

**ENTRY INTO RESTRUCTURING INVESTMENT AGREEMENT IN RELATION TO
PROPOSED PLACEMENT OF SHARES**

1. INTRODUCTION

- 1.1 The Board of Directors ("**Board**" or "**Directors**") of Swee Hong Limited ("**Company**" and together with the subsidiaries of the Company, "**Group**") wishes to announce that the Company has on 15 January 2020 entered into a conditional restructuring investment agreement (the "**Agreement**") with CIIC Group Pte. Ltd. (the "**Investor**") pursuant to which the Investor will subscribe for, and the Company will allot and issue, new fully paid-up ordinary shares ("**Shares**") in the capital of the Company ("**Placement**").
- 1.2 Pursuant to the Placement, the Investor will subscribe for an aggregate number of new Shares to be allotted and issued by the Company, which shall be equivalent to 88.0% of the enlarged share capital of the Company ("**Investment Shares**"), after taking into account:
- (a) new Shares ("**Scheme Shares**") to be issued to creditors of the Company as part of a proposed creditors scheme of arrangement to be agreed upon amongst the Company and its creditors and to be finalised in due course ("**Proposed Scheme**"); and
 - (b) the maximum number of Shares to be issued to Targa Solution Pte. Ltd. pursuant to a conversion of the S\$7,000,000 convertible bonds ("**Convertible Bonds**") under the terms of the convertible bond subscription agreement entered into between Targa Solution Pte. Ltd., KH Foges Pte. Ltd., Anil Dhanpatlal Agrawal and the Company on 31 August 2017.
- 1.3 The cash consideration payable by the Investor to the Company for the Investment Shares is S\$4,000,000 ("**Investment Consideration**"). The Investor is subscribing for the Investment Shares as principal and for its own benefit.
- 1.4 The Placement is intended to be made pursuant to the private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Placement.
- 1.5 No placement agent has been appointed in respect of the Placement. No introducer fee, commission or referral fees will be paid to any party in respect of the Placement.

2. THE PROPOSED SCHEME

- 2.1 The Company will be filing an application with the High Court of Singapore under Section 210 of the Companies Act (Chapter 50) of Singapore ("**Companies Act**") in due course, seeking, *inter alia*, liberty to convene a meeting of creditors for the purposes of considering and approving the Proposed Scheme.
- 2.2 The Proposed Scheme is envisaged to comprise, *inter alia*, (i) a debt write-off of a specified of the face value of the debts owed to creditors (subject to adjudication of the debts) (ii) payment to creditors of the balance amount in cash and Scheme Shares, with the quantum and tranches to be negotiated and finalised in due course. Details of the Proposed Scheme will be announced upon its finalisation.
- 2.3 Shareholders should note that the issue price of the Investment Shares will not be the same as the issue price of the Scheme Shares. The issue price of the Investment Shares will be derived based on the Investment Consideration divided by the eventual number of Investment Shares

to be allotted and issued to the Investor, while the issue price of the Scheme Shares will be determined pursuant to the Proposed Scheme which will be finalised in due course.

- 2.4 Completion of the Placement is envisaged to take place concurrently with completion of the Proposed Scheme.

3. INFORMATION ON THE INVESTOR

3.1 The Investor is a private company limited by shares incorporated in Singapore and is engaged in the principal businesses of general contractors (building construction including major upgrading works), and investment and trading. The sole director and shareholder of the Investor is Mr. Tian Yuan, who is also an executive Director of the Company.

3.2 The Investor was introduced to the Company by a business contact of the Company prior to the appointment of Mr. Tian Yuan as an executive Director of the Company.

3.3 As at the date of this announcement, neither the Investor nor Mr. Tian Yuan holds any Shares or convertible securities in the capital of the Company.

3.4 In view that the Investor is wholly-owned by Mr. Tian Yuan, who is an executive Director of the Company, the Investor:

- (a) is a person to whom the Company is prohibited from issuing Shares to under Rule 812 of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and
- (b) is an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual of the SGX-ST. Accordingly, the proposed issuance and allotment of Investment Shares to the Investor will constitute an interested person transaction pursuant to Chapter 9 of the Listing Manual of the SGX-ST.

In view of the foregoing, the Company will be seeking independent shareholders' approval for the Placement pursuant to Rule 812(2) and Rule 906 of the Listing Manual of the SGX-ST.

4. RATIONALE AND USE OF PROCEEDS

The Placement, which is being entered into in connection with the Proposed Scheme, is necessary to facilitate a restructuring of the Company's debts and liabilities. Based on the unaudited financial results of the Company as at 30 September 2019, the Company's current liabilities were in the aggregate sum of approximately S\$44.45 million, which exceeds its current assets of approximately S\$4.92 million. The Shares have been suspended from trading on the SGX-ST since 14 May 2019.

