

# **Swee Hong Limited**

**Third Quarter and Nine Months**

**Unaudited Financial Statement**

**For the Period Ended**

**31 March 2016**

**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**

	Current third quarter ended 31 March 2016	Previous third quarter ended 31 March 2015	Increase / (Decrease)	Current nine months ended 31 March 2016	Previous nine months ended 31 March 2015	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	9,278	9,232	0%	24,176	26,216	(8%)
Cost of works	(9,630)	(6,717)	43%	(23,218)	(20,874)	11%
Gross (Loss) / Profit	(352)	2,515	n.m.	958	5,342	(82%)
Other gains – net	(121)	275	n.m.	279	308	(9%)
Expenses						
- Distribution and marketing	1	(2)	n.m.	(9)	(40)	(78%)
- Administrative	(4,724)	(2,584)	83%	(13,060)	(6,989)	87%
- Finance	(2)	221	n.m.	(476)	(70)	578%
	(5,198)	425	n.m.	(12,308)	(1,449)	749%
Share of loss of associated company	-	-	n.m.	-	(46)	n.m.
(Loss) /profit before income tax	(5,198)	425	n.m.	(12,308)	(1,495)	723%
Income tax credit	-	-	n.m.	-	-	n.m.
<b>Net (Loss) / Profit</b>	<b>(5,198)</b>	<b>425</b>	n.m.	<b>(12,308)</b>	<b>(1,495)</b>	723%
	<b>(5,198)</b>	<b>425</b>	n.m.	<b>(12,308)</b>	<b>(1,495)</b>	723%

**(i) Consolidated Statement of comprehensive income for the Third Quarter and Nine Months ended 31 March 2016**

	Current third quarter ended 31 March 2016	Previous third quarter ended 31 March 2015	Increase / (Decrease)	Current nine months ended 31 March 2016	Previous nine months ended 31 March 2015	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Other comprehensive loss:</b>						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- Fair value gains	(2)	(25)	(92%)	(34)	(25)	35%
Currency translation differences arising from consolidation						
- Losses	2	-	n.m.	(3)	-	n.m.
Other comprehensive income, net of tax	-	(25)	(100%)	(37)	(25)	47%
<b>Total comprehensive loss</b>	<b>(5,198)</b>	<b>400</b>	n.m.	<b>(12,345)</b>	<b>(1,520)</b>	712%

\*Amount below S\$1,000

n.m. – not meaningful

## (ii) Notes to the income statement

### Breakdown of Other Gains

	Current third quarter ended 31 March 2016	Previous third quarter ended 31 March 2015	Increase / (Decrease)	Current nine months ended 31 March 2016	Previous nine months ended 31 March 2015	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Currency translation gains/(losses) - net	*	4	100%	(1)	10	(107%)
Dividend income	*	*	n.m.	7	1	826%
Gain on disposal of property, plant and equipment	-	30	n.m.	16	30	(48%)
Gains on disposal of available-for-sale financial assets	-	51	n.m.	-	51	n.m.
Bank interest income	*	-	n.m.	*	-	n.m.
Government grant	-	-	n.m.	103	-	n.m.
Residual rental income from dormitory	(183)	-	n.m.	73	-	n.m.
Fair value gain/(loss)	-	-	n.m.	9	-	n.m.
Miscellaneous	62	190	(67%)	72	216	(67%)
	<b>(121)</b>	<b>275</b>		<b>279</b>	<b>308</b>	

### (iii) Included under Administrative expenses:

	Current third quarter ended 31 March 2016	Previous third quarter ended 31 March 2015	Increase / (Decrease)	Current nine months ended 31 March 2016	Previous nine months ended 31 March 2015	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant and equipment	471	565	(17%)	1,412	1,689	(16%)
Loss on disposal of investment property under construction	735	-	n.m.	669	-	n.m.
Impairment on property, plant and equipment	471	-	n.m.	546	-	n.m.
Accrual of claims from scheme creditors	1,118	-	n.m.	5,295	-	n.m.

