

CIRCULAR DATED 23 JANUARY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Swee Hong Limited (the “**Company**”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The issue of a listing and quotation notice in respect of the Conversion Shares by the SGX-ST is not to be taken as an indication of the merits of the Conversion Shares Issue, the Bonds, the Bonds Issue, Conversion Shares, the Company, its subsidiaries and their securities.

This Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Circular.



CIRCULAR TO SHAREHOLDERS IN RELATION TO:

THE PROPOSED ISSUE OF UP TO 466,666,666 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “CONVERSION SHARES”) TO TARGA SOLUTION PTE. LTD. (THE “SUBSCRIBER”) AT THE CONVERSION PRICE OF S\$0.015 FOR EACH CONVERSION SHARE PURSUANT TO THE CONVERTIBLE BONDS SUBSCRIPTION AGREEMENT ENTERED INTO BETWEEN THE COMPANY, THE GUARANTORS (AS DEFINED BELOW) AND THE SUBSCRIBER (AS DEFINED BELOW) (THE “CONVERSION SHARES ISSUE”)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	5 February 2018 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	7 February 2018 at 10.30 a.m.
Place of Extraordinary General Meeting	:	58 Sungei Kadut Drive Singapore 729572

CONTENTS

	Page
DEFINITIONS	3
LETTER TO SHAREHOLDERS	
1. INTRODUCTION	8
1.1 EXTRAORDINARY GENERAL MEETING.....	8
1.2 PURPOSE OF THIS CIRCULAR.....	8
2. THE PROPOSED CONVERSION SHARES ISSUE	8
2.1 INTRODUCTION.....	8
2.2 INFORMATION ON THE SUBSCRIBER	10
2.3 RATIONALE FOR THE PROPOSED BONDS ISSUE	10
2.4 SHAREHOLDERS' APPROVAL PURSUANT TO CHAPTER 8 OF THE LISTING MANUAL....	11
2.5 SALIENT TERMS OF THE BONDS ISSUE.....	11
2.6 UNDERTAKING BY THE SUBSCRIBER	16
2.7 GUARANTEE	16
2.8 COVENANTS AND UNDERTAKINGS	16
3. DIRECTOR'S OPINION	17
4. FINANCIAL EFFECTS OF THE BONDS AND THE CONVERSION SHARES	17
4.1 SHARE CAPITAL	17
4.2 NET TANGIBLE ASSETS.....	17
4.3 EARNINGS PER SHARE.....	18
4.4 GEARING.....	18
5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND SHAREHOLDING STRUCTURE OF THE COMPANY	19
6. DIRECTORS' RECOMMENDATION	21
7. ABSTENTION FROM VOTING	21
8. EXTRAORDINARY GENERAL MEETING	21
9. ACTION TO BE TAKEN BY THE SHAREHOLDERS	21
10. DIRECTORS' RESPONSIBILITY STATEMENT	22
11. DOCUMENTS AVAILABLE FOR INSPECTION	22
APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES	23
NOTICE OF EXTRAORDINARY GENERAL MEETING	31
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

- “Associate”** : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board”** : The board of Directors
- “Bond Issue”** : The proposed issue of the Bonds to the Subscriber
- “Bonds”** : The non-transferable convertible bonds due 2020 in an aggregate principal amount of S\$7,000,000 convertible into the Conversion Shares
- “Capital Distribution”** : The distributions in cash or specie (other than dividends) or by way of issue of Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund but excluding any issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend)
- “CDP”** : The Central Depository (Pte) Limited
- “Certificate”** : The certificate issued in respect of the Bonds
- “Circular”** : This circular to Shareholders dated 23 January 2018
- “Company” or “Issuer”** : Swee Hong Limited
- “Completion Tranche 1”** : The first tranche of Bonds of principal amount of S\$5,000,000 to be issued to the Subscriber
- “Completion Tranche 2”** : The second tranche of Bonds of principal amount of S\$2,000,000 to be issued to the Subscriber
- “Completion Tranche 1 Date”** : 5 September 2017

DEFINITIONS

“Completion Tranche 2 Date”	:	Means the date within 30 business days from the date of satisfaction of the last of the conditions set out in paragraph 2.5.3 of this Circular under the section titled “Conditions Precedent to the Bonds Issue” (or on such other date as may be agreed in writing between the parties)
“Companies Act”	:	Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
“Conditions”	:	The terms and conditions of the Bonds as set out in the Subscription Agreement
“Constitution”	:	The Constitution of the Company
“Control”	:	The capacity to dominate the decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Interest”	:	The interest of the Controlling Shareholder(s)
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises Control over the Company
“Conversion Period”	:	The period commencing after the Non-Conversion Period and ending on the date falling fifteen (15) days prior to Maturity Date
“Conversion Price”	:	S\$0.015 per Conversion Share
“Conversion Shares”	:	An aggregate of up to 466,666,666 new ordinary shares in the capital of the Company to be issued and allotted by the Company to the Subscribers pursuant to the conversion of the Bonds
“Conversion Shares Issue”	:	The proposed issue of the Conversion Shares to the Subscriber at the Conversion Price of S\$0.015 for each Conversion Share pursuant to the Subscription Agreement entered into between the Company, the Guarantors and the Subscriber
“Conversion Right”	:	The right to convert the Bonds into Conversion Shares at the Conversion Price
“Corporate Guarantor”	:	KH Foges Pte Ltd
“Coupon Rate”	:	Interest rate of 5% per annum on the principal amount of the Bonds on a monthly basis
“Default Interest”	:	Interest of 24% per annum on the principal amount of the Bonds
“Directors”	:	The directors of the Company as at the Latest Practicable Date and each a “ Director ”

DEFINITIONS

<i>“Enlarged Share Capital”</i>	:	The enlarged issued share capital of the Company comprising 3,298,826,173 Shares on conversion of the Bonds, (assuming all the Bonds are converted and the Company does not otherwise issue any new Shares from the Latest Practicable Date up to conversion of the Bonds)
<i>“EPS”</i>	:	Earnings per share
<i>“Existing Issued Share Capital”</i>	:	The existing issued share capital of the Company comprising 2,832,159,507 Shares as at the Latest Practicable Date
<i>“FY”</i>	:	Financial year ended or ending 30 June, as the case may be
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Guarantors”</i>	:	Mr Anil Dhanpatlal Agrawal and KH Foges Pte Ltd
<i>“Latest Practicable Date”</i>	:	18 January 2018, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The Listing Manual of the SGX-ST, as amended up to the Latest Practicable Date
<i>“Long Stop Date”</i>	:	31 August 2018 or such other date as may be agreed mutually in writing by the Subscriber and the Company
<i>“Mainboard”</i>	:	The SGX-ST Main Board
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading of securities
<i>“Maturity Date”</i>	:	The date falling three (3) years from Completion Tranche 2 Date
<i>“Net Proceeds”</i>	:	The net proceeds of S\$6,950,000 (after deducting for expenses including but not limited to professional fees incurred for the drafting of the Subscription Agreement)
<i>“Non-Conversion Period”</i>	:	The first eighteen (18) months from Completion Tranche 2 Date
<i>“Notice of EGM”</i>	:	The notice of the EGM which is set out on page 31 of this Circular
<i>“NTA”</i>	:	Net tangible assets
<i>“Personal Guarantor”</i>	:	Mr Anil Dhanpatlal Agrawal
<i>“Redemption Interest”</i>	:	Additional interest at the rate of 7% per annum on the principal amount of the Bonds
<i>“Register of Bondholders”</i>	:	Register of Bondholders of the Company
<i>“Scheme of Arrangement”</i>	:	The Scheme of Arrangement between the Company and its creditors
<i>“SFA”</i>	:	Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time

