

Swee Hong Limited

**Third Quarter and Nine Months
Unaudited Financial Statements
For the Financial Period Ended
31 March 2014**

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) Group income statement, together with comparative statement for the corresponding period of the immediately preceding financial year

	The Group			The Group		
	Current Third quarter ended 31 March 2014 S\$'000	Previous Third Quarter Ended 31 March 2013 S\$'000	Increase/ (Decrease) %	Current Nine Months Ended 31 March 2014 S\$'000	Previous Nine Months Ended 31 March 2013 S\$'000	Increase/ (Decrease) %
Revenue	7,541	7,377	2	25,053	26,805	(7)
Cost of works	(7,930)	(7,792)	2	(27,112)	(23,538)	15
Gross (loss)/profit	(389)	(415)	(6)	(2,059)	3,267	(163)
Other gains - net	101	27	274	176	275	(36)
Expenses						
-Distribution and marketing	(15)	(3)	400	(38)	(34)	12
-Administrative	(2,348)	(2,190)	7	(10,446)	(6,638)	57
-Finance	(30)	(27)	11	(105)	(109)	(4)
Loss from operation	(2,681)	(2,608)	3	(12,472)	(3,239)	285
Share of loss of associated company	(42)	-	n.m	(42)	-	n.m
Loss before income tax	(2,723)	(2,608)	4	(12,514)	(3,239)	286
Income tax credit	-	133	(100)	94	84	12
Net loss	(2,723)	(2,475)	10	(12,420)	(3,155)	294

n.m. denotes not meaningful

(i) Consolidated Statement of comprehensive income for the Third Quarter and Nine Months ended 31 March 2014

	The Group			The Group		
	Current Third quarter ended 31 March 2014 S\$'000	Previous Third Quarter Ended 31 March 2013 S\$'000	Increase/ (Decrease) %	Current Nine Months Ended 31 March 2014 S\$'000	Previous Nine Months Ended 31 March 2013 S\$'000	Increase/ (Decrease) %
Net loss	(2,723)	(2,475)	10	(12,420)	(3,155)	294
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Financial assets, available-for-sale - Fair value gains	9	30	(70)	35	64	(45)
Currency translation differences arising from consolidation	*	*		*	*	
Other comprehensive income, net of tax	9	30	(70)	35	64	(45)
Total comprehensive loss	(2,714)	(2,445)	(11)	(12,385)	(3,091)	301

*amount less than S\$1,000

(ii) **Notes to the income statement**

Breakdown of Other Gains

		The Group		The Group	
		Current Third quarter ended 31 March 2014	Previous Third quarter ended 31 March 2013	Current Nine months ended 31 March 2014	Previous Nine months ended 31 March 2013
		S\$'000	S\$'000	S\$'000	S\$'000
<u>Other gains - Net</u>					
Foreign exchange (losses)/gains - net		(1)	(3)	(8)	26
Dividend income		-	-	6	5
Gains on disposal of property, plant and equipment		3	2	10	21
Interest income - bank		8	22	47	57
Government grant		47	-	60	47
Income from the sales of scrap		-	-	16	-
Secondment of Workers		-	1	-	107
Rental of Machinery		-	6	-	21
Miscellaneous		44	(1)	45	(9)
Total		101	27	176	275

(iii) **Included under Administrative expenses:**

		The Group		The Group	
		Current Third quarter ended 31 March 2014	Previous Third quarter ended 31 March 2013	Current Nine months ended 31 March 2014	Previous Nine months ended 31 March 2013
		S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant & equipment	(a)	583	679	1,722	1,755
Allowance for impairment of construction contract amount due from customer		-	-	(3,058)	-

(a) Decrease in depreciation as several IT equipment was fully depreciated in previous financial year. .

