

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

ANNOUNCEMENT

**MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND
 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE
 2015**

The board of directors (the “**Board**”) of Swee Hong Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement on unaudited full year financial statements for the financial year ended 30 June 2015 released by the Company on the SGXNet on 30 October 2015.

The Board wishes to announce and clarify material differences between the unaudited financial statements and audited financial statements for the financial year ended 30 June 2015. The material variances and the reasons for the material differences are set out in the explanatory notes below.

Consolidated Statement of Comprehensive Income for financial year ended 30 June 2015

	Audited S\$	Unaudited S\$	Variances S\$	Note
Revenue	22,121,189	25,280,177	(3,158,988)	A
Cost of works	(27,135,367)	(27,618,107)	482,740	B
Administrative expenses	(14,563,597)	(16,690,670)	2,127,073	C
Loss from discontinued operations, net of tax	(31,861,567)	(32,034,797)	173,230	D
Total loss	(51,306,223)	(50,930,278)	(375,945)	E

The material audit adjustments and reclassifications are as below:

Note

- A** Revenue was adjusted mainly due to reduction in cost of works of approximately S\$2.4 million causing revenue recognition by Percentage of completion method to drop by S\$3.2 million
- B** Cost of works was adjusted for S\$0.5 million mainly due to:
- Reduction in cost of works of S\$2.4 million for sub-contractors costs and accrual of workers bonuses.
 - Further provision for foreseeable losses of S\$0.3 million
 - Reclassification of depreciation expenses relating to plant and machinery amounting to S\$1.6 million from administrative expenses.

- C** Administrative expenses decreased by S\$2.1 million mainly due to:
- Reclassification of depreciation expenses relating to Plant and machinery amounting to S\$1.6 million to cost of works
 - Reduction of S\$0.5 million in provision for impairment of amount due from customers.
- D** Loss from discontinued operations decreased by S\$0.2 million mainly due to correction of under-recognition of rental income
- E** Increase in total loss of S\$0.4 million mainly due to reasons stated above (Notes A to D).

Statements of Group Financial Position for financial year ended 30 June 2015:

	Audited S\$	Unaudited S\$	Variances S\$	Note
Current assets				
Trade and other receivables	15,146,907	11,547,554	3,599,353	F
Assets classified as held-for-sale	32,906,863	32,749,312	157,551	G
Current liabilities				
Trade and other payables	53,008,795	35,163,174	17,845,621	H
Borrowings	43,066,316	12,489,590	30,576,726	I
Liabilities directly associated with assets classified as held-for-sale	2,313,888	46,548,507	(44,234,619)	J
Non-current liabilities				
Borrowings	37,520	-	37,520	K

Statements of Company Financial Position for financial year ended 30 June 2015

	Audited S\$	Unaudited S\$	Variances S\$	Note
Current assets				
Trade and other receivables	15,153,674	11,554,321	3,599,353	F
Assets classified as held-for-sale	32,906,863	32,749,312	157,551	G
Current liabilities				
Trade and other payables	53,770,187	35,924,567	17,845,620	H
Borrowings	43,066,316	12,489,590	30,576,726	I
Liabilities directly associated with assets classified as held-for-sale	2,313,888	46,548,507	(44,234,619)	J
Non-current liabilities				
Borrowings	37,520	-	37,520	K

Note

- F** Increase of S\$3.6 million in trade and other receivables was mainly due to:
- Reclassification of advances to suppliers of S\$6.6 million from Trade and Other Payables
 - Decrease in amount due from customers of S\$3.2 million.
 - Increase in amount due from non-related parties of S\$0.2 million
- G** Assets classified as held-for-sale increased by S\$0.2 million mainly due to correction of under-recognition of rental income.
- H** Increase of S\$17.8 million in trade and other payables was mainly due to:
- Reclassification of S\$13.6 million from liabilities directly associated with assets classified as held-for-sale.
 - Reclassification of advances to suppliers of S\$6.6 million to Trade and Other Receivables
 - Reduction of over-provision for sub-contractors and other accruals of S\$1.9 million.
 - Reduction in amount due to customer of S\$0.5 million.
- I** Increase of S\$30.6 million in borrowings was mainly due to reclassification from liabilities directly associated with assets classified as held-for-sale.
- J** Decrease of S\$44.2 million in liabilities directly associated with assets classified as held-for-sale was mainly due to reclassification of S\$13.6 million to trade and other payables and S\$30.6 million to borrowings.
- K** Increase of S\$0.1 million was mainly due to reclassification from borrowings under current liabilities

Consolidated Statement of Cash Flows for financial year ended 30 June 2015

	Audited S\$	Unaudited S\$	Variances S\$	Note
Net cash provided by operating activities	13,747,928	14,899,970	(1,152,042)	L
Net cash provided by financing activities	28,222,102	27,006,101	1,216,001	M

Note

- L** Mainly due to changes in Trade and other payables of trade and other receivables
- M** Reclassification of loan from non-related party from Trade and other payables.

BY ORDER OF THE BOARD

ONG HOCK LEONG
Managing Director
10 December 2015