\*Amount below S\$1,000

n.m. – not meaningful

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

	Group		Company	
	31 March 2016	30 June 2015	31 March 2016	30 June 2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4,379	3,194	4,340	3,155
Trade and other receivables	15,082	15,146	15,093	15,153
Construction contract work-in-progress	2,877	169	2,877	169
	22,338	18,509	22,310	18,477
Assets classified as held-for-sale	336	32,907	336	32,907
	<b>22,674</b>	<b>51,416</b>	<b>22,646</b>	<b>51,384</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	10	288	10	288
Investment in subsidiaries	-	-	602	602
Property, plant and equipment	10,622	12,006	10,622	12,006
	<b>10,632</b>	<b>12,294</b>	<b>11,234</b>	<b>12,896</b>
<b>Total assets</b>	<b>33,306</b>	<b>63,710</b>	<b>33,880</b>	<b>64,280</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	55,688	53,009	56,441	53,770
Borrowings	24,677	43,066	24,677	43,066
	80,365	96,075	81,118	96,836
Liabilities directly associated with assets classified as held-for-sale	-	2,314	-	2,314
	<b>80,365</b>	<b>98,389</b>	<b>81,118</b>	<b>99,150</b>
<b>Non-current liabilities</b>				
Borrowings	-	38	-	38
<b>Total liabilities</b>	<b>80,365</b>	<b>98,427</b>	<b>81,118</b>	<b>99,188</b>
<b>Net Current Liabilities</b>	<b>(57,691)</b>	<b>(46,973)</b>	<b>(58,472)</b>	<b>(47,766)</b>
<b>NET LIABILITIES</b>	<b>(47,059)</b>	<b>(34,717)</b>	<b>(47,238)</b>	<b>(34,908)</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	28,580	28,580	28,580	28,580
Other reserves	95	132	100	134
Accumulated losses	(75,734)	(63,429)	(75,918)	(63,621)
<b>TOTAL EQUITY</b>	<b>(47,059)</b>	<b>(34,717)</b>	<b>(47,238)</b>	<b>(34,908)</b>

## Notes to Statement of Financial Position

	Group		Company	
	31 March 2016 \$'000	30 June 2015 \$'000	31 March 2016 \$'000	30 June 2015 \$'000
Trade receivables	3,090	1,279	3,089	1,279
Construction contracts:				
- Due from customers	8,101	6,685	8,101	6,685
Non-trade receivables				
- Subsidiary	-	-	11	7
- Related	-	-	1	-
- Non-related parties	960	263	960	263
	960	263	972	270
Deposits	317	354	317	354
Prepayments	677	17	677	17
Advances to suppliers	1,937	6,548	1,937	6,548
	<b>15,082</b>	<b>15,146</b>	<b>15,093</b>	<b>15,153</b>

### (ii) Assets Held for Sale

	Group		Company	
	31 March 2016 \$'000	30 June 2015 \$'000	31 March 2016 \$'000	30 June 2015 \$'000
Investment property under construction	-	29,064	-	29,064
Property, plant and equipment	336	349	336	349
Non-trade receivables	-	3,455	-	3,455
Deposits	-	39	-	39
	<b>336</b>	<b>32,907</b>	<b>336</b>	<b>32,907</b>

### (iii) Trade and other payables

	Group		Company	
	31 March 2016 \$'000	30 June 2015 \$'000	31 March 2016 \$'000	30 June 2015 \$'000
Trade payables - non-related parties	31,505	25,566	31,505	25,566
Construction contracts:				
- Due to customers	5,060	5,550	5,060	5,550
Other payables				
- Subsidiaries	-	-	774	774
- Related parties	2,460	1,355	2,460	1,355
- Non-related parties	10,606	15,971	10,606	15,971
	13,066	17,326	13,840	18,100
Accrued operating expenses	6,057	4,567	6,036	4,554
	<b>55,688</b>	<b>53,009</b>	<b>56,441</b>	<b>53,770</b>

