

**DELISTING NOTIFICATION – FURTHER INFORMATION**

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The Board of Directors ("**Board**" or "**Directors**") of Swee Hong Limited ("**Company**") refers to the notification of delisting ("**Delisting Notification**") from the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**" or "**Exchange**") received by the Company on 21 August 2020, as announced on 23 August.

The Board wishes to further inform that the SGX-ST had in its Delisting Notification stated the following:

1. On 5 December 2016, the Company entered the watch-list based on the financial entry criteria. Under Rule 1315 of the Listing Manual, the Company is required to meet the relevant requirements set out in Rule 1314 of the Listing Manual within 36 months, i.e. by 4 December 2019, failing which the Exchange may remove the Company from the Official List.
2. As at 21 August 2020, the Company recorded pre-tax loss of \$56.9 million for FY2019 ended 30 June 2019 and has an average daily market capitalisation of S\$9.7 million over the last 6 months which does not satisfy the requirements under Rule 1314, and this loss was incurred even prior to the COVID outbreak.
3. On 14 May 2019, trading of the listed securities of the Company was suspended pursuant to Listing Rule 1303(3)(c) as the Company was unable to reasonably assess its financial position and inform the market accordingly.
4. On 28 November 2019, the Company's management sought SGX Regco's views and SGX Regco explained the requirements that would be required if the Company wishes to seek an extension of time under Listing Rule 1314.
5. On 2 December 2019, SGX Regco reminded the Company of its upcoming deadline of 4 December 2019 under Listing Rule 1315.
6. On 23 December 2019, the Company applied to the Exchange for additional time till 31 December 2019 to submit a proposal to exit the Watch-list. SGX Regco granted the extension subject to submission of an acceptable trading resumption proposal under Listing Rule 1314 by 31 December 2019, a date indicated by the Company, and failing which, SGX-ST reserved the right to delist the Company under Listing Rule 1315. The Company failed to fulfill this condition to submit an acceptable trading resumption proposal under Listing Rule 1314 by 31 December 2019.
7. On 3 February 2020, the Company sought further extension of time to 16 March 2020 to submit a trading resumption proposal under Listing Rule 1304. It submitted, *inter alia*, the following:
  - (a) The Company has entered into a Restructuring Investment Agreement with CIIC Group Pte Ltd (the "**Investor**") pursuant to which the Investor will subscribe for shares equivalent to 88% of the enlarged share capital of the Company for a consideration of S\$4 million;
  - (b) a proposed scheme whereby the Company's aggregate debt of approximately S\$42 million comprised under the creditors' scheme to be satisfied by (i) creditors waiving 25% of their debts and (ii) in respect of the balance amount, creditors receiving S\$0.05 in cash and S\$0.70 in new shares for each dollar of debt. ("**Proposed Scheme**"); and
  - (c) the Investor procuring new investments for the Company to enter into by 29 February 2020.

8. On 11 February 2020, the SGX-ST informed the Company that as the Company does not meet any of the extension criteria requirements stated in Paragraph 4.3 of Practice Note 13.2 of the Listing Manual, the Exchange is unable to grant an extension of time for the Company to satisfy the requirements for removal from the Watchlist. Till date, the Company has not submitted a trading resumption proposal nor announced any new projects.
9. In deciding on an application for allowing extensions of time of the cure period, the Exchange will have regard to factors set out under paragraph 4.2 of Practice Note 13.2. The SGX-ST noted that the Company has not met any of these conditions. Among others, it was noted that the Company had generated negative cash flow of \$6.65 million from its operating activities in FY2019. While the Company represented that the Investor will procure new projects for the Company to be entered into by 29 February 2020 and make a capital injection of \$4 million pursuant to the Restructuring Investment Agreement, the Company did not meet the deadline of 29 February 2020 that was represented to the Exchange and even to-date. There is also no certainty that securing such projects will enable the Company to achieve profitability and have a market capitalisation of at least \$40 million to meet the requirements for its removal from the Watchlist.
10. The Company is in a negative equity position, with net liability position of \$45.7 million as at 31 December 2019. The Exchange noted that even if the Proposed Scheme involving debts of approximately \$42 million was accepted by creditors and were to be fully removed from the balance sheet, the Company would remain in a net liability position.
11. The Company announced on 12 February 2020 that it was granted a further extension of time to 30 April 2020 to hold its FY2019 Annual General Meeting as the Company was experiencing cash-flow difficulties and due to the non-payment of audit fees, the auditors were unwilling to commence audit of the FY2019 accounts. The Company represented that it had since made payment of the audit fees for the auditors to commence audit and will hold its AGM as soon as possible. The Company failed to hold its FY2019 AGM by 30 April 2020 and to-date had not even issued its annual report for FY2019.
12. As the Company has failed to meet the requirements under Listing Rule 1314, it will be delisted pursuant to Listing Rule 1315. The Company is to make the necessary arrangements to delist the Company by 21 September 2020. Such arrangements should include steps to comply with Rule 1306. The Company is to inform the SGX-ST on the exit proposal as soon as practicable and no later than one month from the date of the Delisting Notification, and to provide updates via SGXNET on the status of the Company's exit offer proposal.
13. The Company was required to make an immediate SGXNET announcement to inform shareholders of the Delisting Notification and the requirement for a fair and reasonable exit offer.

Shareholders of the Company may refer to the Company's announcement dated 23 August 2020 on the relevant requirements under the Listing Manual of the SGX-ST for a fair and reasonable exit offer.

The Company will keep shareholders informed of any developments in this regard and will make the necessary announcements as and when there are further material developments. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

#### **BY ORDER OF THE BOARD**

Tan Swee Gek  
Company Secretary  
26 August 2020