1(b)(i) **Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year**

	The Group		The Company	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	4,195	14,014	3,824	13,640
Trade and other receivables	21,626	28,685	21,632	28,691
Construction contract work-in-progress	705	239	705	239
	26,526	42,938	26,161	42,570
Non-current assets				
Financial assets, available-for-sale	386	351	386	351
Investment in subsidiaries	-	-	600	600
Investment in associated company	158	-	200	-
Property, plant and equipment	19,528	16,293	19,528	16,293
Investment property under construction	1,751	-	1,751	-
Deferred expenditure for investment property	6,401	-	6,401	-
	28,224	16,644	28,866	17,244
Total assets	54,750	59,582	55,027	59,814
LIABILITIES				
Current liabilities				
Trade and other payables	21,074	15,639	21,513	16,079
Borrowings	8,820	5,860	8,820	5,860
	29,894	21,499	30,333	21,939
Non-current liabilities				
Borrowings	656	1,498	656	1,498
	656	1,498	656	1,498
Total liabilities	30,550	22,997	30,989	23,437
NET ASSETS	24,200	36,585	24,038	36,377
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	28,580	28,580	28,580	28,580
Other reserves	182	147	182	147
Retained profits	(4,562)	7,858	(4,724)	7,650
Total equity	24,200	36,585	24,038	36,377

Notes to Statement of Financial Position

(i) Trade and other receivables

	The Group		The Company	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	2,031	1,382	2,031	1,382
Construction contracts: - Due from customers	17,850	24,055	17,850	24,055
Non-trade receivables				
- Subsidiary	-	-	7	7
- Directors	-	66	-	66
- Non-related parties	23	1,151	23	1,151
	23	1,217	30	1,224
Deposits	349	1,641	349	1,641
Prepayments	1,373	66	1,372	65
Income tax recoverable	-	324	-	324
	21,626	28,685	21,632	28,691

(ii) Trade and other payables

	The Group		The Company	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Trade Payables	13,235	12,736	13,235	12,736
Construction contracts: - Due to customers	6,781	1,595	6,781	1,595
Other payables				
- Subsidiary	-	-	445	445
- Non-related parties	32	186	32	186
Accrued operating expenses	1,026	1,122	1,020	1,117
	21,074	15,639	21,513	16,079

Explanatory Notes:

Trade and other receivables had declined by approximately S\$7 million. This was due to:

- (i) a decline in construction contracts due from customers of S\$6.2 million. This mainly due to:
 - an allowance of impairment of \$3 million was provided for a project;
 - a reduction in final contract sum for a project.
- (ii) collection of non-trade receivables of S\$1.0 million, and;
- (iii) utilised a deposits of S\$1.3 million as rental payments for our BCA dormitory project.

The decrease was partially offset by:

- (iv) an increase in trade receivables of approximately S\$1.0 million arising from billings for work certified during the period and
- (v) an increase in prepayments of S\$1.3 million to our suppliers.

Property, plant and equipment increased by approximately S\$3.2 million mainly due to:

- i. additions of building under construction of S\$3.7 million relating to our Kranji premises, where a dormitory and factory facilities for modular pre-fabrication construction activities are being built;
- ii. purchased of office equipment and motor vehicles of approximately S\$0.2 million and;
- iii. purchased of plant and machinery of approximately S\$1.0 million.

This was partially offset by depreciation of S\$1.7 million.

Investment property under construction and deferred expenditure for investment property pertaining to the investment in new dormitory business.

Trade and other payables increased by approximately S\$5.4 million due mainly to the increase in construction contracts due to customers of S\$5.2 million, arising mainly from advanced billings for a new project.

1(b)(ii) Aggregate amount of the Group's borrowings and debts securities

(a) Amount repayable in one year or less, or on demand

	The Group		The Group	
	31 March 2014	31 March 2014	30 June 2013	30 June 2013
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Trade finance	1,224	5,758	1,988	1,907
Finance lease liabilities	1,838	-	1,965	-

(b) Amount repayable after one year

	The Group		The Group	
	31 March 2014	31 March 2014	30 June 2013	30 June 2013
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	656	-	1,498	-

The Group's borrowings are in the form of trade financing and lease financing. A portion of the borrowings are secured by plant and machinery and motor vehicle.