DEFINITIONS

“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Holders of issued Shares, including Depositors whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST, and “Shareholder” shall be construed accordingly
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“Subscriber”	:	Targa Solution Pte. Ltd.
“Subscription Agreement”	:	The subscription agreement dated 31 August 2017 entered into between the Company, the Guarantors and the Subscriber relating to the Bonds Issue
“Subscription L&Q Notice”	:	The listing and quotation notice in relation to the Conversion Shares
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers
“Tranche 1 Proceeds”	:	The proceeds of S\$5,000,000 raised from the issuance of the Bonds pursuant to Completion Tranche 1
“Tranche 2 Proceeds”	:	The proceeds of S\$2,000,000 to be raised from the issuance of the Bonds pursuant to Completion Tranche 2
“VWAP”	:	Volume weighted average price
“%” or “per cent.”	:	Per centum or percentage

Depositors. The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Subsidiaries and related corporations. The terms **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

References. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the Take-over Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Listing Manual, the Take-over Code or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

DEFINITIONS

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

SWEE HONG
FIRST WORLD CITY BUILDERS
SWEE HONG LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 198001852)

Board of Directors:

Peter Moe (*Non-Executive Chairman and Independent Director*)
Anil Dhanpatlal Agrawal (*Executive Director*)
Yeo Junyu (*Executive Director*)
Moorthy Varadhan (*Executive Director*)
Teo Boon Tieng (*Independent Director*)

Registered Office:

58 Sungei Kadut Drive
Singapore 729572

23 January 2018

To: The Shareholders of Swee Hong Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Directors are convening an Extraordinary General Meeting of the Company (“**EGM**”) to be held on 7 February 2018 to seek Shareholders’ approval in respect of the Conversion Shares Issue.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Conversion Shares Issue and to seek Shareholders’ approval for the same at the extraordinary general meeting to be held at 10.30a.m on 7 February 2018, Wednesday at 58 Sungei Kadut Drive Singapore 729572. The notice of EGM is set out on page 31 of this Circular.

The SGX-ST takes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED CONVERSION SHARES ISSUE

2.1 Introduction

2.1.1 The Company had on 31 August 2017 entered into a subscription agreement (the “**Subscription Agreement**”) with Targa Solution Pte. Ltd. (the “**Subscriber**”). Subject to the terms and conditions of the Subscription Agreement, the Subscriber agrees to subscribe and pay for the Bonds in two (2) tranches as follows:

Completion Tranche	Amount of Bonds Subscribed
Completion Tranche 1	S\$5,000,000
Completion Tranche 2	S\$2,000,000

On Completion Tranche 1 Date and Completion Tranche 2 Date, the Issuer shall deliver and issue to or to the order of the Subscriber, the Bonds due to it. Completion Tranche 1 was completed on 5 September 2017 and on the same day, an aggregate in principal amount of S\$5,000,000 Bonds due under Completion Tranche 1 were issued to the Subscriber. Completion Tranche 2 will take

LETTER TO SHAREHOLDERS

place within thirty (30) business days of the fulfilment of the last of the condition precedents as set out in paragraph 2.5.3 of this Circular under the section titled “Conditions Precedent to the Bonds Issue”.

- 2.1.2 Under the Subscription Agreement, the Subscriber has the option of converting the Bonds (in whole or any part of it) and if in parts, in tranches of S\$500,000 at 100% of the principal value of the Bonds at any time during the Conversion Period into new ordinary shares in the capital of the Company at a conversion price of S\$0.015. The conversion price of S\$0.015 for each Conversion Share represents a 21% discount to the VWAP of S\$0.019 of the Shares for trades done on the SGX-ST on 30 August 2017 (being the last full market day on which the Shares were traded prior to the date the Subscription Agreement was signed).
- 2.1.3 The conversion of the Bonds would result in the issue of a maximum of 466,666,666 Conversion Shares which represent 16.5% of the Existing Issued Share Capital and will represent approximately 14.1% of the Enlarged Share Capital.
- 2.1.4 The price of the Conversion Share was determined on a willing-buyer willing-seller basis, after taking into consideration, *inter alia*, the 50 day moving average price of the shares of the Company being S\$0.016 and the 200 day moving average price of the shares of the Company being S\$0.014 as at 27 August 2017 being the date on which the Company and the Subscriber were negotiating the terms of the Subscription Agreement.
- 2.1.5 The Conversion Shares when issued, will rank *pari passu* in all respects with the existing ordinary shares, save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which is on or before the date of the issue.
- 2.1.6 On 27 December 2017, the Company obtained the approval in-principle of the SGX-ST for the listing of and quotation for the Conversion Shares on the SGX-ST, subject to the following conditions:
- (a) compliance with the SGX-ST listing requirements;
 - (b) Shareholders’ approval for the Conversion Shares Issue;
 - (c) announcement of the conditions under which the price of the Conversion Shares may be adjusted and the conditions under which the Bonds may be redeemed;
 - (d) submission of the following documents:
 - (i) a written confirmation from the Company that the terms of the Bonds comply with Rule 829(1) of the Listing Manual;
 - (ii) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual;
 - (iii) a written undertaking from the Company that it will comply with Rule 831 of the Listing Manual;
 - (iv) a written undertaking from the Company that it will comply with Rule 804(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the issuance of the Bonds and where proceeds are to be used for working capital purposes, it will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of proceeds and in the annual reports;
 - (v) a written undertaking from the Company that it will comply with Rule 803 of the Listing Manual; and
 - (vi) a written confirmation from the Company that it will not issue the Conversion Shares to persons prohibited under Rule 812(1) of the Listing Manual.

LETTER TO SHAREHOLDERS

The approval in-principal granted by the SGX-ST is in no way reflective of and is not to be taken as an indication of the merits of the Conversion Shares Issue, the Bonds, the Bonds Issue, the Conversion Shares, the Company and/or its subsidiaries.

2.2 Information on the Subscriber

2.2.1 Targa Solution Pte. Ltd.

Targa Solution Pte. Ltd. is a special purpose vehicle set up by Mr Jay Pok Say Cheng (“**Mr Jay Pok**”) who is the sole shareholder and director of Targa Solution Pte. Ltd. Mr Jay Pok currently is an avid investor managing his investments. Mr Jay Pok started his career with ST Microelectronics as a sales engineer and since then, he has been active in the electronics industry. In 1998, Mr Jay Pok set up LHI Technology in China to manufacture medical cables for supply to major medical equipment manufacturers globally. In 2014, LHI Technology reported sales in excess of US\$100 million and in the same year, it was acquired by an American company, Carlisle Interconnect Inc.

2.2.2 The Subscriber is not a Director or Substantial Shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

2.2.3 The Bonds, if converted, will be solely for the Subscriber’s investment purposes. As at the Latest Practicable Date, neither the Subscriber nor Mr Jay Pok hold any shares or convertible securities in the capital of the Company.

2.2.4 The Subscriber has represented and warranted to the Company that it is not acting in concert, in collaboration with or co-operating, pursuant to an agreement or undertaking (whether formal or informal), with any existing director or shareholder of the Company, to obtain or consolidate effective control of the Company through the issue of the Bonds and/or the Conversion Shares (as defined below) (including as contemplated in the Take-over Code).

2.2.5 Save as disclosed in paragraph 2.8 of this Circular, neither the Subscriber nor Mr Jay Pok has connections or any business relationship with the Company, its Directors and substantial shareholders and their associates.

2.3 Rationale for the Bonds Issue and Use of Net Proceeds

The Subscriber was introduced to the Company by Mr Yeo Junyu, a business associate of Mr Anil Dhanpatlal Agrawal. The Company has decided to undertake the placement of the convertible bonds to the Subscriber in order to strengthen the Company’s financial position and flexibility to capitalise on growth opportunities. As previously mentioned in the Company’s announcement released via SGXNet on 20 July 2017, the Company had undergone a Scheme of Arrangement during the course of the financial year ended 30 June 2017 and on 20 July 2017, the Group finally successfully paid off all outstanding debts due and owing to the Company’s creditors under the Scheme of Arrangement and that the Scheme of Arrangement had come to an end. Therefore, the proceeds from the Bonds Issue will strengthen the Group’s financial position and also enable it to bid for new projects which will add to the growth of the Company and its shareholders and to also contribute to the strengthening of the Company’s financial position.