4.1 The estimated gross proceeds of the Placement is approximately S\$4,000,000 ("**Investment Proceeds**"). The Company intends to use the Investment Proceeds for the following purposes:

- (a) up to 50% of the Investment Proceeds for debt repayment to eligible creditors under the Proposed Scheme; and
- (b) the remaining Investment Proceeds for the repayment of cash advances and interim financing extended by the Investor to the Company from 1 August 2019, including any loans, advances and/or financing granted by the Investor to the Company as sanctioned by the Court pursuant to Section 211E(1)(c) of the Companies Act.

4.2 The Company will make periodic announcements on the use of the Investment Proceeds as and when the proceeds are materially disbursed and provide a status report on the use of the Investment Proceeds in the Company's annual report. The Company will disclose a breakdown with specific details on the use of the Investment Proceeds in such announcements and annual reports.

- 4.3 As the Company is currently undergoing a court-supervised process to reorganise its liabilities and has been granted a moratorium against enforcement actions and legal proceedings by creditors against the Company pursuant to Section 211B of the Companies Act, the Directors are not in a position to opine that the working capital available to the Group is sufficient to meet its present requirements.

5. THE PLACEMENT AS AN INTERESTED PERSON TRANSACTION

- 5.1 The Investment Consideration of S\$4,000,000 represents approximately 39.2% of the latest audited net tangible assets of the Company as at 30 June 2018 of approximately S\$10.2 million. The audit committee of the Company will obtain an opinion from the independent financial advisor to be appointed by the Company on whether the Placement and the Investor's subscription thereunder is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.
- 5.2 Save for the Placement, there is no interested person transaction entered into between the Company and any interested person for the current financial year commencing 1 July 2019 up to the date of this announcement.

6. FINANCIAL EFFECTS OF THE PLACEMENT

The number of Investment Shares to be allotted and issued to the Investor is subject to, *inter alia*, the number of Scheme Shares to be allotted and issued pursuant to the Proposed Scheme, and the Placement is conditional on, *inter alia*, the court's sanction of the Proposed Scheme. Accordingly, the Company is unable, and it would not be meaningful, to calculate or illustrate the potential financial effects of the Placement at this juncture. Such information, together with information on the financial effects of the Proposed Scheme, will be set out in the circular which will be despatched to the shareholders of the Company ("**Shareholders**") prior to the extraordinary general meeting ("**EGM**") to be convened.

7. SALIENT TERMS

7.1 Investment Amount

The Investment Consideration is S\$4,000,000.

The Company will make an announcement setting out the number of Investment Shares allotted and issued, the issue price of the Investment Shares and the corresponding discount to the volume-weighted average price of the Investment Shares, when determined.

7.2 Shareholders' Approval

As set out in paragraph 3.4 of this announcement, the Company will be seeking specific approval of the Shareholders for the allotment and issue of the Investment Shares as well as the Scheme Shares at an EGM to be convened.

As at the date of this announcement, the Company has an issued share capital comprising 3,232,159,507 Shares, and does not have any treasury Shares. The Company has issued the Convertible Bonds which are due on 18 February 2021 and are convertible at the holder's option at any time from 19 August 2019 up to 15 days before the maturity date of 18 February 2021 in Shares at an initial conversion price of S\$0.015 per Share, and as at the date of this announcement, there was no conversion of Convertible Bonds into Shares.

On completion of the Placement, the Investment Shares will represent an aggregate 88.0% of the issued Shares on an enlarged basis, taking into account any Scheme Shares to be allotted and issued pursuant to the Proposed Scheme (including Shares which may be allotted and issued in tranches or contingently under the Proposed Scheme), as well as any new Shares allotted and issued pursuant to the conversion of the Convertible Bonds.