The non-trade amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

### (iv) Liabilities directly associated with assets classified as held for sale

	Group		Company	
	31 March 2016 \$'000	30 June 2015 \$'000	31 March 2016 \$'000	30 June 2015 \$'000
Other payables - non-related parties	-	2,314	-	2,314
	<b>-</b>	<b>2,314</b>	<b>-</b>	<b>2,314</b>

## **Explanatory Notes:**

Trade and other receivables as at 31 March 2016 of S\$15.1 million did not fluctuate from the 30 June 2015 amount of S\$15.1 million. Prepayments and advances to suppliers decreased by S\$4.0 million from S\$6.6 million as at 30 June 2015 to S\$2.6 million as at 31 March 2016. This was partially offset by increase in trade receivables and construction contract unbilled receivables of S\$3.2 million from S\$8.0 million as of 30 June 2015 to S\$11.2 million as of 31 March 2016 and reclassification of rental receivables from dormitory of approximately S\$0.8 million from assets classified as held for sale.

Construction contract work-in-progress as at 31 March 2016 amounting to S\$2.9 million increased by approximately S\$2.7 million from S\$0.2 million as at 30 June 2015 mainly due to purchase of inventories for ER382 project.

Assets held-for-sale relates to the property located at 190A/190C Chua Chu Kang Avenue 1, Singapore 689466 which is expected to be sold in the near future to fund the Creditors Scheme of Arrangement.

Available-for-sale financial assets as of 31 March 2016 amounting to S\$10,000 decreased by approximately S\$0.3 million mainly due to disposal during the financial period.

Property, plant and equipment decreased by approximately S\$1.4 million from S\$12.0 million as at 30 June 2015 to S\$10.6 million as at 31 March 2016 mainly due to S\$1.4 million depreciation charge for the financial period.

Trade and other payables increased by approximately S\$2.7 million from S\$53.0 million as at 30 June 2015 to S\$55.7 million as at 31 March 2016 mainly due to increase in accrued operating expenses of S\$1.4 million from S\$4.6 million as at 30 June 2015 to S\$6.0 million as at 31 March 2016. Trade Payables include a sum of S\$5.3 million being accrual of adjudicated claims from Scheme Creditors.

As of 31 March 2016, the Group had a net current liabilities of S\$57.7 million.

**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 2016	31 March 2016	30 June 2015	30 June 2015
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Trade finance	-	2,708	-	2,560
Finance lease liabilities	280	-	439	-
Bank borrowing	2,200	6,599	28,949	-
Bank overdraft	-	-	-	28
Loan from a non-related party	-	1,216	-	1,216
Loan from a related party	-	11,674	-	-
Loan from directors	-	-	-	9,874
<b>Total</b>	<b>2,480</b>	<b>22,197</b>	<b>29,388</b>	<b>13,678</b>

(b) Amount repayable after one year

	The Group		The Group	
	31 March 2016	31 March 2016	30 June 2015	30 June 2015
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	-	-	38	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>

The Group's bank borrowings consist of S\$11.8 million of which S\$2.5 million is secured and S\$9.3 million unsecured.

Loan from KH Foges Pte Ltd pursuant to subscription agreement dated 14 March 2016 amounting to S\$1.8 million and Interest-free loans from former Director amounting to S\$9.9 million are included in loan from a related party.

