

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

ANNOUNCEMENT

**PROPOSED ISSUE OF NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY
TO SINGAPORE INFRASTRUCTURE (ASIA PACIFIC) PTE. LTD.**

1. INTRODUCTION

1.1 The Board of Directors (the “**Board**”) of Swee Hong Limited (the “**Company**”) wishes to announce that the Company has on 23 November 2015 entered into a conditional subscription agreement (the “**Subscription Agreement**”) with Singapore Infrastructure (Asia Pacific) Pte. Ltd. (the “**Subscriber**”) pursuant to which the Company has agreed to allot and issue to the Subscriber, and the Subscriber has agreed to subscribe and pay for, new ordinary shares in the capital of the Company (the “**New Shares**”) for an aggregate issue price of S\$8,025,000, on the terms and subject to the conditions of the Subscription Agreement (the “**Proposed Issue**”).

1.2 The Company has previously announced that:

1.2.1 it has filed an application to the High Court of Singapore for leave to propose a scheme of compromise and arrangement (the “**Scheme**”) under Section 210 of the Companies Act, Chapter 50 of Singapore, dated 28 September 2015 between the Company and certain of its creditors and to be administered by Ee Meng Yen Angela and Aaron Loh Cheng Lee of Ernst & Young Solutions LLP, acting jointly and severally as scheme managers of the Scheme (the “**Scheme Managers**”); and

1.2.2 the proposed Scheme has been approved by the requisite majority of each of the two classes of the Creditors (as defined in the Scheme) on 6 November 2015.

2. THE PROPOSED ISSUE

2.1 The New Shares

2.1.1 The New Shares comprise:

- (i) an initial number of new ordinary shares in the capital of the Company (“**Shares**”) (the “**Initial New Shares**”); and
- (ii) if applicable, the Top Up New Shares (as defined in paragraph 2.1.3 below).

2.1.2 Under the Subscription Agreement, the number of Initial New Shares shall be:

- (i) 535,000,000; or
- (ii) if the number referred to in paragraph 2.1.2(i) above would result in the Subscriber holding more than 29 per cent. of the number of issued Shares after all conversion of debts to new Shares under the Scheme and the issue of the New Shares (the “**Enlarged Share Capital**”) immediately after the completion of the subscription of the Initial New Shares (“**Completion**”), such lower number that would result in the Subscriber holding (as close as possible

to, but not exceeding) 29 per cent. of the Enlarged Share Capital immediately after Completion; or

- (iii) if the number referred to in paragraph 2.1.2(i) above would result in the Subscriber holding less than 28 per cent. of the Enlarged Share Capital (the “**Minimum Percentage Shareholding**”) immediately after Completion, such higher number that would result in the Subscriber holding (as close as possible to, but not below) the Minimum Percentage Shareholding immediately after Completion.

Accordingly, the Initial New Shares will represent between 28 per cent. and 29 per cent. (both inclusive) of the Enlarged Share Capital immediately after Completion.

- 2.1.3 Under the Subscription Agreement, if, at any time prior to the date of the SM Completion Notice (as defined in the Scheme), there is any issue of Shares pursuant to any further conversion of debt owed to any Eligible Creditors (as defined in the Scheme) after the date of Completion (the “**Completion Date**”) which results in the Subscriber holding less than the Minimum Percentage Shareholding immediately after such issue of Shares (the “**Specified Event**”), the Subscriber shall, prior to the date of the SM Completion Notice, issue a written notice to the Company and the Company shall allot and issue to the Subscriber such number of additional new Shares that would result in the Subscriber holding the Minimum Percentage Shareholding (the “**Top Up New Shares**”). The Subscriber will not be required to make any further payment for any Top Up New Shares issued under the Subscription Agreement. If the Specified Event does not occur, the Company will not issue any Top Up New Shares.
- 2.1.4 The Company will be making an application to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the New Shares on the official list of the mainboard of the SGX-ST.
- 2.1.5 Upon allotment and issue, the New Shares will rank *pari passu* in all respects with the existing Shares.