Trade financing was taken to finance the construction costs of our projects, whereas lease financing was taken for purchases of new plant and machinery for contract operations use.

1(c) Group cash flow statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated statements of cash flows for the Third Quarter and Nine months ended 31 March 2014

	The Group		The Group	
	Current Third quarter ended 31 March 2014	Previous Third quarter ended 31 March 2013	Current Nine months ended 31 March 2014	Previous Nine months ended 31 March 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net loss	(2,723)	(2,475)	(12,420)	(3,155)
Adjustments for:				
- Income tax credit	-	(133)	(94)	(84)
- Depreciation	583	679	1,722	1,755
- Gains on disposal of property, plant and equipment	(3)	(2)	(10)	(21)
- Interest income	(8)	(22)	(47)	(57)
- Interest expense	30	27	105	109
- Dividend income	-	-	(6)	(5)
-.Share of loss of associated company	42	0	42	0
	(2,079)	(1,926)	(10,708)	(1,458)
Change in working capital				
- Construction contract work-in-progress	(43)	(142)	(466)	884
- Trade and other receivables	27	3,251	6,700	7,357
- Trade and other payables	(356)	(4,723)	5,794	(11,438)
Cash (used in)/provided by operations	(2,451)	(3,540)	1,320	(4,655)
Interest received	8	22	47	57
Interest expense	(30)	(27)	(82)	(109)
Income tax credit/(paid)	-	(493)	94	(1,234)
Net cash (used in)/provided by operating activities	(2,473)	(4,038)	1,379	(5,941)
Cash flows from investing activities				
Addition to investment property under construction	(1,296)	-	(1,751)	-
Addition to deferred expenditure for investment property	(4,551)	-	(6,401)	-
Purchases of property, plant and equipment	(1,942)	(1,340)	(4,382)	(3,254)
Proceeds from disposal of property, plant and equipment	3	20	78	119
Investment in associated company	(200)	-	(200)	-
Dividends paid	-	-	-	(1,105)
Receipts of dividend	-	-	6	5
Net cash used in investing activities	(7,986)	(1,320)	(12,650)	(4,235)

Consolidated statements of cash flows for the Third Quarter and Nine months ended 31 March 2014
(Continued)

	The Group		The Group	
	Current Third quarter ended 31 March 2014	Previous Third quarter ended 31 March 2013	Current Nine months ended 31 March 2014	Previous Nine months ended 31 March 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Bank deposits pledged	-	-	-	2,618
Repayment of finance lease liabilities	(552)	(461)	(1,612)	(1,125)
Interest paid	-	-	(23)	-
Proceeds from borrowings	6,227	4,444	16,016	3,911
Repayment of borrowings	(4,841)	-	(12,930)	-
Net cash provided by financing activities	834	3,983	1,451	5,404
Net decrease in cash and cash equivalents	(9,625)	(1,375)	(9,820)	(4,772)
Cash and cash equivalents				
Beginning of financial period	13,516	19,675	13,711	23,072
End of financial period	3,891	18,300	3,891	18,300

Explanatory Notes:

- (i) For the purposes of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	The Group	
	31 March 2014	31 March 2013
	S\$'000	S\$'000
Cash at bank and on hand	3,890	7,938
Short-term bank deposits	305	10,666
	4,195	18,604

	The Group	
	31 March 2014	31 March 2013
	S\$'000	S\$'000
Cash and bank balances	4,195	18,604
Less: Bank deposit pledged	(304)	(304)
Cash and cash equivalents per consolidated statement of cash flows	3,891	18,300

A short-term fixed deposit of S\$304,000 remains as a pledged security mainly for banking facilities granted.

(ii) Review of Cash Flows for the nine months ended 31 March 2014.**Net cash provided by operating activities**

In current 9 months, cash provided by operating activities amounted to S\$1.4 million. The changes in working capital had been explained in the Explanatory Notes to the Statement of Financial Position earlier.