**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 2016

	The Group		The Group	
	Current third quarter ended 31 March 2016 \$'000	Previous third quarter ended 31 March 2015 \$'000	Current nine months ended 31 March 2016 \$'000	Previous nine months ended 31 March 2015 \$'000
<b>Cash flows from operating activities</b>				
- (loss)/ profit from continuing operations	(5,198)	425	(12,308)	(1,495)
Net loss	(5,198)	425	(12,308)	(1,495)
Adjustments for:				
- Depreciation of property, plant and equipment	471	-	1,412	1,689
- Impairment of property, plant, and equipment	471	565	546	-
- Gain on disposal of property, plant and equipment	-	(30)	(16)	(30)
- loss on disposal of investment property under construction	735	-	669	-
- Fair value loss on available-for-sale financial assets	(1)	-	(34)	-
- Interest income	*	-	*	-
- Interest expense	-	(221)	476	70
- Dividend income	*	-	(7)	(1)
- Unrealised currency translation gains-net	-	-	(3)	-
- Share of loss of associated company	-	-	-	46
	(3,522)	739	(9,265)	279
<b>Change in working capital:</b>				
- Construction contract work-in-progress	(1,731)	142	(2,708)	237
- Trade and other receivables	(1,958)	4,458	64	7,025
- Trade and other payables	4,980	215	2,225	10,400
Cash flows generated from operations	(2,231)	5,554	(9,684)	17,941
Interest received	-	-	-	-
<b>Net cash (used in)/ provided by operating activities</b>	(2,231)	5,554	(9,684)	17,941
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(487)	(137)	(562)	(1,860)
Additions to investment property	-	(5,045)	-	(42,026)
Disposal of property, plant and equipment	*	30	16	30
Dividends received	-	-	7	-
Investment - Fair value	-	(51)	-	(51)
Disposal of available-for-sale financial assets	1	105	277	105
Proceeds from disposal of investment property under construction	-	-	30,000	-
<b>Net cash (used in) / provided by investing activities</b>	(486)	(5,098)	29,738	(43,802)
<b>Cash flows from financing activities</b>				
Repayment of finance lease liabilities	(85)	(423)	(196)	(1,313)
Proceeds from borrowings	1,800	16	1,800	32,220
Repayment of borrowings	-	(1,349)	(20,473)	(4,460)
Interest paid	-	221	-	(70)
<b>Net cash provided by / (used in) financing activities</b>	1,715	(1,535)	(18,869)	26,377
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,002)	(1,079)	1,185	516
<b>Cash and cash equivalents</b>				
Beginning of financial period	5,381	2,331	3,194	736
<b>End of financial period</b>	<b>4,379</b>	<b>1,252</b>	<b>4,379</b>	<b>1,252</b>



## **Explanatory Notes:**

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

	<b>Group</b>	
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	4,379	1,252
	<b>4,379</b>	<b>1,252</b>

	<b>Group</b>	
	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances (as above)	4,379	1,252
Less: Bank deposit pledged	-	-
Less: Bank overdraft	-	-
Cash and cash equivalents per consolidated statement of cash flows	<b>4,379</b>	<b>1,252</b>

## **(ii) Review of Cash Flows for the nine months ended 31 March 2016**

### **Net cash provided by operating activities**

During the nine-month period of FY2016, cash used in operating activities amounted to S\$9.7 million. The reasons for the changes in working capital are explained in the Explanatory Notes to the Statement of Financial Position on page 6.

### **Net cash used in investing activities**

Net cash of approximately S\$29.7 million provided by investing activities arise mainly from the S\$30.0 million gross proceeds from disposal of investment property under construction and S\$0.3 million from disposal of available-for-sale financial assets which was offset by additions to property plant and equipment.

### **Net cash from financing activities**

Net cash of approximately S\$18.9 million used in financing activities was mainly due to repayment of bank borrowings of S\$20.5 million and repayment of finance lease liabilities amounting to S\$0.2 million. This was offset by borrowings of S\$1.8 million extended from the Subscriber, KH Foges Pte Ltd.

Overall, cash and cash equivalents stood at approximately S\$4.4 million as at 31 March 2016.

**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	Accumulated losses	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>2016</b>				
As at 1 July 2015	28,580	(63,429)	132	(34,717)
Total comprehensive loss for the year	-	(12,308)	(37)	(12,345)
<b>As at 31 March 2016</b>	<b>28,580</b>	<b>(75,737)</b>	<b>95</b>	<b>(47,062)</b>

<b>2015</b>				
As at 1 July 2014	28,580	(12,122)	162	16,620
Total comprehensive (loss) for the year	-	(1,495)	(25)	(1,520)
<b>As at 31 March 2015</b>	<b>28,580</b>	<b>(13,617)</b>	<b>137</b>	<b>15,100</b>

