偉合控股有限公司

WEE HUR HOLDINGS LTD.
(Company Registration Number 200619510K)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 JUNE 2021

The Board of Directors (the "**Board**") of Wee Hur Holdings Ltd (the "**Company**") together with its subsidiaries (the "**Group**") wishes to announce the response to queries raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") in its email of 23 August 2021 on the Company's unaudited financial statements for six months ended 30 June 2021 ("**1HFY2021**") released to the SGX-ST on 13 August 2021 as follows:

Query 1:

We note the $301 million net current liability position of the Group. Even if the loan amount of $184 million that is currently in breach of their financial covenants is excluded, the Company remains in a negative working capital position. Noting the gross and net loss position as well as a net cash outflow position incurred by the Company for the half year ended 30 June 2021. Please elaborate on the Board's views as to how the Company will be able to address its going concern issues. Please include specific justifications to support the Board's views.

Response:

As at 30 June 2021, the increased current liabilities was a result of the reclassification of borrowings from non-current liabilities to current liabilities due to breaches of loan covenants and loans expiring in less than twelve months.

Details of the reclassified borrowings were as follows:

(i) Interest free loans of $136,812,000 from related parties' stapled proportion to the units subscribed by them in relation to a placement exercise that aligned with the Group's intent of building up a PBSA portfolio in Australia. The loans are repayable on 30 June 2022, with an option to extend the maturity date for another two years till 30 June 2024, which is at the discretion of the Group. Currently, the Group is in the process of converting the aforesaid loan into units.

(ii) Bank loans of $184,075,000 that are currently in breach of their financial covenants. Please refer to our responses in query 2 on the updates.

(iii) Bank loans of $145,387,000 which are due for payment on 30 June 2022, in which the Company is actively engaging discussions with the bank for an extension of time for repayment of the aforesaid loans.

Please note that the bank loans under items (ii) and (iii) are also for the purpose of building up the Group's PBSA portfolio in Australia.

If the above factors had been excluded, the Group would be in a net current assets position of $165,593,000. The position is represented as follows:

	30 June 2021
	$'000
Net current liabilities	(300,681)
Add back:	
- loans in breach of their financial covenants	184,075
- loans expiring in less than 12 months	145,387
- related parties' loans converting into equity in September 2021	136,812
Net current asset	**165,593**

In addition to the positive cash balances of $37,205,000 held in bank as at 30 June 2021, the Group has available banking facilities of $40,000,000 which can be drawdown as and when required for general working capital needs.

The Group also expects to receive several receivables which include the following:

(i) The repayment of unrelated party loan of approximately $17,114,000 before 31 December 2021. The loan is secured over land and bears an interest of 12% per annum.

(ii) The repayment of shareholders' loan and expected proportionate share of profit of approximately $85,000,000 from Fernvale Green Pte Ltd, a joint venture company which undertakes the residential development, namely Parc Botannia in the first half of 2022.

(iii) The second instalment of the sale proceeds of approximately $11,125,000 (A$11,000,000) from the proposed disposal of a plot of land at 62-80 Ann Street and 71-97 Turbot Street in Brisbane, Australia by Wee Hur (Ann Street) Pty Ltd, a wholly owned subsidiary of the Company, in the first half of 2022. Please refer to the Company's announcement dated 6 December 2017 for the details.

Taking into above consideration, the Board is of the view that the Group is in a positive working capital position and will be able to continue as a going concern, hence the unaudited financial statements for 1HFY2021 have been prepared on that basis.

Additionally, the Board is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

Query 2:

We refer to the breach of loan covenants by the Company for loans amounting to $184,075,000.

(i) Please disclose the key terms of the loan agreements which are currently in breach, including the loan quantum, term, lender and covenant clauses.

(ii) Please disclose whether the banks have imposed any additional conditions on the Company when the waivers from the breach of the covenants was granted. Please provide details and an update on the status of discussions to obtain waivers from the banks for the breach of the loan covenants.

Response:

The breach of loan covenants for the loans amounting to $184,075,000 relates to the banking facilities of $131,482,000 (A$130,000,000) granted to WH Buranda Trust ("**WHBT**") and $52,592,800 (A$52,000,000) to WH Gray Street ("**WHGST**"), both are sub-trusts of Wee Hur PBSA Master Trust ("**WHPMT**"). The Company holds an interest of 60% in WHPMT which in turn has a 99% interest in WH PBSA Trust which in turn has 100% interest in WHBT and WHGST respectively.

(i) The key terms of the loan agreements are as follows:

	WHBT	**WHGST**
Lender	United Overseas Bank Limited ("**UOB**")	United Overseas Bank Limited
Facility Amount	A$130,000,000	A$52,000,000
Facility Type	Term: A$105,000,000 Revolving: A$25,000,000	Term
Facility Term	30 September 2019 to 30 September 2022	31 August 2020 to 28 February 2022
Maturity Date	30 September 2022	28 February 2022
Guarantee by the Company	60% of the facility amount	60% of the facility amount
Covenants	(i) Maximum Loan to Value Ratio ("**LTV**"): Loan to value of security property shall not exceed 60%. (ii) Interest Cover Ratio ("**ICR**") to be at minimum 2 times at all times tested on 30 June and 31 December, on a 12-month rolling basis against the most recent financial report.	(i) Maximum Loan to Value Ratio ("**LTV**"): Loan to value of security property shall not exceed 60%. (ii) Interest Cover Ratio ("**ICR**") to be at minimum 2 times at all times tested on 30 June and 31 December, on a 12-month rolling basis against the most recent financial report.

(ii) For the loan agreement of WHBT, it was in breach of both the LTV (at 61.61%) and ICR (of 1.01 times) covenants. For the loan agreement of WHGST, it satisfies the LTV covenant but was in breach of the ICR (of 1.24 times) covenant.

On 17 August 2021, the Company received the email confirmation from UOB that its credit committee had approved the waiver of ICR covenant reporting for both WHBT and WHGST for June 2021 and December 2021 reporting periods. UOB did not impose any additional conditions on the Company when the waivers of the ICR covenants were granted.

With regard to the breach of LTV covenant for the loan agreement of WHBT, the Company's request for waiver is being assessed by UOB and the Company will disclose the outcome as soon as practicable.

By Order of the Board

Goh Yeow Lian
Executive Chairman and Managing Director
24 August 2021