2.2 The Issue Price

- 2.2.1 Assuming the number of New Shares is 535,000,000, the issue price of each New Share will be S\$0.015. This represents a discount of approximately 88.4 per cent. to the volume weighted average price of S\$0.129 for trades done on the SGX-ST on 5 February 2015 (being the last trading day prior to the suspension of trading of the Shares).
- 2.2.2 As the New Shares will be issued at a discount exceeding 10 per cent., under Rule 811(1) read with 811(3) of the Listing Manual of the SGX-ST (the “**Listing Manual**”), the Proposed Issue is subject to the approval of shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting to be convened (“**EGM**”). A circular to Shareholders containing details of the Proposed Issue and the notice of EGM will be despatched in due course.

2.3 Conditions to the Proposed Issue

The completion of the Proposed Issue is subject to certain conditions set out in the Subscription Agreement, including, without limitation:

- 2.3.1 there being no objection to the Proposed Issue by the Scheme Managers;

- 2.3.2 the approval of the Scheme (without any material amendments, additions or variations thereto) by the Singapore court;
- 2.3.3 the approval of the Shareholders for the Proposed Issue having been obtained;
- 2.3.4 the approval in-principle of the SGX-ST for the listing and quotation of the New Shares on the official list of the mainboard of the SGX-ST having been obtained;
- 2.3.5 the conversion of certain debts into new Shares in accordance with the terms of the Scheme;
- 2.3.6 the Shares having been lifted from trading suspension as at the Completion Date;
- 2.3.7 the net asset value of the Company, after taking into account certain events, being not less than S\$3,600,000; and
- 2.3.8 the aggregate amount of the debts of all the Eligible Creditors, after taking into account certain events, being not more than S\$25,300,000 at any time prior to the Completion Date.

3. INFORMATION ON THE SUBSCRIBER AND RATIONALE FOR THE PROPOSED ISSUE

- 3.1 The Subscriber was incorporated in Singapore on 5 November 2014 and is a subsidiary of a company based in the People's Republic of China, which is engaged in the construction of bridges, tunnels, viaducts and elevated highways. The Subscriber had been looking for potential partners in the Singapore market and approached the Company via intermediaries to explore a co-operation.
- 3.2 The Company agreed to the Proposed Issue as it requires fresh capital. Further, the Company believes that the Subscriber's offer represents a fair price and that there will be synergies with the Subscriber as a Shareholder.

4. USE OF PROCEEDS

- 4.1 Under the Subscription Agreement, the net proceeds of the Proposed Issue, being approximately S\$7.7 million (after deducting the costs and expenses related to the Proposed Issue), shall be used for working capital requirements only. Accordingly, the Company intends to use 100 per cent. of such proceeds for its working capital requirements.
- 4.2 The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Issue as and when such proceeds are materially disbursed.

5. FINANCIAL EFFECTS OF THE PROPOSED ISSUE

For illustration purposes only and based on the unaudited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2015 ("FY2015") and for the first quarter ended 30 September 2015 ("1Q2016"), the financial effects of the Proposed Issue are set out below. The analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Group immediately after the completion of the Proposed Issue. Further, the analysis below assumes that the number of New Shares is 535,000,000. The analysis below also does not take into account the financial effects of the Scheme.

Based on the assumptions above and assuming that the Proposed Issue had been effected at the beginning of FY2015, the loss per Share after adjusting for the issue of the New Shares will decrease from 13.82 cents to 5.64 cents. In addition, based on the assumptions above

and assuming that the Proposed Issue had been effected at the end of FY2015, the consolidated net asset value per Share after adjusting for the issue of the New Shares will increase from - 9.32 cents to - 2.95 cents.

Based on the assumptions above and assuming that the Proposed Issue had been effected at the beginning of 1Q2016, the loss per Share after adjusting for the issue of the New Shares will decrease from 0.44 cents to 0.18 cents. In addition, based on the assumptions above and assuming that the Proposed Issue had been effected at the end of 1Q2016, the consolidated net asset value per Share after adjusting for the issue of the New Shares will increase from - 9.76 cents to - 3.13 cents.

6. SHAREHOLDERS' UNDERTAKING

Shareholders collectively holding 51.02 per cent. of the Shares have undertaken to the Subscriber to vote their Shares in favour of any and all resolutions to approve the Proposed Issue at the EGM.

7. GENERAL

None of the New Shares will be placed by the Company to any person who is a director or a substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual. None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Issue (other than their shareholdings in the Company, if any).

BY ORDER OF THE BOARD

Ong Hock Leong
Managing Director
24 November 2015