	Share Capital	Accumulated losses	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Company</b>				
<b>2016</b>				
As at 1 July 2015	28,580	(63,621)	134	(34,907)
Total comprehensive loss for the year	-	(12,296)	(34)	(12,330)
<b>As at 31 March 2016</b>	<b>28,580</b>	<b>(75,917)</b>	<b>100</b>	<b>(47,237)</b>

<b>2015</b>				
As at 1 July 2014	28,580	(12,258)	162	16,484
Total comprehensive (loss) for the year	-	(1,495)	(23)	(1,518)
<b>As at 31 March 2015</b>	<b>28,580</b>	<b>(13,753)</b>	<b>139</b>	<b>14,966</b>

**Other Reserves**

	Group		Company	
	31 March 2016	30 June 2015	31 March 2016	30 June 2015
	\$'000	\$'000	\$'000	\$'000
(a) Composition:				
Fair value reserve	100	134	100	134
Currency translation reserve	(5)	(2)	-	-
	<b>95</b>	<b>131</b>	<b>100</b>	<b>134</b>
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	134	162	134	162
Fair value (loss)/ gain	(34)	25	(34)	25
Reclassification to profit or loss	-	(53)	-	(53)
<b>End of financial year</b>	<b>100</b>	<b>134</b>	<b>100</b>	<b>134</b>
(ii) Currency translation reserve				
Beginning of financial year	(2)	*	-	-
Net currency translation differences of financial statements of foreign subsidiaries	(3)	(2)	-	-
<b>End of financial year</b>	<b>(5)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>

\* 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 2016	30 June 2015
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 2015.

**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**

Not applicable.

**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 2016	Previous third quarter ended 31 March 2015	Current nine months ended 31 March 2016	Previous nine months ended 31 March 2015
Net (Loss)/Profit attributable to equity holders of the Company (S\$'000)	(5,198)	425	(12,308)	(1,495)
Weighted average number of ordinary shares in issue ('000)	368,500	368,500	368,500	368,500
<b>Basic and diluted loss per share (cents)</b>	<b>(1.41)</b>	<b>0.12</b>	<b>(3.34)</b>	<b>(0.41)</b>

**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 2016	As at 30 June 2015	As at 31 March 2016	As at 30 June 2015
Net liabilities (S\$'000)	(47,059)	(34,717)	(47,238)	(34,908)
Number of shares (' 000)	368,500	368,500	368,500	368,500
Net liabilities value per ordinary share (cents)	(12.77)	(9.42)	(12.82)	(9.47)

**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**

The Group is principally engaged in civil engineering works and mirco-tunnelling works in Singapore and acts primarily as the main contractor.

### **Income Statement Review (Third Quarter ended 31 March 2016 vs. Third Quarter ended 31 March 2015)**

#### **Revenue**

	Group					
	Current third quarter ended 31 March 2016		Previous third quarter ended 31 March 2015		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	8,404	91%	5,130	55.6%	3,274	64%
Tunnelling	874	9%	1,874	20.3%	(1,000)	(53%)
Dormitory	-	0%	2,228	24.1%	(2,228)	n.m
	<b>9,278</b>	<b>100%</b>	<b>9,232</b>	<b>100%</b>	<b>46</b>	

Revenue from Civil Engineering segment increased by S\$3.3 million from S\$5.1 million in 3Q2015 to S\$8.4 million in 3Q2016 mainly due to increased progress of the on-going projects, particularly the ER382 Bukit Brown and progress claim as part of finalisation of accounts for the completed Main Gardens project.

Revenue from Tunnelling segment decreased by S\$1.0 million from S\$1.9 million in 3Q2015 to S\$0.9 million in 3Q2016 mainly due to slow progress in one of the tunnelling project.