As disclosed in the Company’s announcement dated 31 August 2017, pursuant to the Bonds Issue, the Company will obtain approximately S\$6,950,000 net proceeds (after deducting expenses including but not limited to professional fees incurred in relation to the drafting of the Subscription Agreement) and the Company intends to utilise the net proceeds for working capital purposes.

LETTER TO SHAREHOLDERS

Pursuant to the completion of Completion Tranche 1, the Company had obtained proceeds of approximately S\$5,000,000 (the “**Tranche 1 Proceeds**”). As at the Latest Practicable Date, the Company has fully utilised the Tranche 1 Proceeds in the following manner:

Purpose	Amount	Percentage Allocation
Working Capital for trade creditors payment and salary related expenses	4,770,000	95.4%
Repayment of working capital loans	230,000	4.6%

The remaining proceeds of S\$2,000,000 will be given to the Company on completion of Completion Tranche 2 upon the satisfaction of the last of the condition precedents as disclosed in section 2.5.3 of this Circular (the “**Tranche 2 Proceeds**”).

Pending the deployment of the Tranche 1 Proceeds and Tranche 2 Proceeds from time to time for the abovementioned intended purpose, such proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit in the interest of the Company.

The Company will make periodic announcements on the utilisation of the Tranche 1 Proceeds and Tranche 2 Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the Listing Manual and its annual report. The Company will also provide a breakdown with details on how the proceeds have been applied in the announcements and status reports.

2.4 Shareholders’ Approval Pursuant to Chapter 8 of the Listing Manual

Pursuant to the Subscription Agreement and subject to the terms and conditions stated therein, the Company shall issue to the Subscriber 466,666,666 Conversion Shares in the capital of the Company at the Conversion Price of S\$0.015 for each Conversion Share upon the conversion of the Conversion Right pursuant to the issuance of S\$7,000,000 convertible bonds due 2020 (the “**Bonds Issue**”).

Rule 811(2)(a) of the Listing Manual provides that in an issue of convertible securities (including options), if the conversion price is fixed, the price must not be more than 10% discount to the prevailing market price of the underlying shares prior to the signing of the relevant agreement. Rule 811(3) of the Listing Manual provides, *inter alia*, that Rule 811(2)(a) of the Listing Manual is not applicable if specific shareholder approval is obtained for the issue of convertible securities. The conversion price of S\$0.015 for each Conversion Share represents a 21% discount to the VWAP of S\$0.019 of the Shares for trades done on the SGX-ST on 30 August 2017 (being the last full Market Day on which the Shares were traded prior to the date the Subscription Agreement was signed). Accordingly, the issue of the Conversion Shares is subject to the specific approval of Shareholders for purposes of Rule 811(3) of the Listing Manual.

2.5 Salient Terms of the Bonds Issue

- 2.5.1 The conversion price of S\$0.015 for each Conversion Share represents a discount of approximately 21% to the volume weighted average price of S\$0.019 for trades done on the existing ordinary shares in the capital of the Company on the SGX-ST on 30 August 2017, being the last full Market Day on which Shares were traded prior to the date of signing of the Subscription Agreement.

LETTER TO SHAREHOLDERS

2.5.2 Principal Terms of the Bonds

- Principal Amount** : Up to S\$7,000,000 in principal amount of the Bonds.
- Form** : The Bonds are issued in registered form. A bond certificate (each a “**Certificate**”) will be issued to the Subscriber in respect of its registered holding of Bonds. Each Bond will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register of Bondholders which the Company will keep.
- Maturity Date** : The date falling three (3) years from Completion Tranche 2 Date. The Company will make further announcements once the Completion Tranche 2 Date and Maturity Date have been determined.
- Interest Rate** : Subject to the conditions as set out in the Subscription Agreement, interest payable shall be computed at the rate of 12% per annum on the principal amount of the Bond from the date of issue of the Bond, as may be applicable, and ending on the Maturity Date or upon the occurrence of an event of default and shall be payable in the following manner:
- (a) 5% per annum on the principal amount of the Bond and which shall be payable on a monthly basis and such payment being made within three (3) Business Days from the last day of each calendar month (the “**Coupon Rate**”); and
 - (b) 7% per annum on the principal amount of the Bond and which shall be payable on the Maturity Date (the “**Redemption Interest**”).

In the event the Subscriber converts all or part of the Bonds, the Coupon Rate accrued on the principal amount of the Bonds converted shall be payable by the Company on the conversion date and payment of the Redemption Interest shall be irrevocably waived and forfeited in favour of the Company.

In the event of a default, the Subscriber may either (i) request the Company to pay to the Subscriber 100% of the principal amount of the outstanding Bonds as well as the Coupon Rate accrued and outstanding as at the date of occurrence of the event of default and the Company will also pay a default interest of 24% per annum on the principal amount of the Bonds (the “**Default Interest**”) in lieu of the Redemption Interest or (ii) exercise the right to convert the Bonds into Conversion Shares at the Conversion Price and the Company would be required to pay the Coupon Rate accrued on the principal amount of the Bonds but in such instance, neither the Redemption Interest nor the Default Interest shall be payable.

In the event SGX-ST does not provide the Subscription L&Q Notice by the Long Stop Date, the Company shall on Long Stop Date redeem the first tranche of Bonds of principal amount of S\$5,000,000 issued to the Subscriber at 100% of the principal value of the Bonds and the Company shall pay to the Subscriber the principal amount of the Bonds as well as all outstanding

LETTER TO SHAREHOLDERS

interest payments. In the event the Company fails to make payment of the principal amount of the Bonds and all outstanding interest payments, the Company shall pay to the Subscriber Default Interest on the outstanding principal amount of the Bonds from the Long Stop Date to the date of full payment of the principal amount of the Bonds as well as all outstanding interest payments.

- Transferability** : The Bonds are not transferable.
- Status of Bonds** : The Bonds constitute and will at all times hereafter constitute, direct, unconditional, unsubordinated and unsecured obligations of the Company and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Company but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
- Conversion Price** : S\$0.015 per Conversion Share, subject to adjustments provided in Appendix I of the Circular.
- Conversion Period** : The Completion Tranche 1 Bonds and Completion Tranche 2 Bonds shall not be convertible by the Subscriber within the first eighteen (18) months from the date of the issue of the second tranche of Bonds of principal amount of S\$2,000,000 (the "**Non-Conversion Period**").

After the Non-Conversion Period up to fifteen (15) days prior to the Maturity Date (both dates inclusive) (the "**Conversion Period**"), the Subscriber shall have the right to give notice to the Company to convert all or part only of the Bonds, and if in parts, in tranches of S\$500,000 at 100% of the principal value of the Bonds registered in its name into fully paid ordinary shares of the Company at the Conversion Price.

If the Bonds are not fully converted by the end of the Conversion Period, the Company shall redeem the outstanding Bonds at 100% of the principal value together with all interest accrued and outstanding thereon.

- Adjustment Events** : The Conversion Price and the number of Conversion Shares into which the Bonds can be converted shall from time to time be adjusted as provided in the Conditions in all or any of the following cases:
- (i) an issue by the Company of Shares to Shareholders credited as fully paid for which no consideration is payable, by way of capitalisation of profits or reserves (whether of a capital or income nature or not and including any capital redemption reserve fund) to its Shareholders (other than an issue of shares to Shareholders who elect to receive shares in lieu of cash or other dividend);
 - (ii) a Capital Distribution (as defined in the Conditions) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);

LETTER TO SHAREHOLDERS

- (iii) an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights;
- (iv) an issue for each Share is less than 90% of the average of the weighted average price for trades done on the Company's shares on the SGX-ST for the full market day immediately preceding the date on which the issue price of such Share is determined; and
- (v) any consolidation, subdivision or conversion of Shares.

Please refer to Appendix I (*Adjustments to Conversion Price and Number of Conversion Shares*) of this Circular for more details.