Net cash used in investing activities

Net cash of approximately S\$12.6 million was invested in building a factory and purchased of office equipment; motor vehicles and plant and machinery.

Net cash from financing activities

Net cash of approximately S\$1.5 million from financing activities was mainly from an increase in proceed from borrowings of approximately S\$3.1 million for trade financing, which was partially offset by repayments of financial lease liabilities of approximately S\$1.6 million.

Overall, cash and cash equivalents stood at approximately S\$4 million as at 31 March 2014.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Retained profits	Other reserves*	Total Equity
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
<u>The Group</u>				
As at 1 July 2013	28,580	7,858	147	36,585
Total comprehensive loss for the period	-	(12,420)	35	(12,385)
As at 31 March 2014	28,580	(4,562)	182	24,200
As at 1 July 2012	28,580	25,247	109	53,936
Total comprehensive loss for the period	-	(3,155)	64	(3,091)
Dividend paid for FY 2012	-	(1,105)	-	(1,105)
As at 31 March 2013	28,580	20,987	173	49,740

	Share Capital	Retained profits	Other reserves*	Total Equity
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
<u>The Company</u>				
As at 1 July 2013	28,580	7,650	147	36,377
Total comprehensive loss for the period	-	(12,374)	35	(12,339)
As at 31 March 2014	28,580	(4,724)	182	24,038
As at 1 July 2012	28,580	25,031	109	53,720
Total comprehensive loss for the period	-	(3,151)	64	(3,087)
Dividend paid for FY 2012	-	(1,105)	-	(1,105)
As at 31 March 2013	28,580	20,775	173	49,528

Other reserves

	The Group		The Company	
	Financial Period/Year Ended		Financial Period/Year Ended	
	31 March 2014	30 June 2013	31 March 2014	30 June 2013
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Composition:				
Fair value reserve	182	147	182	147
Currency translation reserve	.*	.*	-	-
	182	147	182	147
(b) Movements:				
(i) Fair value reserve				
Beginning of financial period/year	147	109	147	109
Fair value gains	35	38	35	38
End of financial period	182	147	182	147

* Amount below S\$1,000

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes to the Company's share capital since the end of the previous period reported on. There were no treasury shares held. There were no convertibles which may result in the issue of new shares.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	31 March 2014	30 June 2013
Total number of issued shares	368,500,000	368,500,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period as compared with the audited consolidated financial statements as at 30 June 2013, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 July 2013. The adoption of these new and revised accounting standards did not give rise to any significant changes to the financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all new/revised Financial Reporting Standards ("FRS") and Interpretations of the FRS ("INT FRS") that are relevant to its operations and effective for financial period beginning on or after 1 July 2013, where applicable. The adoption of these new/revised FRS did not result in any material impacts to the financial statements of the Group for the current financial period reported on.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Current Third quarter ended 31 March 2014	Previous Third quarter ended 31 March 2013	Current Nine months ended 31 March 2014	Previous Nine months ended 31 March 2013
Net loss attributable to equity holders of the Company (\$'000)	(2,723)	(2,475)	(12,420)	(3,155)
Weighted average number of ordinary shares in issue ('000)	368,500	368,500	368,500	368,500
Basic and diluted earnings per share (cents)	(0.74)	(0.67)	(3.37)	(0.86)

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the

- (a) current period reported on and
(b) immediately preceding financial year**

	The Group		The Company	
	As at 31 March 2014	As at 30 June 2013	As at 31 March 2014	As at 30 June 2013
Net Assets (\$'000)	24,200	36,585	24,038	36,377
Number of shares (' 000)	368,500	368,500	368,500	368,500
Net asset value per ordinary share (cents)	6.57	9.93	6.52	9.87

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

BUSINESS OVERVIEW

Swee Hong Limited is principally engaged in civil engineering works and micro-tunneling works in Singapore and act primarily as the main contractor.

