

**PROPOSED PLACEMENT OF SUBSCRIPTION SHARES AND WARRANTS TO KH FOGES PTE. LTD.**

---

*The board of directors (“**Directors**” or collectively, the “**Board**”) of Swee Hong Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcements dated 25 February 2016 and 14 March 2016 (“**Previous Announcements**”). Unless defined otherwise, terms used in this announcement will have the same meanings ascribed to them in the Previous Announcements.*

**1. INTRODUCTION**

Further to the Previous Announcements, the Board wishes to announce that the Company<sup>(1)</sup> and KH Foges Pte. Ltd. (the “**Subscriber**”) have entered into a supplemental agreement on 22 April 2016 to the Subscription Agreement (the “**Supplemental Agreement**”).

Pursuant to the Supplemental Agreement, the Company and the Subscriber have agreed that the number of Subscription Shares shall be revised to one billion and four hundred million (1,400,000,000) and shall be issued for an aggregate consideration of S\$4,000,000 at an issue price of S\$0.0029 per Subscription Share (the “**Issue Price**”). For the avoidance of doubt, there will no longer be any Top Up Subscription Shares and the number of Warrants remains the same at five hundred million (500,000,000) with an exercise price of S\$0.01 (the “**Exercise Price**”). All other terms and conditions of the Subscription Agreement remain unchanged.

The Company and the Subscriber have agreed to revise the terms of the Proposed Placement to take into account Subscriber’s due diligence exercise, the Company’s financial position (including its requirement for additional working capital) and the market outlook.

**2. ISSUE PRICE OF THE SUBSCRIPTION SHARES AND EXERCISE PRICE OF THE WARRANTS**

- 2.1. The Issue Price of S\$0.0029 represents a discount of approximately 97.79% 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. The Exercise Price of S\$0.01 represents a discount of approximately 92.25% 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).

**3. USE OF PROCEEDS**

- 3.1. The amount of proceeds from the allotment and issuance of Subscription Shares will be S\$4,000,000 (the “**Subscription Shares Proceeds**”) and the amount of proceeds from the allotment and issuance of Warrant Shares (assuming that all Warrants are fully exercised) will be S\$5,000,000 (the “**Warrants Proceeds**”).
- 3.2. The net Subscription Shares Proceeds after deducting fees and expenses incurred in connection with allotment and issuance of Subscription Shares is approximately S\$3.6 million (“**Placement Net Proceeds**”), 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.

- 3.3. As and when the Warrants are exercised, the Company will utilise the proceeds thereof (after deducting any further fees and expenses incurred in connection with the Warrants) working capital requirements.
- 3.4. The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Placement as and when such proceeds are materially disbursed and subsequently provide a status report on the specific use of such proceeds and any material deviations therefrom in its annual report.

#### **4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT**

- 4.1. For illustration purposes only and based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2015 (“**FY2015**”) and for the second quarter ended 31 December 2015 (“**2Q2016**”), the financial effects of the Proposed Placement 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 Placement. The analysis below also does not take into account the financial effects of the Scheme.

##### Loss Per Share

- (a) Based on the assumptions above and assuming that the Proposed Placement had been effected at the beginning of **FY2015**, the loss per Share after adjusting for the issue of the Subscription Shares will decrease from (13.93) cents to (2.90) cents.
- (b) Based on the assumptions above and assuming that the Proposed Placement had been effected at the beginning of **FY2015**, the loss per Share after adjusting for the issue of the Warrant Shares will decrease from (13.93) cents to (2.26) cents.
- (c) Based on the assumptions above and assuming that the Proposed Placement had been effected at the beginning of **2Q2016**, the loss per Share after adjusting for the issue of the Subscription Shares will decrease from (1.93) cents to (0.40) cents.
- (d) Based on the assumptions above and assuming that the Proposed Placement had been effected at the beginning of **2Q2016**, the loss per Share after adjusting for the issue of the Warrant Shares will decrease from (1.93) cents to (0.31) cents.

##### Net Tangible Asset

- (a) Based on the assumptions above and assuming that the Proposed Placement had been effected at the end of **FY2015**, the net tangible asset per Share after adjusting for the issue of the Subscription Shares will increase from (9.42) cents to (1.76) cents.
- (b) Based on the assumptions above and assuming that the Proposed Placement had been effected at the end of **FY2015**, the net tangible asset per Share after adjusting for the issue of the Warrant Shares will increase from (9.42) cents to (1.15) cents.
- (c) Based on the assumptions above and assuming that the Proposed Placement had been effected at the end of **2Q2016**, the net tangible asset per Share after adjusting for the issue of the Subscription Shares will increase from (11.36) cents to (2.16) cents.
- (d) Based on the assumptions above and assuming that the Proposed Placement had been effected at the end of **2Q2016**, the net tangible asset per Share after adjusting for the issue of the Warrant Shares will increase from (11.36) cents to (1.47) cents.
- 4.2. The changes to the issued and paid-up share capital of the Company upon the issue and allotment of the Subscription Shares and the Warrant Shares are as follows:

	<b>Number of Shares<sup>(1)</sup></b>
Issued share capital as at the date of this announcement (“ <b>Existing Share Capital</b> ”)	368,500,000
Number of Subscription Shares to be issued	1,400,000,000
Issued share capital after the allotment and issuance of Subscription Shares but before the allotment and issuance of Warrant Shares (“ <b>Enlarged Scenario A</b> ”)	1,768,500,000
% of Subscription Shares to Existing Share Capital	379.92%
% of Subscription Shares to Enlarged Scenario A	79.16%
Number of Warrant Shares to be issued (assuming exercise of all of the Warrants)	500,000,000
Issued share capital after the allotment and issuance of Subscription Shares and Warrant Shares (“ <b>Enlarged Scenario B</b> ”)	2,268,500,000
% of Warrant Shares to Existing Share Capital	135.69%
% of Warrant Shares to Enlarged Scenario B	22.04%

**Note:**

(1) Shareholders are to note that the issuance of any new Shares pursuant to the Scheme has been disregarded for purposes of the computations.

## **5. WORKING CAPITAL FACILITY**

As at the date of this announcement, a total sum of S\$1,800,000 has already been disbursed by the Subscriber to the Company under the Working Capital Facility.

## **6. CIRCULAR**

Further details of the Proposed Placement, the Subscription Agreement and the Supplemental Agreement will be provided in the Circular to be despatched to the Shareholders in due course.

## **7. DIRECTORS’ 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 Proposed Placement, 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.

## **8. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution as there is no certainty or assurance as at the date of this announcement that the Proposed Placement will be completed. **Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

## **9. DOCUMENTS FOR INSPECTION**

A copy of the Supplemental Agreement is available for inspection at 190A/190C Choa Chu Kang Avenue 1, Singapore 689466 during normal business hours for a period of three (3) months from the date of this announcement.

## **BY ORDER OF THE BOARD**

Tan Swee Gek  
Company Secretary  
22 April 2016