

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

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**SGX QUERIES REGARDING THE COMPANY'S HALF YEAR FINANCIAL  
RESULT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019**

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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 half year financial result announcement for the financial year ending 30 June 2019 (“**2Q2019 Financial Result Announcement**”).

**SGX Query 1**

On page 4 of the Company’s 2Q2019 results, the Company disclosed that Trade and other receivables amounted to \$36.5 million which exceeds half year revenue of \$15.3 million. Please provide:

- (i) a breakdown between trade and other receivables;
- (ii) aging schedule (in bands of 3 months); and
- (iii) explain why Trade and other receivables exceeds half year revenue of \$15.3 million for 1H2019.

**Company’s response**

- (i) A breakdown of trade and other receivables for the Group for 2Q2019 is set out below:

	<b>2Q2019</b>
	<b>S\$’000</b>
Trade receivables	2,260
Contract assets	33,683
Non- trade receivables	
-Related corporations	25
-non-related parties	259
Deposits	211
Prepayments	93
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	36,531
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- (ii) Please refer to table below for an aging schedule

**Contract assets**

	Jan to Mar 18	Apr to June 18	July to Sept 18	Oct to Dec 18
	S\$ (million)	S\$ (million)	S\$ (million)	S\$ (million)
Balance brought forward	40.2	38.9	36.9	35.5
Work done	11.9	5.7	8.0	7.3
Amount certified by client	(13.2)	(7.7)	(9.4)	(9.1)
Balance carried forward	38.9	36.9	35.5	33.7

- (iii) Revenue comprise of contract assets, as per the table above and work done for 1Q2019 and 2Q2019 was S\$8.0 million and S\$7.3 million respectively. A total of S\$15.3 million was recognised as at 1H2019. Other receivables balance was carried forward from the last quarter and did not contribute to current revenue.

**SGX Query 2**

On page 11 of the Company's 2Q2019 results, the Company disclosed that "Revenue from Civil Engineering segment decreased by S\$9.8 million from S\$17.1 million in 2Q2018 to S\$7.3 million in 2Q2019 due to lower revenue recognized for Civil Engineering projects during the financial period. No revenue from Tunnelling segment was recorded in 2Q2019 compared to S\$0.2 million in 2Q2018 due to the Tunnelling projects having been substantially completed in the previous financial period".

- (i) Please disclose the reasons for the lower revenue recognized for civil engineering projects and no revenue from Tunnelling segment. What were the factors that resulted in this situation; and
- (ii) What is the order book from the Company currently and when are the projects expected to complete?

**Company's response**

- (i) In 2Q2019, the civil engineering projects were near completion stage, hence the lower revenue recognised compared with previous year. Tunnelling segment was completed in the previous financial year and thus no revenue was recognised for the period 2Q2019.
- (ii) The current order book of the Company is approximately S\$80.2 million as at 31 Dec 2018. The Company targets to complete one project for each year from Year 2021 to Year 2023.

**SGX Query 3**

The Company also disclosed that “Administrative expenses increased by S\$0.2 million from S\$0.4 million in 2Q2018 to S\$0.6 million in 2Q2019 mainly due to higher staff costs recorded in the quarter”. Please disclose the factors that caused the higher staff costs.

**Company’s response**

In relation to the increase in staff cost, during 2Q2019, the Company recruited more staff for the new projects, which account for the increase in salaries and related expenses.

**SGX Query 4**

On page 14 of the Company’s 2Q2019 results, the Company disclosed that “Working Capital for trade creditor payment and salary related expenses” amounted to S\$2 million. Please provide a breakdown on the specific use of the working capital.

**Company’s response**

A breakdown of working capital for trade creditor payment and salary related expenses is set out below:

	<b>2Q2019</b>
	<b>S\$’000</b>
Salary and related expenses	603
Trade payables to construction organisation	1,397
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	2,000
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By Order of the Board

Tan Swee Gek  
Company Secretary

26 February 2019