#### **Gross (Loss)/Profit**

	Group					
	Current third quarter ended 31 March 2016		Previous third quarter ended 31 March 2015		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	611	(174%)	(110)	(4.4%)	721	656%
Tunnelling	(963)	274%	397	15.8%	(1,360)	n.m.
Dormitory	-	0%	2,228	88.6%	(2,228)	n.m.
	<b>(352)</b>	<b>100%</b>	<b>2,515</b>	<b>100%</b>	<b>(2,867)</b>	

n.m. denotes not meaningful

The Group's gross loss of S\$0.4 million is an increase of S\$2.9 million from a gross profit of S\$2.5 million in 3Q2015 to a gross loss of S\$0.4 million in 3Q2016 mainly due to the S\$2.2 million gross profit contributed by the discontinued dormitory business segment in 3Q2015 and provision for foreseeable loss of S\$0.9 million for a tunnelling project in 3Q2016.

Gross profit from Civil Engineering segment increased by S\$0.7 million during the financial period from approximately S\$0.1 million gross loss in 3Q2015 to S\$0.6 million gross profit in 3Q2016 mainly due to increased activities in the ER382 Bukit Brown project and progress claim as part of finalisation of accounts for the completed Main Gardens project.

Gross loss from Tunnelling segment increased by S\$1.4 million during the financial period from a gross profit of S\$0.4 million in 3Q2015 to a gross loss of S\$1.0 million in 3Q2016

mainly due to provision for foreseeable losses of S\$0.9 million in one of the tunnelling projects which has run into delays due to the company's financial situation.

### **Distribution and marketing**

The company did not incur significant distribution and marketing expenses during 3Q2016.

### **Administrative Expenses**

Administrative expenses for 3Q2016 increased by S\$2.1 million as compared with 3Q2015. The administrative expenses of S\$4.7 million mainly comprised of accrual of expenses of S\$1.1 million relating to Scheme Creditors, depreciation of S\$0.5 million, loss on disposal of investment property under construction of S\$0.7 million, salaries and related costs of S\$0.6 million, professional fees of S\$0.3 million and other operating expenses.

### **Finance Expenses**

Financing expenses relates to interest expenses on borrowing costs.

### **Profit/(loss) before income tax**

The Group incurred a loss before income tax of approximately S\$5.2 million in 3Q2016, an increase of S\$5.6 million as compared to a profit before income tax of approximately S\$0.4 million in 3Q2015.

### **Total loss after tax**

The Group incurred a net loss after tax of approximately S\$5.2 million due to the reasons stated above.

## **Income Statement Review (Nine months ended 31 March 2016 vs. Nine months ended 31 March 2015)**

### **Revenue**

	Group					
	Current nine months ended 31 March 2016		Previous third quarter ended 31 March 2015		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	21,858	90%	15,737	60%	6,121	39%
Tunneling	2,318	10%	8,038	32%	(5,720)	(71%)
Dormitory	-	0%	2,441	9%	(2,441)	n.m.
	<b>24,176</b>	<b>100%</b>	<b>26,216</b>	<b>100%</b>	<b>(2,040)</b>	

n.m. denotes not meaningful

Revenue from both Civil Engineering and Tunnelling segments were derived mainly from projects brought forward from FY2014. The dormitory business segment has been discontinued following the disposal of the North Coast Lodge in July 2015.

Revenue from Civil Engineering segment increased by S\$6.1 million from S\$15.7 million in YTD 3QH2015 to S\$21.9 million in YTD 3Q2016 mainly due to increased progress of the ongoing projects, particularly the ER382 Bukit Brown and progress claim as part of finalisation of accounts for the completed Main Gardens project.

Revenue from Tunnelling segment decreased by S\$5.7 million from S\$8.0 million in YTD 3Q2015 to S\$2.3 million in YTD 3Q2016 mainly due to slow progress in one of the tunneling project.