- Winding Up** : If an order is made or a resolution passed for the winding up, dissolution or receivership of the Issuer and/or the Guarantors, the Subscriber may by notice to the Issuer either:
- (a) redeem all its Bonds, whereupon the Issuer shall within seven (7) days of the Subscriber's notice, redeem all the Subscriber's Bonds at 100% of the principal amount of the Bonds outstanding plus the Coupon Rate and in lieu of Redemption Interest, the Issuer shall pay to the Subscriber default interest rate at 24% per annum on the outstanding principal amount of the Bonds from the date of the issue of such Bonds to the date of full payment of all sums due;
 - (b) exercise the right of conversion except that the Non-Conversion Period shall not apply in respect of 100% of the principal amount of the Bonds outstanding, and require the Issuer to pay the Coupon Rate. For the avoidance of doubt, in such instance, Redemption Interest should be waived and no default interest will be chargeable on the Bonds converted; or
 - (c) redeem such part of its Bonds and convert such part of its Bond, provided that the parts to be redeemed and converted shall amount to all of the Subscriber's Bond then outstanding.
- Further Issues** : The Company shall be at liberty from time to time create and issue shares in the capital of the Company and to issue further bonds or other convertible instruments.
- Expiry Notice** : The Company shall, at least one (1) month before the end of the Conversion Period, send a notice of expiry to the Subscribers and shall make such announcement of such impending expiry as may be required under any applicable laws, regulations or rules of the SGX-ST.
- Modification** : (a) The Company may, without the consent of the Subscriber, effect any modification to the Bonds or the Conditions which:
- (i) is not prejudicial to the interests of the Subscriber; or

LETTER TO SHAREHOLDERS

- (ii) is of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law; or
- (iii) is to vary or replace provisions relating to the transfer or exercise of the Bonds including the issue of new Shares arising from the exercise thereof or meetings of the Subscriber in order to facilitate the trading in or the exercise of the Bonds or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST.

Any such modification shall be binding on the Subscriber and all persons having an interest in the Bonds and shall be notified to them as soon as practicable thereafter.

- (b) Without prejudice to any other provision herein, any material alteration to the terms of the Bonds after the issue thereof to the advantage of the Subscriber must be approved by the Shareholders in general meeting, except where the alterations are made pursuant to the terms of the Bonds.

The Company will comply with Rule 831 of the Listing Manual in respect of any alteration to the terms and conditions of the Bonds.

Listing Status : The Bonds will not be listed and quoted on the SGX-ST Mainboard.

Governing Law : The laws of Singapore.

2.5.3 Conditions Precedent to the Bonds Issue

Completion of the Bonds Issue shall be conditional upon, *inter alia*, the following conditions precedent being satisfied or waived on or before the Long Stop Date (or such later date as parties to the Subscription Agreement may agree in writing):

- (a) approval in-principle for the listing and quotation of the Conversion Shares on Mainboard (on conditions, if any, acceptable to the Company and the Subscriber) having been obtained and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before Completion Tranche 2 Date, they are so fulfilled;
- (b) Shareholders' approval being obtained for the issue of the Conversion Shares at the Conversion Price of S\$0.015;
- (c) the allotment, issue and subscription of the Bonds not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Issuer or the Subscriber;
- (d) on Completion Tranche 1 Date and Completion Tranche 2 Date, the representations and warranties of the Issuer and the Subscriber being true, accurate and correct in all material respects as if made on the respective completion dates, with reference to the then existing circumstances and the Issuer and the Subscriber having performed in all material respects all of its/their obligations to be performed on or before Completion Tranche 1 Date and Completion Tranche 2 Date; and

LETTER TO SHAREHOLDERS

- (e) there being no material adverse change or event, act or omission likely to lead to such a change in the prospects, business, assets, performance, financial position or results of operations of the Group or which would affect the validity and enforceability of this Subscription Agreement or the Bonds to be issued.

2.6 Undertaking by the Subscriber

Under the Subscription Agreement, the Subscriber has undertaken, represented and warranted that he shall not sell or transfer any of the Bonds nor circulate or distribute, directly or indirectly, any offering document or material relating to the Bonds, within a period of six (6) months from Completion Tranche 1 Date and Completion Tranche 2 Date.

2.7 Guarantee

The Corporate Guarantor is the Company's controlling shareholder, KH Foges Pte Ltd and the Personal Guarantor is Mr Anil Dhanpatlal Agrawal, an Executive Director and deemed Controlling Shareholder of the Company. Both the Corporate Guarantor and the Personal Guarantor have entered into deeds of guarantee respectively with the Subscriber pursuant to which the Guarantors will jointly and severally, irrevocably and unconditionally guarantee the proper and punctual payment by the Company of all amounts (whether principal, fee or otherwise) which are to be paid by the Company to the Subscriber under the Subscription Agreement.

The Corporate Guarantee and Personal Guarantee (collectively, the "**Guarantees**") do not constitute an interested person transaction under Chapter 9 of the Listing Manual, as no interest is payable by the Company to the Corporate Guarantor and the Personal Guarantor in connection with the Guarantees. For the purposes of Chapter 9 of the Listing Manual, the value of the Guarantees is nil and the Company is not required to obtain the approval of the Shareholders for the entry into the Guarantees.

2.8 Covenants and Undertakings

Under the Subscription Agreement, the Subscriber shall have the right to nominate at least one (1) executive director to the Board and will provide the Board with person(s) of relevant experience in relation to the Company's business. The Subscriber has on 9 September 2017 nominated Mr Yeo Junyu as an Executive Director of the Company and Mr Yeo Junyu was formally appointed as an Executive Director of the Company on 15 September 2017.

Mr Yeo Junyu is a relative of Mr Jay Pok; Mr Jay Pok is Mr Yeo Junyu's spouse's uncle.

Mr Yeo Junyu has a long working experience in banks in Singapore since 2006. After graduating from the Singapore Institute of Management with a Degree in Bachelor of Science: Banking and Finance, he gained experience working as a relationship manager and senior business development manager in various banks including United Overseas Bank Limited, Maybank Banking Berhad, Industrial and Commercial Bank of China Limited and Australia and New Zealand Banking Group Limited. He was also a Team Manager in RHB Bank Berhad and led a team of relationship managers in providing financial solutions to small medium enterprise commercial clients. Mr Yeo Junyu handles the banking and finance matters of the Company and helps to oversee the operations of the Company.

LETTER TO SHAREHOLDERS

3. DIRECTORS' OPINION

The Directors are of the opinion that, after taking into consideration:

- (i) the Group's present bank facilities, internal resources and operating cashflow, the working capital available to the Group is sufficient to meet its present requirements; and
- (ii) the Group's present bank facilities, internal resources, operating cashflow and the net proceeds from the Bonds Issue, the working capital available to the Group is sufficient to meet its present requirements.

4. FINANCIAL EFFECTS OF THE BONDS AND THE CONVERSION SHARES

Bases and Assumptions

For the purposes of illustration only, the *pro forma* financial effects of the Bonds and the Conversion Shares taken as a whole are set out below. The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2017 and do not necessarily reflect the actual future financial position and performance of the Group in the event that the Bonds are fully converted.

