

SWEE HONG LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198001852R

ANNOUNCEMENT

**ENTRY INTO SALE AND PURCHASE AGREEMENT WITH
HONG EE CORPORATION PTE LTD RELATING TO THE DISPOSAL OF
190A AND 190C CHOA CHU KANG AVENUE 1, SINGAPORE 689466**

1. INTRODUCTION

The board of directors (the “**Board**”) of Swee Hong Limited (the “**Company**”) wishes to announce that the Company has on 27 December 2016 entered into a sale and purchase agreement (the “**SPA**”) with Hong Ee Corporation Pte Ltd (the “**Purchaser**”) for the sale of the Company’s property located at 190A and 190C Choa Chu Kang Avenue 1, Singapore 689466 (the “**Property**”) (the “**Proposed Disposal**”).

2. INFORMATION ON THE PROPERTY AND THE PURCHASER

2.1 The Property

The property located at 190A and 190C Choa Chu Kang Avenue 1, Singapore 689466 is a freehold property comprising of two strata titled units situated above and below each other, forming an intermediate unit.

2.2 The Purchaser

Hong Ee Corporation Pte Ltd is a private limited company incorporated in the Republic of Singapore. Its principal activities include building construction and general wholesale trade.

As at 27 December 2016, the directors of Hong Ee Corporation Pte Ltd are Mr Ong Keng Huat and Mr Ong Kheng Keong.

As at 27 December 2016, Mr Ong Keng Keong is an employee of the Company as a Site Co-ordinator.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

Pursuant to the terms of the SPA, the Company shall sell and the Purchaser shall purchase the Property at a consideration of Singapore Dollars Three Million One Hundred Thousand only (\$3,100,000.00) (the “**Purchase Price**”) comprising :-

(i) \$2,150,000.00 for the unit situated at 190A Choa Chu Kang Avenue 1, Singapore 689466; and

(ii) \$950,000.00 for the unit situated at 190C Choa Chu Kang Avenue 1, Singapore 689466.

The Purchase Price was arrived at after arms’ length negotiations, on a willing buyer willing seller basis, after taking into account, *inter alia*, the value of the Property as set out in paragraph 4.2 of this Announcement.

Upon execution of the SPA, the Purchaser shall deliver to the Vendor a cashier’s order for the sum of Singapore Dollars Three Hundred and Ten Thousand Only (\$310,000.00), being ten per cent (10%) of the Purchase Price (“**the Deposit**”).

3.1 Land Dealings Approval

The Purchaser warrants that it has obtained the clearance certificate from the Controller of Residential Property and has been given clearance to acquire residential property [as defined in the Residential Property Act (Cap 274)].

3.2 Condition of Property

The Property is sold on an “as is where is” basis on completion as regards use and zoning, conservation status (if any), access, repair, physical state, light, air, roads, drainage, area, structure, sewerage, utility services and in all other respects and the Purchaser is deemed to have inspected the Property on or before the date of this SPA and to have full notice of its actual state and condition as aforesaid. The Purchaser shall not make any objection or query in respect thereof.

3.3 Vacant Possession

The property is sold with vacant possession on completion.

3.4 Completion

The sale and purchase herein shall be completed within six (6) weeks from the date of the SPA (the “**Completion**”) whereupon the Purchaser shall pay the Company the balance of the Purchase Price and the applicable GST.

4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

4.1 The Company is of the view that the Proposed Disposal is in the best interests of the Company, its Shareholders and its creditors, in view of, *inter alia*, the following:

4.1.1 the disposal of the Property will raise sufficient funds for the Company to satisfy its commitments pursuant to the Creditors Scheme of Arrangement (the “**Scheme**”) and to enable the Company to bring the Scheme to a close; and

4.1.2 the Board has undertaken a comprehensive sale evaluation process and is of the opinion that the Proposed Disposal is the best offer in view of the present circumstances of the Company.

4.2 A valuation of the Property was completed on 12 December 2016 by Jones Lang LaSalle Property Consultants Pte Ltd, pursuant to which, the Property was valued at S\$3,100,000.