Income Statement Review (Third Quarter ended 31 March 2014 vs. Third Quarter ended 31 March 2013)

	The Group					
	Current Third quarter ended 31 March 2014		Previous Third quarter ended 31 March 2013		Increase/ (decrease)	Increase/ (decrease)
	S\$'000		S\$'000		S\$'000	%
Civil Engineering	4,286	57%	3,045	41%	1,241	41
Tunneling	3,255	43%	4,332	59%	(1,077)	(25)
	7,541	100%	7,377	100%	164	2

Revenue

Civil Engineering

Revenue for 3Q2014 from Civil Engineering was higher by S\$1.2million as compared to 3Q2013. New contracts secured in previous financial year proceed to more active construction phase which contributed to the increase in the revenue in 3Q2014.

Tunneling

Revenue in 3Q2014 from the Tunneling segment was lower than the previous period as most of our tunnelling projects were progressing to the completion stage and the revenue from these projects were recognised in previous financial periods.

Gross profit/(loss)

	The Group					
	Current Third quarter ended 31 March 2014		Previous Third quarter ended 31 March 2013		Increase/ (Decrease)	Increase/ (Decrease)
	S\$'000		S\$'000		S\$'000	%
Civil Engineering	168	(43%)	(100)	24%	268	268
Tunnelling	(557)	143%	(315)	76%	(242)	77
Gross (loss)/profit	(389)	100%	(415)	100%	(26)	(6)

Group

Gross loss during 3Q2014 was approximately S\$0.4 million as compared with a gross loss of S\$0.4 million during 3Q2013. This was attributable mainly to:

Civil Engineering

Gross profit from civil engineering for 3Q2014 was approximately S\$0.2 million as compared to a gross loss of S\$0.1 million for 3Q2013. This was mainly due to a reduction in final contract sum for a project in 3Q2013.

Tunneling

Gross loss for tunneling for 3Q2014 was approximately S\$0.6 million as compared to a gross loss of S\$0.3 million for 3Q2013 due to cost overrun for on-going projects.

Administrative expenses

Administrative expenses increased by approximately S\$0.2 million as compared to 3Q2014 due mainly to additional staff costs and agency fees incurred totalling S\$0.4 million which were offset by decreases depreciation and tender related expenses totalling \$0.1 million.

Loss before income tax

The Group incurred a loss before income tax of approximately S\$2.7 million in 3Q2014, an increase of S\$0.1 million as compared to a loss before income tax of approximately S\$2.6 million in 3Q2013.

Net loss after tax

The Group had incurred a net loss after tax of approximately S\$2.7 million due to the reasons above.

Income Statement Review (Nine months ended 31 March 2014 vs. Nine months ended 31 March 2013)

	The Group					
	Current Nine months ended 31 March 2014		Previous Nine months ended 31 March 2013		Increase/ (Decrease)	Increase/ (Decrease)
	S\$'000		S\$'000		S\$'000	%
Civil Engineering	15,377	61%	14,746	55%	631	4
Tunneling	9,676	39%	12,059	45%	(2,383)	(20)
	25,053	100%	26,805	100%	(1,752)	(7)

Revenue

Civil Engineering

Revenue from Civil Engineering segment for current 9 months had increase by S\$0.6 million as compared to previous 9 month. New contracts secured in previous financial year proceed to more active construction phase which contributed to the increase in the revenue in current 9 months.

Tunneling

Revenue from the Tunneling segment was lower than previous 9 month due to the substantial completion of several projects during FY2013 and slow progress of a major project due to poor soil conditions. The Group had also been unable to sufficiently replace completed tunneling projects with new contracts.