4.1 Share Capital

In the event that the Bonds are fully converted, the *pro forma* financial effects on the share capital of the Company for FY2017 are as follows:

	Before conversion of the Bonds and issue of the Conversion Shares	After conversion of the Bonds and issue of the Conversion Shares
Number of issued Shares	2,832,159,507	3,298,826,173
Amount of share capital (S\$)	52,778,324	59,778,324

4.2 Net Tangible Assets ("NTA")

Assuming that the Bonds are fully disbursed and fully converted on 30 June 2017 and based on the Group's audited consolidated financial statements for FY2017 and disregarding any interest, revenue and/or return that may arise from the Bonds, the *pro forma* financial effects of the Bonds (excluding non-controlling interests) on the consolidated NTA of the Group are as follows:

	As at 30 June 2017	
	Before conversion of the Bonds and issue of the Conversion Shares	After conversion of the Bonds and issue of the Conversion Shares
NTA of the Group (S\$'000)	8,942	15,942
Number of Shares	2,832,159,507	3,298,826,173
NTA per share (cents)	0.32	0.48

LETTER TO SHAREHOLDERS

4.3 Earnings Per Share (“EPS”)

Assuming that the Bonds are fully disbursed on 1 July 2016 and are fully converted on 30 June 2017 and based on the Group’s audited consolidated financial statements for FY2017 and taking into account finance expenses of approximately S\$840,000 and other transactional costs arising from the issuance of the Bonds as well as cost of issuance and listing of Conversion Shares of approximately S\$50,000, the *pro forma* financial effects of the Bonds on the consolidated EPS of the Group are as follows:

	For FY2017	
	Before conversion of the Bonds and issue of the Conversion Shares	After issue of the Conversion Shares at 1 July 2016 and conversion of the Bonds at 30 June 2017 and issue of the Conversion Shares
Profit/(Loss) after tax and minority interest (S\$’000)	29,787	28,897
Weighted Average Number of Shares	2,832,159,507	3,298,826,173
EPS per share (cents)	1.05	0.88

4.4 Gearing

Assuming that the Bonds are fully converted on 30 June 2017 and based on the Group’s audited consolidated financial statements for FY2017 and disregarding any interest, revenue and/or return that may arise from the Bonds, the *pro forma* financial effects of the Bonds on the gearing of the Group are as follows:

	As at 30 June 2017	
	Before conversion of the Bonds and issue of the Conversion Shares	After conversion of the Bonds and issue of the Conversion Shares
Total Debts (S\$’000)	26,544	26,544
Total Equity (S\$’000)	8,942	15,942
Gearing Ratio (times)	2.97	1.67

LETTER TO SHAREHOLDERS

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND SHAREHOLDING STRUCTURE OF THE COMPANY

5.1 The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Director						
Mr Anil Dhanpatlal Agrawal	-	-	1,485,287,706 ⁽²⁾	52.44	1,485,287,706	52.44
Mr Peter Moe	-	-	-	-	-	-
Mr Yeo Junyu	-	-	-	-	-	-
Mr Moorthy Varadhan	-	-	-	-	-	-
Mr Teo Boon Tieng	-	-	-	-	-	-
Substantial Shareholder						
KH Foges Pte Ltd	1,485,287,706 ⁽²⁾	52.44	-	-	1,485,287,706	52.44
Mr Anil Dhanpatlal Agrawal	-	-	1,485,287,706 ⁽²⁾	52.44	1,485,287,706	52.44
SHEC Holdings Pte Ltd	147,329,650	5.20	-	-	147,329,650	5.20
Ong Hock Leong ⁽³⁾⁽⁴⁾	216,827,759	7.65	147,853,460	5.22	364,681,219	12.87
Ong Hur Seng ⁽³⁾	-	-	147,329,650	5.20	147,329,650	5.20
Ong Kah Lam ⁽³⁾	11,854,070	0.41	147,329,650	5.20	159,183,720	5.62
Ong Hoi Lian ⁽³⁾⁽⁵⁾	23,054,070	0.81	147,329,650	5.20	170,383,720	6.01

Notes:

- (1) Calculated based on the Existing Issued Share Capital of 2,832,159,507 Shares. The shareholding of each Director/substantial shareholder as well as the Existing Issued Share Capital, do not take into account the 500,000,000 warrants issued by the Company on 11 August 2016 to KH Foges Pte Ltd with each warrant carrying the right to subscribe for one (1) new share in the Company.
- (2) Mr Anil Dhanpatlal Agrawal is deemed to have at least 20% of the issued share capital of KH Foges Pte Ltd and is therefore deemed to have an interest in the shares held by KH Foges Pte Ltd pursuant to section 7 of the Companies Act, Cap. 50.
- (3) SHEC Holdings Pte Ltd holds 147,329,650 shares in the Company. Ong Hur Seng, Ong Hock Leong, Ong Hoi Lian and Ong Kah Lam, each hold 20% of the issued share capital of SHEC Holdings Pte. Ltd. As they each hold not less than 20% of the issued share capital in SHEC Holdings Pte Ltd, each of them is therefore deemed to have an interest in the Shares held by SHEC Holdings Pte Ltd pursuant to section 7 of the Companies Act.
- (4) The Estate of Ong Whay Yeow holds 7,333,340 shares in the Company. Ong Whay Yeow passed away intestate on 29 April 1989. Under the Intestate Succession Act, Cap. 146, the beneficiaries under his estate are his spouse, Madam Ang Siew Kee and his children, amongst which includes Ong Hock Leong. Each of them is therefore deemed to have an interest held in the name of the Estate of Ong Whay Yeow. Ong Hock Leong's deemed interest includes 523,810 shares held in the name of the Estate of Ong Whay Yeow. Mr Ong Hock Leong's 104,854,070 shares are held in the name of RHB Securities Singapore Pte Ltd.
- (5) Based on the records of the Central Depository (Pte) Limited as at 30 June 2017, Ong Hoi Lian's direct shareholding has decreased to 19,754,070 shares as compared to 23,054,070 shares as at 23 September 2016 (as disclosed in the Company's Annual Report 2016). The Company has reminded Ong Hoi Lian of his obligations to notify the Company of all changes in his shareholding in the Company and to make the necessary disclosure of change in interests under section 136(1) of the Securities and Futures Act (Cap. 289). However, as at the Latest Practicable Date, no notification relating to the disclosure of change in interest for Ong Hoi Lian has been received and as such, the Register of Substantial Shareholders reflects Ong Hoi Lian's direct interest as 23,054,070.

LETTER TO SHAREHOLDERS

5.2 Assuming the maximum number of Conversion Shares is issued, the effects of the Conversion Shares on the shareholding structure of the Company are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Director						
Mr Anil Dhanpatlal Agrawal	-	-	1,485,287,706 ⁽²⁾	45.02	1,485,287,706	45.02
Mr Peter Moe	-	-	-	-	-	-
Mr Yeo Junyu	-	-	-	-	-	-
Mr Moorthy Varadhan	-	-	-	-	-	-
Mr Teo Boon Tieng	-	-	-	-	-	-
Substantial Shareholder						
KH Foges Pte Ltd	1,485,287,706 ⁽²⁾	45.02	-	-	1,485,287,706	45.02
Mr Anil Dhanpatlal Agrawal	-	-	1,485,287,706 ⁽²⁾	45.02	1,485,287,706	45.02
Ong Hock Leong ⁽³⁾⁽⁴⁾	216,827,759	6.57	147,853,460	4.48	364,681,219	11.05
Ong Hoi Lian ⁽³⁾⁽⁵⁾	23,054,070	0.69	147,329,650	4.47	170,383,720	5.16
Targa Solution Pte. Ltd. ⁽⁶⁾	466,666,666	14.14	-	-	466,666,666	14.14
Mr Jay Pok ⁽⁷⁾	-	-	466,666,666	14.14	466,666,666	14.14

Notes:

