

**SGX QUERIES REGARDING THE COMPANY'S THIRD QUARTER FINANCIAL
RESULT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2017**

The Board of Directors (the “**Board**”) of Swee Hong Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to queries raised by Singapore Exchange Securities Trading Limited with respect to the Company’s third quarter financial result announcement for the financial year ending 30 June 2017 (“**3Q2017 Financial Result Announcement**”).

SGX Query 1

It was disclosed on page 5 that “Trade Payables” to a “Related party” had increased approximately S\$9.8 million, from S\$3.8 million as at 31 December 2016 (as announced in the Company’s second quarter results) to S\$13.6 million. Please disclose:

- (i) the identity of the “Related party” and its relationship with the Company; and
- (ii) the nature of underlying transaction(s).

Company’s response

- (i) The identity of the “Related party” is M/s KH Foges Pte. Ltd., which is the controlling shareholder of the Group.
- (ii) The nature of underlying transactions, are the various contracts as described below:
 - a. Contract for bored piling works and contiguous bored piling works worth S\$5.08 million;
 - b. Contract for new bridgeworks worth S\$46.5 million;
 - c. Contract for shafts construction, manholes & pipejacking works worth S\$9 million;
 - d. Contract for supply of rebar, concrete, rental of machines, steel plates, sheet piles worth S\$15 million;
 - e. Contract for procurement of materials and services worth S\$7 million; and
 - f. Contract for the rental of tunnel boring machine.

The significant increase in the “Trade Payables” to a “Related party” is mainly attributable to bridge and other works performed during the third quarter of

the financial year ending 30 June 2017 (“**Q3 FY2017**”) for the on-going projects of the Company.

SGX Query 2

It was disclosed on page 14 that “Administrative expenses decreased by \$4.5 million” due to several reasons totaling S\$2.7 million. Please provide reasons for the remaining decrease of S\$1.8 million.

Company’s response

In the third quarter of the financial year ended 30 June 2016 (“**Q3 FY2016**”), the Group had incurred the following “Administrative expenses”:

- (i) Loss on disposal of Investment Property Under Construction amounting to S\$0.73 million;
- (ii) Allowance on impairment on property, plant and equipment amounting to S\$0.57 million; and
- (iii) Investment Property Under Construction expenses amounting to S\$0.12 million.

There were no such expenses incurred in Q3 FY2017 which together with the cost savings in other administrative expenses, resulted in the remaining decrease in “Administrative expenses”.

By Order of the Board

Tan Swee Gek
Company Secretary

31 May 2017