

SWEE HONG LIMITED
(Company Registration No.: 1998001852R)
(Incorporated in Singapore)

**ENTRY INTO NON-BINDING MEMORANDUM OF UNDERSTANDING WITH (1)
WORLD FORUM DEVELOPMENT LIMITED AND (2) GOLD PARADISE
INTERNATIONAL LIMITED FOR THE PROPOSED ACQUISITION OF THE ENTIRE
ISSUED AND PAID-UP SHARE CAPITAL OF ASIAFAME GROUP LIMITED**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Swee Hong Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that it has on 3 August 2018 entered into a non-binding memorandum of understanding (the “**MOU**”) with World Forum Development Limited (the “**First Vendor**”) and Gold Paradise International Limited (the “**Second Vendor**”) (collectively, the “**Vendors**”) to acquire the entire issued and paid-up share capital of Asiafame Group Limited (the “**Target**”) which in turn owns an indirect wholly-owned subsidiary, Hunan Chudi Hengda Inspection Co., Ltd (“**Hunan Chudi**”) (each a “**Party**” and collectively, the “**Parties**”) (the “**Proposed Acquisition**”).

2. INFORMATION ON THE PROPOSED ACQUISITION

The Target

The Target is a holding company incorporated in the British Virgin Islands and the shareholders of the Target are the Vendors.

As at the date of signing of the MOU, the Target has an indirect wholly owned subsidiary, Hunan Chudi. Hunan Chudi is incorporated in the Republic of China and is principally based in Changsha, Hunan Province and is in the business of providing third party testing and inspection services in the Republic of China. The services provided include but is not limited to, foundation inspection, construction material inspection, structural inspection and road and bridges inspection. In the event the Proposed Acquisition is completed, both Asiafame Group Limited and its indirect wholly owned subsidiary, Hunan Chudi, would become subsidiaries of the Company.

The Vendors

The First Vendor is an investment holding company incorporated in the British Virgin Islands. The shareholder of the First Vendor is Mr Lu Wenge. The Second Vendor is an investment holding company incorporated in the British Virgin Islands. The shareholders of the Second Vendor are Ms Luk Yee Lin Ellen, Ms Ai Mizoguchi, Mr Cheng Wang, Mr Kenji Takashi and Mr Andrew Bek.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board has considered that the Proposed Acquisition will enhance the Company’s asset base as well as increasing shareholders value in the Company. The Company is confident that the Proposed Acquisition will assist the Company to enter the China market For these reasons, the Directors consider the Proposed Acquisition to be in the best interests of the Company.

4. SALIENT TERMS OF THE MOU

- 4.1 The conditions precedent to be included in the Definitive Agreement (as defined below) includes:
- (a) the Company being satisfied with the results of the due diligence to be conducted on the Target (including its subsidiaries) and the Vendors procuring the Target to regularise and/or resolve any issues arising from such due diligence;
 - (b) all necessary requirements under the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") being fulfilled and all necessary consents or approvals (if any) being granted; and
 - (c) there being no adverse change in the prospects, operations or financial condition of the Target or the Company occurring on or before completion.
- 4.2 The MOU is not intended to be legally binding between the Parties, except for certain provisions relating to costs, exclusivity, confidentiality and settlement of disputes. It sets out the preliminary intentions of the Parties with regards to the Proposed Acquisition, and is subject to the Parties entering into a definitive formal agreement (the "**Definitive Agreement**"). The Parties shall negotiate in good faith to agree on the terms and conditions of the Definitive Agreement within three (3) months from the date of the MOU or such longer period as Parties may agree in writing (the "**Long Stop Date**"). If Parties have not entered into a Definitive Agreement by the Long Stop Date, either Party can terminate the MOU by providing not less than seven (7) days written notice to the other Parties.

5. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Company's directors or substantial shareholders or their associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

6. FURTHER ANNOUNCEMENTS

The Company will make the relevant update announcements on the Proposed Acquisition in compliance with the Listing Manual, including information required under Chapter 10 of the Listing Manual, upon finalisation of the terms and conditions of a Definitive Agreement being signed or as and when there are material developments on the above.

7. CAUTIONARY STATEMENT

Please note that the MOU is in any event subject to the execution of a Definitive Agreement among the Parties. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

Shareholders should note that no definitive agreements have been entered into in relation to the Proposed Acquisition and there is no certainty or assurance that any definitive agreements will be entered into and that any transaction will result from these discussions.

By order of the Board

Tan Swee Gek

Company Secretary

5 August 2018