- (1) Calculated based on the Enlarged Share Capital of 3,298,826,173 Shares. The shareholding of each Director/substantial shareholder as well as the Enlarged Share Capital, do not take into account the 500,000,000 warrants issued by the Company on 11 August 2016 to KH Foges Pte Ltd with each warrant carrying the right to subscribe for one (1) new share in the Company.
- (2) Mr Anil Dhanpatlal Agrawal is deemed to have at least 20% of the issued share capital of KH Foges Pte Ltd and is therefore deemed to have an interest in the shares held by KH Foges Pte Ltd pursuant to section 7 of the Companies Act, Cap. 50.
- (3) SHEC Holdings Pte Ltd holds 147,329,650 shares in the Company. Ong Hock Leong and Ong Hoi Lian each hold 20% of the issued share capital of SHEC Holdings Pte. Ltd. As they each hold not less than 20% of the issued share capital in SHEC Holdings Pte Ltd, each of them is therefore deemed to have an interest in the Shares held by SHEC Holdings Pte Ltd pursuant to section 7 of the Companies Act.
- (4) The Estate of Ong Whay Yeow holds 7,333,340 shares in the Company. Ong Whay Yeow passed away intestate on 29 April 1989. Under the Intestate Succession Act, Cap. 146, the beneficiaries under his estate are his spouse, Madam Ang Siew Kee and his children, amongst which includes Ong Hock Leong. Each of them is therefore deemed to have an interest held in the name of the Estate of Ong Whay Yeow. Ong Hock Leong's deemed interest includes 523,810 shares held in the name of the Estate of Ong Whay Yeow. Mr Ong Hock Leong's 104,854,070 shares are held in the name of RHB Securities Singapore Pte Ltd.
- (5) Based on the records of the Central Depository (Pte) Limited as at 30 June 2017, Ong Hoi Lian's direct shareholding has decreased to 19,754,070 shares as compared to 23,054,070 shares as at 23 September 2016 (as disclosed in the Company's Annual Report 2016). The Company has reminded Ong Hoi Lian of his obligations to notify the Company of all changes in his shareholding in the Company and to make the necessary disclosure of change in interests under section 136(1) of the Securities and Futures Act (Cap. 289). However, as at the Latest Practicable Date, no notification relating to the disclosure of change in interest for Ong Hoi Lian has been received and as such, the Register of Substantial Shareholders reflects Ong Hoi Lian's direct interest as 23,054,070.
- (6) Assuming the maximum number of Conversion Shares is issued, Targa Solution Pte. Ltd. would become a substantial shareholder and the shareholdings of Targa Solution Pte. Ltd. would be 466,666,666 shares.
- (7) Mr Jay Pok holds 100% of the issued share capital of Targa Solution Pte. Ltd. and will therefore be deemed to have an interest in the shares held by Targa Solution Pte. Ltd. pursuant to section 7 of the Companies Act, Cap. 50.

Save as disclosed herein, none of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Bonds and the Conversion Shares, other than through their respective shareholdings in the Company.

LETTER TO SHAREHOLDERS

- 5.3 As at the Latest Practicable Date, as far as the Company is aware, the percentage of shareholding in the hands of the public is approximately 33.49%. Assuming the maximum number of Conversion Shares is issued and the current shareholding in the Company remains the same, the percentage of shareholding in the hands of the public would be approximately 33.58% and as at least 10% of the Company's equity securities would be held by the public, the Company would be in compliance with Rule 723 of the Listing Manual.

6. **DIRECTORS' RECOMMENDATION**

Mr Yeo Junyu, a director of Swee Hong Limited, who is a nominee of Targa Solution Pte. Ltd. and therefore deemed interested in the proposed allotment of the Conversion Shares, shall abstain from making any recommendations on the approval of the proposed allotment of Conversion Shares to be tabled at the EGM.

Save for Mr Yeo Junyu, none of the Directors are deemed to be interested for the purpose of making a recommendation to the Shareholders in respect of the proposed allotment of the Conversion Shares. After having considered, amongst other things, the terms and/or rationale of the proposed allotment of the Conversion Shares, the Directors (save for Mr Yeo Junyu who has refrained from making any recommendation) are of the view that the proposed allotment of the Conversion Shares is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the proposed allotment of Conversion Shares.

7. **ABSTENTION FROM VOTING**

Currently, the Subscriber, Mr Jay Pok, Mr Yeo Junyu and their respective associates do not have any shareholdings in the Company.

In the event the Subscriber, Mr Jay Pok, Mr Yeo Junyu and their respective associates acquire any shares in the Company prior to the holding of the EGM on 7 February 2018, the Subscriber, Mr Jay Pok and Mr Yeo Junyu will abstain from, and will procure that their associates abstain from, voting at the EGM, whether by representative or proxy, in respect of the ordinary resolution relating to the Conversion Shares Issue.

The Subscriber, Mr Jay Pok and Mr Yeo Junyu shall also decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of the ordinary resolution relating to the Conversion Shares Issue unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

8. **EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 31 of this Circular, will be held at 58 Sungei Kadut Drive Singapore 729572 on 7 February 2018, Wednesday at 10.30 a.m., for the purpose of considering and, if thought fit, passing with or without modification the Ordinary Resolution set out in the Notice of EGM.

9. **ACTION TO BE TAKEN BY THE SHAREHOLDERS**

- 9.1 Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 58 Sungei Kadut Drive Singapore 729572, not less than 48 hours before the time for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy.

LETTER TO SHAREHOLDERS

- 9.2 A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Bonds Issue, the Conversion Shares, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 58 Sungei Kadut Drive Singapore 729572 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Subscription Agreement;
- (b) the Guarantees;
- (c) the Constitution of the Company; and
- (d) the annual report of the Company for FY2017.

Yours faithfully
For and on behalf of the Board of Directors of
SWEE HONG LIMITED

Anil Dhanpatlal Agrawal
Executive Director

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

The provisions in the Subscription Agreement relating to the adjustments to the Conversion Price and number of Conversion Shares are reproduced in *italics* below.

“10. Adjustment to Conversion Price and number of Conversion Shares

- (a) *The Conversion Price and the number of Conversion Shares held by the Bondholder shall from time to time be adjusted by the Directors in consultation with a reputable bank or merchant bank in Singapore selected by the Directors (the “**Approved Bank**”) in accordance with Condition 10(b) below, which adjustment shall be certified by the Issuer’s external auditors, Nexia TS Pte Ltd or any other external auditor as may be appointed by the Issuer from time to time (the “**Auditors**”). The Conversion Price and the number of Conversion Shares held by Targa Solution Pte Ltd (the “**Bondholder**”) shall, subject to these Conditions, from time to time be adjusted as provided in these Conditions in all or any of the following cases:*
- (i) *an issue by the Issuer of Shares credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund but excluding any issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend) to the Shareholders; or*
 - (ii) *a Capital Distribution (as defined in Condition 10(b)(ii) below) made by the Issuer to the Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or*
 - (iii) *an offer or invitation made by the Issuer to the Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or*
 - (iv) *an issue (otherwise than pursuant to a rights issue available to all the Shareholders, requiring an adjustment under Condition 10(a)(iii), and other than an issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend) by the Issuer of Shares, if the Total Effective Consideration (as defined in Condition 10(b)(iv) below) for each Share is less than 90% of the average of the weighted average price for trades done on the Issuer’s shares on the SGX-ST for the full market day immediately preceding the date on which the issue price of such Share is determined (calculated as provided below); or*
 - (v) *an alteration of the value of the Shares by reason of any consolidation, subdivision or conversion.*
- (b) *Subject to these Conditions, the Conversion Price and the number of Bonds held by the Bondholder shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two or more of Conditions 10(a)(i) to 10(a)(iv) above or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Approved Bank shall determine):*
- (i) *If and whenever the Issuer shall make any issue of Shares to the Shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including capital redemption reserve fund, other than an issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend), the Conversion Price and the number of Bonds held by the Bondholder shall be adjusted in the following manner:*

$$\text{New Conversion Price} = \frac{A}{(A + B)} \times X$$

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

$$\text{Adjusted number of Bonds} = \frac{(A + B)}{A} \times Y$$

where:

A = the aggregate number of issued and fully paid up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to the Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any capital redemption reserve fund other than an issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend);

X = existing Conversion Price; and

Y = existing number of Bonds held.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of Market Day next following the record date for such issue.

For the purpose of this Condition 10, “**record date**” in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Issuer) on which the Shareholders must be registered as such to participate therein.

In the event that there are no appropriate adjustments to the Conversion Price or the number of Bonds, the Approved Bank may propose other forms of distribution (either cash or non-cash) to the Bondholder in lieu of or in conjunction with the adjustments to the Conversion Price or the number of Bonds. Such distributions shall be certified by the Auditors to be appropriate and are subject to the approval of the SGX-ST and of the Shareholders at a general meeting.