4.3 The proceeds arising from the Proposed Disposal represents a gain of S\$2.6 million on the book value of the Property of S\$0.3 million as at 30 September 2016. The net proceeds raised from the Proposed Disposal after deducting professional and other related expenses is approximately S\$2.9 million. From the net proceeds arising from the Proposed Disposal, 80% will be utilised towards repayment of the creditors of the Company in accordance with the terms of the Scheme, and 20% will be utilised as working capital for the Company.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL (THE “LISTING MANUAL”) OF THE SGX-ST

5.1 Relative Figures

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal, and based on the unaudited consolidated financial statements of the Company for the first quarter ended 30 September 2016 (the “1Q2017 Results”), are as follows:

Rule 1006	Bases	The Property	Group	Relative Figures (%)
(a)	The net asset value ⁽¹⁾ of the Property, compared with the net asset value of the Group	348,337	3,131,874	11.12
(b)	The net profit / (loss) attributable to the Property, compared with the Group’s net profit / (loss) ⁽²⁾	2,632,983	25,303,000	10.41
(c)	The aggregate value of the Consideration received, compared with the Company’s market capitalisation ⁽³⁾	3,100,000	24,891,555	12.45
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable	Not Applicable	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group’s proved and probable reserves.	Not Applicable	Not Applicable	Not Applicable

Notes:

(1) Net asset value of the Property is based on the 1Q2017 Results.

(2) Net profit/loss is defined as profit or loss before income tax, minority interests and extraordinary items. The figures are based on the 1Q2017 Results.

(3) The Company's market capitalisation is calculated based on 2,765,728,294 ordinary shares in the capital of the Company (the "**Shares**") (excluding Shares held as treasury shares) multiplied by the volume weighted average price of the Shares of S\$0.0090 per Share as at 23 December 2016, being the last market day on which trade in the Shares was recorded preceding the date the SPA was signed.

5.2 Classification

As the relative figures as computed on the basis set out in Rules 1006(a), 1006(b) and 1006(c) exceeds 5% but does not exceed 20%, the Proposed Disposal constitutes a discloseable transaction within the meaning of Chapter 10 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 The following pro forma financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016 (the "**FY2016 Results**"), the 1Q2017 Results and the following key assumptions:

6.1.1 that the Proposed Disposal had been effected on 30 June 2016 (for the FY2016 Results) and on 30 September 2016 (for the 1Q2017 Results) for illustrating the financial effects on the Net Tangible Asset ("**NTA**") per Share; and

6.1.2 that the Proposed Disposal had been effected on 1 July 2015 (for the FY2016 Results) and on 1 July 2016 (for the 1Q2017 Results) for illustrating the financial effects on the earnings per Share ("**EPS**").

6.2 The financial effects of the Proposed Disposal are presented herein purely for illustrative purposes only and do not necessarily reflect the actual future financial position and performance of the Company and/or the Group following completion of the Proposed Disposal.

6.3 NTA – FY2016 Results

The effect of the Proposed Disposal on the NTA per Share for the financial year ended 30 June 2016 ("**FY2016**") based on the FY2016 Results is illustrated as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	(45,042)	(42,409)
Number of Shares (excluding Shares held as treasury shares)	2,765,728,294	2,765,728,294
NTA per Share (Singapore cents)	(1.63)	(1.53)

6.4 EPS – FY2016 Results

The effect of the Proposed Disposal on the EPS for FY2016 based on the FY2016 Results is illustrated as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss after tax (S\$'000)	(10,178)	(7,647)
EPS (Singapore cents)	(0.37)	(0.27)

6.5 NTA – 1Q2017 Results

The effect of the Proposed Disposal on the NTA per Share for 1Q2017 based on the 1Q2017 Results is illustrated as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	3,132	5,765
Number of Shares (excluding Shares held as treasury shares)	2,765,728,294	2,765,728,294
NTA per Share (Singapore cents)	0.11	0.21

6.6 EPS – 1Q2017 Results

The effect of the Proposed Disposal on the EPS for 1Q2017 based on the 1Q2017 Results is illustrated as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit after tax (S\$000)	25,303	27,936
EPS (Singapore cents)	1.49	1.65

7. FURTHER INFORMATION

7.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Disposal.

7.2 Interests of Directors and Controlling Shareholders of the Company

None of the directors and the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

7.3 Document for Inspection

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 58 Sungei Kadut Drive, Singapore 729572 for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
27 December 2016