### **Gross Profit**

	Group					
	Current second quarter ended 31 March 2016		Previous first quarter ended 31 March 2015		Increase/ (decrease)	Increase/ (decrease)
	S\$'000	%	S\$'000	%	S\$'000	%
Civil Engineering	1,911	199%	1,452	27%	459	(32%)
Tunnelling	(953)	(99%)	1,449	27%	(2,402)	n.m.
Dormitory	-	0%	2,441	46%	(2,441)	n.m.
	<b>958</b>	<b>100%</b>	<b>5,342</b>	<b>100%</b>	<b>(4,384)</b>	

n.m. denotes not meaningful

The Group's gross profit decreased by S\$4.4 million from S\$5.3 million in YTD 3Q2015 to S\$1.0 million in YTD 3Q2016 mainly due to the S\$2.4 million gross profit contributed by the discontinued dormitory business segment in YTD 3Q2015 and provision for foreseeable loss of S\$0.9 million for a tunnelling project during the current financial period.

Gross profit from Civil Engineering segment increased by S\$0.5 million from approximately S\$1.4 million in YTD 3Q2015 to S\$1.9 million in YTD 3Q2016 mainly due to increased activities in the ER382 Bukit Brown project and progress claim as part of finalisation of accounts for the completed Main Gardens project.

Gross loss from Tunnelling segment increased by S\$2.4 million during the financial period from a gross profit of S\$1.4 million in YTD 3Q2015 to a gross loss of S\$1.0 million in YTD 3Q2016 due to provision for foreseeable losses of S\$0.9 million in one of the tunnelling projects which has run into delays due to the company's financial situation.

### **Distribution and marketing**

The company's did not incur significant distribution and marketing expenses during YTD 3Q2016.

### **Administrative Expenses**

Administrative expenses for YTD 3Q2016 increased by S\$6.1 million from S\$7.0 million for YTD 3Q2015 to S\$13.1 million for YTD 3Q2016. The administrative expenses of S\$12.9 million mainly comprised of accrual of expenses of S\$5.3 million relating to Scheme Creditors, depreciation of S\$1.4 million, loss on disposal of investment property under construction of S\$0.7 million, salaries and related costs of S\$2.0 million, accrual of professional fees of S\$1.8 million and other operating expenses.

### **Finance Expenses**

Financing expenses relates to interest expenses on borrowing costs.

### **Profit/(loss) before income tax**

The Group incurred a loss before income tax of approximately S\$12.3 million in YTD 3Q2016, an increase of S\$10.8 million as compared to a loss before income tax of approximately S\$1.5 million in YTD 3Q2015.

### **Total loss after tax**

The Group incurred a net loss after tax of approximately S\$12.3 million due to the reasons stated 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**

### **Scheme of Arrangement**

On 10 February 2015, the Company filed an application to the High Court of the Republic of Singapore ("Court") to propose a scheme of arrangement ("Scheme") between the Company and certain of its creditors ("Creditors") for the purposes of implementing and facilitating the Company's debt restructuring plan.

On 6 November 2015, at a meeting of the Company's Creditors (as defined in the Scheme), the requisite majority of each of the two classes of the Company's Creditors approved the Scheme proposed by the Company in accordance with section 210(1) of the Companies Act (Cap 50) (the "Act"). The Scheme obtained the approval of (i) a majority of 100% in number



and 100% in value from Ong Hock Leong (being the first class of the Company's Creditors), and (ii) a majority of 90% in number and 93.02% in value from the rest of the Company's Creditors (being the second class of the Company's Creditors) present and voting at the meeting.

On 13 November 2015, the Company filed an application to the Court (the "Application") for the proposed Scheme to be approved by the Court in accordance with section 210(3) of the Act, so as to be binding on the Company and the Company's Creditors. The Company also sought in the Application, an order that the Scheme take effect in accordance with its terms, upon a copy of the Court order approving the Scheme being lodged with the Registrar of Companies ("Registrar").

On 25 November 2015, the Court approved the Scheme and granted the orders in the Application (the "Order of Court").

On 2 December 2015, the Company lodged a copy of the Order of Court with the Registrar. As such, the Scheme took effect on and from 2 December 2015.

Under the Scheme, certain cash payments will be made to and new Shares will be issued to the Company's Creditors in full satisfaction and complete extinguishment and discharge of the debts owed to the Company's Creditors. In particular, new Shares will be issued to the Company's Creditors pursuant to two debt-to-equity exercises referred to as the "Start Conversion" and the "End Conversion".