Gross profit/(loss)

	The Group					
	Current Nine months ended 31 March 2014		Previous Nine months ended 31 March 2013		Increase/ (Decrease)	Increase/ (Decrease)
	S\$'000		S\$'000		S\$'000	%
Civil Engineering	(192)	9%	2,170	66%	(2,362)	(109)
Tunnelling	(1,867)	91%	1,097	34%	(2,964)	(270)
Gross (loss)/profit	(2,059)	100%	3,267	100%	(5,326)	(163)

Group

Gross losses during current 9 months were S\$2.1 million as compared with a gross profit of S\$3.3 million during previous 9 months. This was attributable mainly to:

Civil Engineering

Gross losses from civil engineering for current 9 months was approximately S\$0.2 million as compared to a gross profit of approximately S\$2.2 million for previous 9 months. The main reasons were as follows:

- (i) additional costs was provided for a project.
- (ii) Cost overrun for a project.

Tunneling

Gross losses for tunneling for current 9 months were about S\$1.9 million as compared to a gross profit of S\$1.1 million for previous 9 months due to cost overrun for on-going projects.

Administrative expenses

Administrative expenses increased by approximately S\$3.8 million as compared to previous 9 months due mainly to the allowance for provision of S\$3 million in relation to a project. Besides, staff costs and agency fees had increased by S\$0.7 million and S\$0.1 million respectively.

Loss before income tax

The Group incurred a loss before income tax of S\$12.5 million in current 9 months, an increase of S\$9.2 million as compared to a loss before income tax of S\$3.2 million in previous 9 months.

Net loss after tax

The Group's net losses had increased by approximately S\$9.2 million due to the reasons above.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was previously disclosed to shareholders.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group continues to be on the lookout for tenders of both civil engineering and tunnelling contracts. Competition is expected to continue to be keen and the Group expects pressure on margins. Upward pressure on manpower costs is expected to persist due to the Government's policies.

The challenges faced have hardened our resolve to focus on continuing to improve our processes and maintain our lead in the trade. Whilst delays in finalising the value of additional works in various projects may have adversely affected our financial results, we will work closer with key stakeholders to resolve claim issues and improve our financial position.

As at the date hereof, the order books of the Group is approximately S\$154.8 million, of which the MacRitchie Viaduct and Adam Flyover project worth S\$134.7 million was the most significant. This project is not expected to contribute significantly to revenue until FY2015.

The Group was awarded a contract from BCA to construct, manage and operate the 9000-bed dormitory for foreign workers, to be called the North Coast Lodge, situated at Admiralty Road West. This contract is not expected to contribute financially until FY2015.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect

No dividend had been declared for the third quarter and 9 months ended 31 March 2014.

13 Interested person transactions disclosure

The Group has not obtained a general mandate for Interested Persons Transactions under Rule 920 from shareholders. There were no IPTs during the period under review.

14 Change in Use of IPO Proceeds

The net initial public offering (“**IPO**”) proceeds from the issuance of new shares arising from the Company’s IPO in FY2012 (after deducting expenses for professional fees, underwriting and placement commissions and other transaction expenses related to the IPO amounting to approximately S\$1.8 million) are approximately S\$13.6 million, the details of which are as follows:

	S\$’ 000
Gross Proceed	15,413
Less: Share issue expense	(1,833)
Net proceeds	13,580

The Board of Directors of the Company refers to the Company’s prospectus dated 15 May 2012 (the “**Prospectus**”) issued in relation to the Company’s IPO. In the Prospectus, it was disclosed that the principal intended uses of the IPO proceeds (“**Intended Use of Proceeds**”) (excluding expenses relating to the IPO) are as follows:

	Amount Allocated
	S\$’ 000
Intended Use of Proceeds	
Acquisition of construction equipment and machinery	10,000
Funding our expansion by way of acquisitions, joint-ventures and/or strategic alliances to expand into other construction businesses	3,000
Working capital	580
Total	13,580

The Board of Directors wish to announce the following:

As at the date of this announcement, the net IPO proceeds have been utilised for the Intended Use of Proceeds as follows:

	Amount Allocated	Amount Utilised	Amount Balance
	S\$’000	S\$’000	S\$’000
Intended Use of Proceeds			
Acquisition of construction equipment and machinery	10,000	(3,554)	6,446
Funding our expansion by way of acquisitions, joint-ventures and/or strategic alliances to expand into other construction businesses	3,000	(1,992)	1,008
Working capital	580	(580)	-
Total	13,580	(6,126)	7,454

14 Change in Use of IPO Proceeds (Continued)

After utilisation of the net IPO proceeds for the Intended Use of Proceeds, there was a balance of approximately S\$7.5 million of the IPO proceeds ("**Balance IPO Proceeds**").

