SGX QUERIES REGARDING THE COMPANY'S THIRD QUARTER FINANCIAL
RESULT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018
("Q32018 RESULT")**

The Board of Directors (the "**Board**") of Swee Hong Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 7 June 2018 relating to the Company's response to SGX queries on the Company's Q32018 Result (the "**7 June 2018 Announcement**"). The Company now wishes to announce the following in response to further queries raised by Singapore Exchange Securities Trading Limited with respect to the Company's 7 June 2018 Announcement.

SGX Query 1

In the Company's announcement of 7 June 2018, it was disclosed that "Trade and other receivables mainly consist of construction contracts due from customers amounting to S\$38.9 million arising from uncertified work done or claims". In relation to the receivables relating to the "uncertified work done or claims", please elaborate:

- i. Why the amount of uncertified work is so significant;
- ii. When was the work completed and why was work done up to 1 year ago still not certified;
- iii. Please provide an aging schedule (in bands of 3 months) of the completion of uncertified work done;
- iv. To disclose when will the significant claims be certified;
- v. Whether there are any issues relating to the uncertified work; and
- vi. To provide the basis for the Board's view that "the Company is confident that the above construction contracts due from customers are collectable".

Company's response

- i. From the total construction contracts due from customers of S\$38.9 million, S\$35.5 million is attributable to project ER382 (the "**Project**"). The sum of S\$35.5 million is for work done but which has yet to be submitted for client's certification. The balance sum of S\$3.4 million is attributable to other projects. The Company would also like to clarify that subsequent to 3Q2018, S\$7.7 million of S\$38.9 million has been certified.
- ii. The Company has been performing work for the Project over the course of the last three quarters of FY2018 and the work for the Project is currently still in progress. The Company would also like to clarify that all the work performed and completed up to 1 year ago for the Project have been certified.

- iii. Please refer to table below for an aging schedule of the completion of work that remains uncertified:

Construction contracts due from customers

	July to Sept 17	Oct to Dec 17	Jan to Mar 18
	S\$ (million)	S\$ (million)	S\$ (million)
Balance brought forward	24.8	28.9	40.2
Work done	14.2	17.3	11.9
Amount certified by client	(10.1)	(6.0)	(13.2)
Balance carried forward	28.9	40.2	38.9

- iv. The work done for the Project is certified on a monthly basis and it is expected that all work done will be fully certified by 2Q2019 barring any unforeseen circumstances.
- v. There has not been any issues with the work done but which has yet to be certified.
- vi. As mentioned in (v) above, there are no issues with the work done. Based on the Company's previous experiences and barring any unforeseen circumstances, the Company does not foresee any collection issues.

SGX Query 2

The Company disclosed that "Salaries and related expenses" amounted to S\$653,000 in 3Q2018, an increase of 444% from S\$120,000 in 3Q2017. Please elaborate on the cause of the significant increase in "Salaries and related expenses" on the back of a decline in revenue of 28% to \$11.78 million. Please quantify the items that caused the significant increase.

Company's response

In relation to the significant increase in salaries and related expenses, during the financial year ending 30 June 2018 ("FY2018"), the Company appointed two new directors, which account for the increase in salaries and related expenses. The decrease in revenue was attributable to the fact that the Company only ended the Scheme of Arrangement in 20 July 2017.

By Order of the Board

Tan Swee Gek
Company Secretary
18 June 2018