#### Proposed Issuance of Subscription Shares and Warrants to KH Foges Pte Ltd

On 14 March 2016, the Company entered into a conditional subscription agreement (the "Subscription Agreement") with KH Foges Pte. Ltd. (the "Subscriber"). The terms of the Subscription Agreement have been set out in the Company's announcement on 14 March 2016.

On 22 April 2016, the Company and the Subscriber have entered into a supplemental agreement to the Subscription Agreement (the "Supplemental Agreement"). The terms of the Supplemental Agreement have been set out in the Company's announcement on 22 April 2016.

Under the Subscription Agreement, as amended by the Supplemental Agreement, the Company will allot 1,400,000,000 new Shares (the "Subscription Shares") and 500,000,000 unlisted warrants (the "Warrants"), each Warrant carrying the right to subscribe for one new Share (the "Warrant Shares"), to the Subscriber (the "Subscriber Issuance").

One of the conditions precedent to the Subscription Agreement, as amended by the Supplemental Agreement, is that the Subscriber obtains a whitewash waiver from the Securities Industries Council ("SIC") of the requirement for the Subscriber and its concert parties to make a general offer for the Shares it does not own in connection with the Subscriber Issuance ("Whitewash Waiver Ruling"). The Subscriber has informed the Company that it has obtained the Whitewash Waiver Ruling on 28 April 2016.

The Company will be convening an extraordinary general meeting ("EGM") to approve the issuance of Shares pursuant to the Scheme, and the Subscriber Issuance. A circular setting out information on the aforementioned corporate actions (the "Circular") together with a notice of the EGM will be despatched to the shareholders in due course.

#### 190A/190C Chua Chu Kang Avenue 1

The Company is also marketing its property located at 190A/190C Chua Chu Kang Avenue 1, Singapore 689466 for sale to generate funds for the Scheme.

Private Lot A0020500 at Plot KR0309 Kranji Link Singapore

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 granted on 11 November 2011 by Jurong Town Corporation to the Company over all that 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. As a result the Company had to impair the value of the property and plant under construction’s which had a Net Book Value of S\$11.8 million as of 30 June 2015 to reflect the sale value of S\$3.5 million.

On 16 December 2015, the Company announced that on 14 December 2015, the Company was notified by the solicitors acting for UOB that JTC has rejected UOB’s application for the assignment of the Lease to the Buyer and that the sale and purchase of the Lease under the terms of the Option has been cancelled. The Company was further notified that the Lease will be put up for sale again. Nevertheless, the company has not reversed any of the provision for impairment previously made.

On 23 March 2016, the Company announced that on 18 March 2016, the Company was notified by solicitors acting for UOB that pursuant to the tender for the purchase of the Property conducted from 1 February 2016 to 1 March 2016, UOB had accepted an offer from Civil Tech Pte Ltd (“Buyer”) to purchase the Property at the price of S\$4,150,000. The Board was further notified that parties are in process of obtaining JTC’s approval in respect of the sale.

General

The Company’s Building & Construction Authority’s (“BCA”) grading for Civil Engineering works has been revised from A1 to B1 as the Company did not meet the criteria relating to Financial Resources. The Company is working expeditiously towards regaining the A1 grading.

The Company is actively working to the implementation of the Scheme, the Subscribers share placement as part of its continued rehabilitation exercise. The unfulfilled order book of the Company is approximately S\$120 million as of 31 March 2016. The Company is currently working with clients, sub-contractors and suppliers towards the fulfilling of the order book.

**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 nine months ended 31 March 2016.

**13 Interested person transactions disclosure**

The Group has not obtained a general mandate for Interested Persons Transactions under Rule 920 from shareholders.

There was no IPT of value above S\$100,000 being transacted in during the period under review.

**14 Confirmation by the Company pursuant to Rule 720(1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

**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 nine months ended 31 March 2016 to be false or misleading in any material aspect.

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

Ong Hoi Lian  
Non-Executive Director

Teo Boon Tieng  
Independent Director

13 May 2016