(ii) If and whenever:

(aa) the Issuer shall make a Capital Distribution to the Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(bb) the Issuer shall make any offer or invitation to the Shareholders whereunder they may acquire or subscribe for Shares by way of rights;

then, in respect of each such case, the Conversion Price shall be adjusted in the following manner:

$$\text{New Conversion Price} = \frac{C - D}{C} \times X$$

and in the case of Condition 10(b)(ii)(bb), the number of Bonds held by the Bondholder shall be adjusted as follows:

$$\text{Adjusted number of Bonds} = \frac{C}{(C - D)} \times Y$$

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

where:

C = the average of the weighted average price for trades done on the Issuer's shares on the SGX-ST for the full market day immediately preceding the date on which the Capital Distribution or any offer or invitation referred to in Condition 10(b)(ii) (bb), as the case may be, is publicly announced to the SGX-ST or (failing any such announcement), immediately preceding the date of the Capital Distribution, as the case may be, of the offer or invitation;

D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under Condition 10(b)(ii)(bb), the value of the rights attributable to one Share (as defined below); or (ii) in the case of any other transaction falling within Condition 10(b)(ii), the fair market value as determined (with the concurrence of the Auditors) by an Approved Bank of that portion of the Capital Distribution or of the "nil-paid" rights attributable to one Share; and

X = as in X above; and

Y = as in Y above.

For the purpose of definition (i) of "D" above, the "value of the rights attributable to one Share" shall be calculated in accordance with the following formula:

$$\frac{C - E}{F + 1}$$

where:

C = as in C above;

E = the subscription price for one additional Share under the terms of such offer or invitation to acquire or subscribe for Shares by way of rights;

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share by way of rights; and

1 = one

For the purposes of Conditions 10(a)(ii) and 10(b)(ii), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue (not falling under Condition 10(b)(ii) above) of Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund but excluding any issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend). Any distribution out of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund but excluding any issue of Shares in respect of which Shareholder may elect to receive Shares in lieu of cash or other dividend) made after 30 June 2017 shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Issuer or any of its subsidiaries on or before that date and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution.

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

Such adjustments will be effective (if appropriate, retroactively) from:

- (aa) in the case of a transaction falling under Condition 10(b)(ii)(aa), the commencement of the Market Day next following the record date for such transactions; and*
- (bb) in the case of a transaction falling under Condition 10(b)(ii)(bb), the commencement of the Market Day next following the closing date for such offer or invitation. For the purposes of this Condition 10(b), “closing date” shall mean the date by which acceptance and payment for the Shares is to be made under the terms of such offer or invitation.*

In the event there are no appropriate adjustments to the Conversion Price or the number of Bonds, the Approved Bank may propose other forms of distribution (either cash or non-cash) to the Bondholder in lieu of or in conjunction with the adjustments to the Conversion Price or the number of Bonds. Such distributions shall be certified by the Auditors to be appropriate and are subject to the approval of the SGX-ST and of the Shareholders at a general meeting.

- (iii) If and whenever the Issuer makes any allotment to the Shareholders as provided in Condition 10(b)(i) above and also makes any offer or invitation to the Shareholders as provided in Condition 10(b)(ii)(bb) and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the Conversion Price and the number of Bonds held by the Bondholder shall be adjusted in the following manner:*

$$\text{New Conversion Price} = \frac{(G \times J) + (H \times E)}{(G + H + B) \times J} \times X$$

$$\text{Adjusted number of Bonds} = \frac{(G + H + B) \times J}{(G \times J) + (H \times E)} \times Y$$

where:

B = as in B above;

E = as in E above;

G = the aggregate number of issued and fully paid-up Shares on the record date;

H = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

J = the average of the weighted average price for trades done on the Issuer's shares on the SGX-ST for the full market day immediately preceding the date on which the capitalisation issue and the offer or invitation is publicly announced to the SGX-ST or (failing any such announcement), immediately preceding the date of the capitalisation issue and the offer or invitation;

X = as in X above; and

Y = as in Y above.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day following the closing date for the above transactions.

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

For the purposes of this condition, “**closing date**” shall mean the date by which acceptance and payment for the Shares is to be made under the terms of such offer or invitation.

In the event there are no appropriate adjustments to the Conversion Price or the number of Bonds, the Approved Bank may propose other forms of distribution (either cash or non-cash) to Bondholder in lieu of or in conjunction with the adjustments to the Conversion Price or the number of Bonds. Such distributions shall be certified by the Auditors to be appropriate and are subject to the approval of the SGX-ST and of the Shareholders at a general meeting.

- (iv) If and whenever (otherwise than pursuant to a rights issue available to all Shareholders alike and requiring an adjustment under Conditions 10(b)(ii)(bb) or 10(b)(iii) above and other than an issue of Shares in respect of which Shareholders may elect to receive Shares in lieu of cash or other dividend) the Issuer shall issue any Shares and the Total Effective Consideration per Share (as defined below) is less than 90% of the weighted average price for trades done on the Issuer’s shares on the SGX-ST for the full market day immediately preceding the date on which the issue price of such Shares is determined, or, if such price is either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day, the Conversion Price shall be adjusted in the following manner:

$$\text{New Conversion Price} = \frac{L + M}{L + N} \times X$$

where:

L = the number of Shares in issue at the close of business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of Shares which the Total Effective Consideration would have purchased at such weighted average price for trades done on the Issuer’s shares on the SGX-ST for the full market day immediately preceding the date on which the issue price of such Shares is determined (exclusive of expenses);

N = the aggregate number of Shares so issued; and

X = as in X above.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Issuer determines the offering price of such Shares.

For the purpose of this Condition 10, the “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an Approved Bank and shall be the aggregate consideration receivable by the Issuer on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “Total Effective Consideration for each Share” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

In the event there are no appropriate adjustments to the Conversion Price or the number of Bonds, the Approved Bank may propose other forms of distribution (either cash or non-cash) to the Bondholder in lieu of or in conjunction with the adjustments

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

to the Conversion Price or the number of Bonds. Such distributions shall be certified by the Auditors to be appropriate and are subject to the approval of the SGX-ST and of the Shareholders at a general meeting.

- (v) If and whenever there shall be an alteration to the number of issued Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{P}{Q}$$

where:

P = aggregate number of issued Shares immediately before such alteration; and

Q = is the aggregate number of issued Shares immediately after such alteration.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective.

- (c) Notwithstanding any of the provisions hereinbefore contained, no adjustment to the Conversion Price or the number of Bonds held by the Bondholder will be required in respect of:
- (i) an issue by the Issuer of Shares to officers, including Directors, or employees of the Issuer or any of its subsidiaries pursuant to any share performance plans, share purchase or option schemes approved by the Shareholders in general meeting; or
 - (ii) an issue by the Issuer of Shares in consideration or part consideration for any other securities, assets or business; or
 - (iii) any issue by the Issuer of Shares pursuant to the exercise of any of the Bonds and any other warrants or the conversion of any convertible securities previously issued by the Issuer; or
 - (iv) any issue by the Issuer of securities convertible into Shares or of rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights issued.
- (d) Any adjustment to the Conversion Price will be rounded upwards to the nearest 0.1 cent and in no event shall any adjustment (otherwise than upon the consolidation of Shares into shares of a larger par value) involve an increase in the Conversion Price or a reduction of the number of Bonds held by any Bondholder. No adjustment(s) to the Conversion Price shall be made unless it has been certified to be in accordance with Condition 10(b) by the Auditors. No adjustment will be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than 0.1 cent and any adjustment which would otherwise then be required shall be carried forward and taken into account appropriately in any subsequent adjustment.
- (e) Any adjustment to the number of Bonds held by the Bondholder will be rounded downwards to the nearest whole Bond. No adjustment to the number of Bonds shall be made unless:
- (i) it has been certified to be in accordance with Condition 10(b) by the Auditors; and