With respect to the S\$10 million originally set aside for the acquisition of construction equipment and machinery, at the time of the IPO, the Company had intended to use the funds for the acquisition of additional construction equipment and machinery, including equipment to support and widen the Company's tunnelling offerings to include macro-tunnelling works. Pursuant to the utilisation of approximately S\$3.6 million (as set out in the table above) for such purpose, the Company is of the view that it now has sufficient equipment and machinery for its tunnelling segment and does not have immediate need for major purchases of equipment and machinery.

With respect to the S\$3 million originally set aside to fund the Company's expansion by way of acquisitions, joint-ventures and/or strategic alliances to expand into other construction businesses, at the time of the IPO, the Company had intended to utilise such funds to *inter alia*, develop capabilities in modular pre-fabrication construction which can be used in building construction to accelerate on-site and off-site construction programs and improve construction productivity through strategic alliances with suitable engineering companies. As set out in the table above, the Company had utilised S\$1.9 million in connection with the modular pre-fabrication construction segment of the Company's business. Save for the joint venture undertaken by the Company with 4 other parties to tender for and undertake Mass Rapid Transit (MRT) projects ("**USB JV**"), details of which were disclosed in the Company's announcement dated 8 January 2014, no other suitable joint venture or strategic alliance with other third parties has been identified and the Company is at this point in time not exploring any joint ventures or strategic alliances with third parties. The Company confirms that it has not utilised the IPO proceeds in connection with the USB JV.

With respect to the S\$580,000 set aside for working capital purposes, the Company has, as at the date of this announcement, fully utilised such funds.

Reference is made to the project relating to the construction, management and operation of a foreign construction workers' dormitory, namely North Coast Lodge situated at Admiralty Road West (the "**Dormitory Project**"). The Company's entry into the Dormitory Project had been approved, confirmed and ratified by the shareholders of the Company at the extraordinary general meeting of the Company held on 28 January 2014. Details relating to the Dormitory Project are set out in the circular to shareholders dated 13 January 2014 (the "**Circular**").

As set out in the Circular, the pre-operation and construction costs of the Dormitory Project was estimated to be in the region of S\$45.5 million, of which 50% - 75% would be funded by bank facilities, while the balance would be internally funded. As the bank facilities had only been disbursed in April 2014 and revenue from the Dormitory Project would only be generated after at least the first phase of the property has been developed and approved for the Temporary Occupation Permit (TOP), targeted to happen in July 2014, the Company had immediate pressing need for funds in relation to the pre-operation and construction costs of the Dormitory Project.

14 Change in Use of IPO Proceeds (Continued)

In view of the above, the Company had taken into consideration that (i) there is no assurance that other suitable joint venture or strategic alliance opportunities will arise soon or at all, and (ii) funding for major purchases of equipment and machinery is currently a less pressing issue relative to the immediate funding needs of the Dormitory Project. As such, weighed against the urgent immediate need for funds in connection with the Dormitory Project, the Company had utilised the Balance IPO Proceeds for the Dormitory Project as it had taken the view that it would be more efficient and in the Company's interest to re-allocate the Balance IPO Proceeds to the Dormitory Project.

The Board of Directors had considered the impact of this change in use of IPO proceeds and is of the view that such a change would not have a detrimental effect on the Group's financial performance and is in the best interest of the Group.

15 Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of Swee Hong Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the third quarter and 9 months ended 31 March 2014 to be false or misleading in any material aspect.

FOR AND ON BEHALF OF THE BOARD
BY ORDER OF THE BOARD

Ong Hock Leong
Group Managing Director
15 May 2014

Chee Tet Choy Andy
Lead Independent Director