

**SGX QUERIES REGARDING THE COMPANY'S FY2015 FINANCIAL RESULTS
ANNOUNCEMENT**

The Board of Directors of Swee Hong Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to the queries with respect to the Company’s financial results announcement for the financial year ended 30 June 2015 raised by Singapore Exchange Securities Trading Limited:

Question 1

In paragraph 8 of the Company’s 4Q2015 Results Announcement (“**Announcement**”), the Company stated in the Announcement that “Administrative expenses for FY2015 increased by S\$3.1 million from S\$13.6 million in FY2014 to S\$16.7 million in FY2015. The increase was mainly due to impairment of property, plant and equipment of S\$8.3 million partially offset by reduction arising reduction in manpower costs and other operational efficiencies.” Please:

- i. Provide reasons for the significant impairment of property, plant and equipment and provide details on the asset(s) that contributed to the impairment loss; and
- ii Elaborate on how the impairment loss was valued and determined.

Company’s response

The significant impairment of property, plant and equipment of S\$8.3 million arose from property and plant under construction located at Plot KR0309 Kranji Link. On 6 October 2015, the Company was notified by the solicitors acting for United Overseas Bank Limited (“**UOB**”) that an option to purchase the lease first granted on 11 November 2011 by Jurong Town Corporation to the Company over the piece of land known as Lot 3570L of Mukim 11 and marked as Private Lot A0020500 at Plot KR0309 Kranji Link Singapore (the “**Lease**”) (the “**Option**”), granted by UOB to an entity (the “**Buyer**”) on 30 September 2015, had been exercised by the Buyer.

The Company had on 13 January 2014 executed a Deed of Assignment and Mortgage-in-escrow (“**Deed**”) between the Company and UOB over the Lease pursuant to a loan facility obtained by the Company from UOB on 3 September 2013. On 30 June 2015, UOB gave 14 days’ notice to the Company of its intention to exercise its power of sale under the Deed, and on 1 October 2015, UOB notified the Company that UOB had granted the Option to the Buyer.

The said property had a Net Book Value of S\$11.8 million as of 30 June 2015. The value at which UOB had granted the option to the Buyer was S\$3.5 million. As a result, the Company had to impair the value of the property and plant under construction to reflect the sale value of S\$3.5 million.

Question 2

Please explain why the appointment for Mr Ong Hock Shing Stephen was not announced by the Company as required under Listing Rule 704(9).

Company's response

The Company wishes to explain that it had not made the announcement as required under Listing Rule 704(9) due to inadvertent oversight on the part of the Company. The Company wishes to stress that the oversight in not disclosing the foregoing appointment was an honest mistake and that, going forward, the Company will be mindful of the Listing Rules and in particular, Chapter 7 of the SGX-ST Listing Manual. The Company would also like to clarify that Mr Ong Hock Shing Stephen has since left the employment of the Company with effect from 31 October 2015.

By Order of the Board

Ong Hock Leong
Managing Director

9 November 2015