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

- (ii) *listing and quotation notice has been granted by the SGX-ST for the listing of and quotation for such additional new Shares as may be issued on the exercise of any such Bonds.*
- (f) *If for any reason an event giving rise to an adjustment (“**First Adjustment**”) made to the Conversion Price or the number of Bonds held by the Bondholder pursuant to these Conditions is cancelled, revoked or not completed, the Conversion Price or the number of Bonds held by the Bondholder may, at the discretion of the Issuer, be readjusted to the amount and number prevailing immediately prior to the First Adjustment with effect from such date and in such manner as an Approved Bank may consider appropriate.*
- (g) *Notwithstanding the provisions referred to in this Condition 10, in any circumstances where the Directors consider that adjustments to the Conversion Price and/or the number of Bonds held by the Bondholder provided under the said provisions should not be made or should be calculated on a different basis or date or take effect on a different date or that an adjustment to the Conversion Price and/or the number of Bonds held by the Bondholder should be made notwithstanding that no such adjustment is required or contemplated under the said provisions, the Issuer may appoint an Approved Bank to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this Condition 10 is appropriate or inappropriate, as the case may be, and, if such Approved Bank shall consider the adjustment to be appropriate or inappropriate, as the case may be, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner as shall be considered by such Approved Bank to be in its opinion appropriate.*
- (h) *Whenever there is an adjustment as herein provided, the Issuer shall give notice to the Bondholder in accordance with Condition 11 and through a SGXNET announcement to be posted on the Internet at the SGX-ST website that the Conversion Price and/or the number of Bonds held by the Bondholder has/have been adjusted and setting forth the event giving rise to the adjustment, the Conversion Price and/or the number of Bonds in effect prior to such adjustment, the adjusted Conversion Price and/or the number of Bonds and the effective date thereof and shall at all times thereafter so long as any of the Bonds remain exercisable make available for inspection at its registered office for the time being:*
 - (i) *a signed copy of the certificate of the Auditors certifying the adjustment to the Conversion Price and/or the number of Bonds; and*
 - (ii) *a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price and/or the number of Bonds in effect prior to such adjustment, the adjusted Conversion Price and/or the number of Bonds and the effective date thereof;*

and shall, on request and at the expense of the Bondholder, send a copy thereof to any Bondholder. Whenever there is an adjustment to the number of Bonds held by the Bondholder, the Issuer will, as soon as practicable but not later than 7 Market Days after the effective date of such adjustment (or such longer period as the SGX-ST may permit), despatch by ordinary post Bond Certificates for the additional number of Bonds issued to the Bondholder, at the risk and expense of that Bondholder, to its address appearing in the register of the Bondholder provided that if Additional Bonds are issued to the Bondholder as a result of an adjustment which is cancelled, revoked or not completed and the number of Bonds held by the Bondholder is readjusted pursuant to Condition 10(g), such Additional Bonds shall be deemed to be cancelled with effect from such date and in such manner and on such terms and conditions as an Approved Bank may consider appropriate.

APPENDIX I – ADJUSTMENTS TO CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

- (i) *If the Directors, the Approved Bank and the Auditors are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another Approved Bank acting as expert and not as an arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.*
- (j) *Without prejudice to the generality of Condition 10(h) above, if the Issuer shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into Shares, or attach thereto any rights to acquire or subscribe for Shares, the Issuer shall appoint an Approved Bank to consider whether any adjustment is appropriate and if such Approved Bank and the Directors shall determine that any adjustment is appropriate the Conversion Price and/or the number of Bonds held by the Bondholder shall be adjusted accordingly.*
- (k) *In giving any certificate or making any adjustment hereunder, the Auditors and the Approved Bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decisions shall be conclusive and binding the Issuer, the Bondholder and all persons having an interest in the Bonds.*
- (l) *Notwithstanding anything herein contained, any adjustment to the Conversion Price and/or the number of Bonds held by the Bondholder other than in accordance with the provisions of this Condition 10 shall be subject to the agreement of the Issuer, the Auditors and the Approved Bank.*
- (m) *If the Issuer shall purchase or otherwise acquire any classes of shares issued by it pursuant to the provisions of the Companies Act of Singapore, the Issuer shall, if so required by the Bondholder by way of a special resolution, appoint an Approved Bank to consider whether any adjustments to the Conversion Price and/or the number of Bonds held by the Bondholder is appropriate and the Conversion Price and/or the number of Bonds held by the Bondholder shall be adjusted accordingly.”*

NOTICE OF EXTRAORDINARY GENERAL MEETING

SWEE HONG

FIRST WORLD CITY BUILDERS

SWEE HONG LIMITED

(Incorporated in the Republic of Singapore on 3 June 1980)

(Company Registration Number 198001852R)

(the "**Company**")

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company will be held at 58 Sungei Kadut Drive Singapore 729472 on 7 February 2018, Wednesday at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following Ordinary Resolution:

*All capitalised terms in the Ordinary Resolution below and defined in the Circular dated 23 January 2018 to the shareholders of the Company (the "**Circular**") shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.*

ORDINARY RESOLUTION – THE PROPOSED ISSUE OF UP TO 466,666,666 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "CONVERSION SHARES") TO TARGA SOLUTION PTE. LTD. (THE "SUBSCRIBER") AT THE CONVERSION PRICE OF S\$0.015 FOR EACH CONVERSION SHARE PURSUANT TO THE CONVERTIBLE BONDS SUBSCRIPTION AGREEMENT ENTERED INTO BETWEEN THE COMPANY, THE GUARANTORS AND THE SUBSCRIBER (THE "CONVERSION SHARES ISSUE")

Resolved that:

- (a) in connection with the Subscription Agreement, approval be and is hereby given to the Directors or any them to:
 - (i) grant to the Subscriber the right at any time after the Non-Conversion Period up to fifteen (15) days prior to the Maturity Date (both dates inclusive) (the "**Conversion Period**"), to convert up to the full sum of the Bonds of S\$7,000,000 into fully paid new ordinary shares (the "**Conversion Shares**") in the Company; and
 - (ii) allot and issue such number of Conversion Shares as may be required or permitted to be allotted and issued on the conversion of the Bonds to the Subscriber, subject to and otherwise in accordance with the terms and conditions of the Subscription Agreement whereby such Conversion Shares when issued shall rank *pari passu* in all respects with the then existing Shares, save as may be provided in the terms and conditions of the Subscription Agreement; and
- (b) approval be and is hereby given to the Directors or any of them to complete and do all acts and things (including any other agreements or documents and procurement of third party consents) as they may consider necessary or expedient for the purposes of, in connection with or to give effect to this resolution as they think fit and in the interests of the Company.

By Order of the Board

Anil Dhanpatlal Agrawal

Executive Director

23 January 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Extraordinary General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at **58 Sungei Kadut Drive Singapore 729572** not less than forty-eight (48) hours before the time appointed for holding the Extraordinary General Meeting.
5. A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the Extraordinary General Meeting unless his name appears on the Depository Register seventy-two (72) hours before the time fixed for the Extraordinary General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SWEE HONG LIMITED
 (Incorporated in the Republic of Singapore)
 (Company Registration Number 198001852R)

**PROXY FORM
 EXTRAORDINARY GENERAL MEETING**

IMPORTANT
CPF Investors

- For investors who have used their CPF moneys to buy shares in the capital of Swee Hong Limited (the "Company"), this Circular is forwarded to them at the request of their CPF Approved Nominees ("Agent Banks") and is sent solely for information only.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF Investors who wish to attend the Extraordinary General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company, (Agent Banks: please see note 8 on the required format.)

Multiple Proxies

- Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.

I/We _____ (Name), NRIC/Passport Number* _____
 of _____ (Address)

being a member/members of **SWEE HONG LIMITED** (the "Company"), hereby appoint:

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

whom failing, the Chairman of the Extraordinary General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 58 Sungei Kadut Drive Singapore 729572 on 7 February 2018, Wednesday at 10.30 a.m. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

ORDINARY RESOLUTION	For*	Against*
To approve the Proposed Conversion Shares Issue		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018.

Total Number of Shares Held

 Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.



Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the said Depository Register and registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Extraordinary General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **58 Sungei Kadut Drive Singapore 729572** not less than 48 hours before the time appointed for the Extraordinary General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
7. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Extraordinary General Meeting if he is able to do so.
8. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for holding the Extraordinary General Meeting

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Company.

Personal Data Protection:

By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting.

This page has been intentionally left blank.