7.3 Conditions Precedent

The Placement is conditional upon the satisfaction (or waiver) of, *inter alia*, the following:

- (a) the approval of the Proposed Scheme (including without limitation, the allotment and issue of new Shares in connection therewith) by the creditors of the Company on terms acceptable to the Investor in compliance with the requirements of Section 210 of the Companies Act, and such approval remaining in full force and effect as of the completion of the Placement;
- (b) the sanction of the Proposed Scheme by the High Court of Singapore pursuant to the Companies Act and a copy of such court order sanctioning the Proposed Scheme being lodged with the Accounting and Corporate Regulatory Authority of Singapore pursuant to Section 210(5) of the Companies Act;
- (c) all regulatory approvals being obtained and not withdrawn, including without limitation, (i) the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for, *inter alia*, the Investment Shares on the SGX-ST pursuant to the additional listing application to be submitted by the Company to the SGX-ST and (ii) the SGX-ST's approval in-principle for resumption of trading of the Shares on the SGX-ST, and where any of the aforesaid approvals is obtained subject to any conditions, such conditions being fulfilled and not revoked, rescinded or cancelled;
- (d) the Company remaining listed on the SGX-ST and there being no notice or proposal for the delisting of the Company;
- (e) the Securities Industry Council ("**SIC**") having granted the Investor and its concert parties (and not having revoked or repealed such grant) a waiver of the Investor's obligation to make a mandatory offer under Rule 14 of the Singapore Code on Take-over and Mergers (the "**Code**") for the Shares not held by the Investor and its concert parties and from having to comply with the requirements of Rule 14 of the Code including but not limited to pre-clearance from the SIC on any issues in connection with the Placement and Proposed Scheme that Investor and/or the Company may consider necessary, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Investor and its concert parties; and (ii) the independent shareholders approving the whitewash resolution at the EGM to be convened;
- (f) the Company procuring and receiving no later than 28 February 2020 (or such other date as may be agreed between the Parties in writing) irrevocable undertakings, in such form and substance satisfactory to the Investor in its sole and absolute discretion, by (i) the creditors of the Company representing at least three-fourths in value of those creditors or class of creditors voting at the creditors' meeting to be convened, and (ii) Shareholders holding at least 50% of the entire share capital of the Company as at the date of the EGM to be convened to vote in favour of the allotment and issue of the Investment Shares to the Investor;
- (g) the Company continuing to hold and perform its obligations under the following contracts entered into by the Company and Public Utilities Board in relation to: (i) proposed sewers in Punggol North Area – Contract 2; (ii) DTSS Phase 2 Project – Commonwealth Ave West / Clementi Ave 2 / University; and (iii) DTSS Phase 2 Schedules III Contract 2 – Old Choa Chu Kang Road / Jalan Baha;
- (h) the Company holding and continuing to hold its registration status as a Grade A2 contractor under category CW02 for Civil Engineering with the Building and Construction Authority of Singapore;
- (i) completion of a business, legal and financial due diligence exercise by the Investor on the Company and the results of such exercise being satisfactory to the Investor in the Investor's sole and absolute determination;

- (j) there being no material adverse change or event, act or omission between the date of the Agreement and the allotment and issuance of the Investment Shares to the Investor likely to lead to such a change in prospects, business, assets, performance, financial position or results of operations of the Company or which would affect the validity and enforceability of the Agreement or the Investment Shares to be issued;
- (k) the Investor being satisfied in its reasonable discretion that the business of the Company has been carried on in a satisfactory manner and in its usual course, and all material approvals and consents (including any governmental, regulatory and/or corporate approvals and consents) required for the business of the Company having been obtained, and are and shall as at the date of the allotment and issuance of the Investment Shares to the Investor, remain valid and effective and not withdrawn or amended;
- (l) approval of Shareholders for the Placement and the Proposed Scheme, and the allotment and issue of new Shares in connection with the Proposed Scheme and such other transaction contemplated in connection with the Agreement and the Proposed Scheme being obtained at the EGM; and
- (m) the Placement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Investor and/or the Company.

In the event that any of the aforementioned conditions precedent as set out in the Agreement is not satisfied on or before six (6) calendar months from the date of the Agreement (or such later date as the parties to the Agreement may agree in writing), the Agreement shall terminate.

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Investment Shares on the SGX-ST in due course.

8. CIRCULAR

A circular containing further details of, *inter alia*, the Placement and the Proposed Scheme, together with a notice of the EGM of the Company will be despatched to Shareholders in due course.

9. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 60 Ubi Crescent, #01-12, Singapore 408569, for a period of three months commencing from the date of this announcement.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Placement or the Proposed Scheme save for their direct or indirect interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

11. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Proposed Scheme, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a

named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. CAUTION AND FURTHER ANNOUNCEMENTS

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. The Placement is subject to the fulfilment of certain conditions and there is no certainty or assurance at the date of this announcement that the Placement will be completed or that no changes will be made to the terms of the Agreement. The Proposed Scheme is subject to negotiations with creditors and to the sanction of the Court. There is no certainty or assurance at the date of this announcement that the Proposed Scheme will be implemented. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. The Company will make the necessary announcements as and when there are further material developments.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary

15 January 2020