

# SWEE HONG LIMITED

(Company Registration No. 198091852R)  
(the “Company”)

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## PROPOSED PLACEMENT OF UP TO 450,000,000 ORDINARY SHARES IN THE CAPITAL OF SWEE HONG LIMITED (THE “PLACEMENT”)

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### 1. INTRODUCTION

- 1.1 The Board wishes to announce that the Company has on 31 July 2019 entered into a subscription agreement (the “**Subscription Agreement**”) with CIIC Group Pte. Ltd. (the “**Subscriber**”) pursuant to which the Subscriber has agreed to subscribe for up to 450,000,000 new ordinary shares in the capital of the Company (the “**New Shares**” and each a “**New Share**”) at an issue price (the “**Issue Price**”) of 0.27 cents per New Share.
- 1.2 The Issue Price represents a discount of approximately 10% to the volume weighted average price of 0.30 cents for trades done on the Company’s shares (“**Shares**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on the market day on 9 May 2019 (being the last full market day on which the Shares were traded prior to the Company’s trading halt on 10 May 2019) up to the time at which the trading halt was effected on 10 May 2019.
- 1.3 No placement agent was appointed in connection with the Placement.

### 2. INFORMATION ON THE SUBSCRIBER

- 2.1 The Subscriber is CIIC Group Pte. Ltd., a company incorporated in Singapore (Company Registration No. 201923409W) and engaged in the principal businesses of general contractors (building construction including major upgrading works), and investment and trading. The Subscriber was introduced to the Company by a business contact of the Company. The Company has decided to undertake the Placement to strengthen the Group’s financial position and flexibility to capitalise on growth opportunities.
- 2.2 The New Shares will be solely for the Subscriber’s investment purposes. As at the date of this announcement, the Subscriber does not hold any shares or convertible securities in the capital of the Company.
- 2.3 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 party (including any existing director or shareholder of the Company), to obtain or consolidate effective control of the Company through the issue of the New Shares (including as contemplated in the Singapore Code on Take-overs and Mergers).
- 2.4 The Subscriber has no existing connection (including business relationships) with the Company, its Directors and substantial shareholders, and is not a person to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the Listing Manual.

### 3. DETAILS AND PRINCIPAL TERMS OF THE PLACEMENT

- 3.1 The New Shares, if and when fully allotted, issued and fully paid, will be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the

Shares existing as at their date of issue except for any dividends, distributions or entitlements, the record date in respect of which falls prior to the date of issue of the New Shares.

3.2 Upon completion of the Placement, the issued and paid-up share capital of the Company will increase to 3,682,159,507 ordinary shares (the “**Enlarged Share Capital**”) and the New Shares will represent approximately 12.22% of the Company’s Enlarged Share Capital.

### 3.3 Conditions Precedent

The Placement is conditional upon, *inter alia*:

- (a) the completion of a business, legal and financial due diligence exercise by the Subscriber on the Company and the results of such exercise being satisfactory to the Subscriber in the Subscriber’s sole and absolute determination;
- (b) approval in-principle for the listing and quotation of the New Shares on the Official List of the SGX-ST (on conditions, if any, acceptable to the Company and the Subscriber) having been obtained from the SGX-ST, such approval remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date (as defined below), such conditions being reasonably acceptable to the Subscriber or fulfilled by the Company, as the case may be;
- (c) the Company obtaining such approval(s) from its board of directors in connection with the Subscription Agreement and the transactions contemplated therein as may be necessary;
- (d) to the extent required by the Listing Manual of the SGX-ST and/or applicable laws, the approval of the Shareholders in general meeting having been obtained for the entry into and completion of the Placement, including but not limited to the issue and allotment of the New Shares and the transfer of a controlling interest to the Subscriber (if any);
- (e) as at the Completion Date, an executed and undated irrevocable letter of resignation from Mr Anil Dhanpatlal Agrawal as a director of the Company having been obtained;
- (f) the allotment, issue and subscription of the New Shares by the Subscriber not being prohibited by any statute, order, rule or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;
- (g) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations therein to be performed on or before the Completion Date;
- (h) the representations and warranties of the Subscriber in the Subscription Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Subscriber having performed in all material respects all of its obligations therein to be performed on or before the Completion Date;
- (i) as at the Completion Date, the Company continuing to hold the three (3) Public Utilities Board contracts in relation to (i) Proposed sewers in Punggol North Area –

Contract 2, (ii) DTSS Phase 2 Project – Commonwealth Ave West /Clementi Ave 2 /University (iii) DTSS phase 2 Schedules III Contract 2 – Old Choa Chu Kang Road/ Jalan Bahar respectively;

- (j) as at the Completion Date, the Company holding and continuing to hold its registration status as a Grade A2 contractor under category CW02 for Civil Engineering with the Building and Construction Authority of Singapore;
- (k) as at the Completion Date, the Shares continuing to be listed on the Official List of the SGX-ST;
- (l) there being no material adverse change or event, act or omission between the date of the Subscription Agreement and the Completion Date 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 the Subscription Agreement or the New Shares to be issued;
- (m) save as disclosed in all public announcements prior to or as at the date of the Subscription Agreement, all necessary approvals and consents as may be necessary from and registration with any third party, governmental or regulatory body or relevant competent authority having jurisdiction over the transactions contemplated therein or to the entry into and completion of the Subscription Agreement by the parties, being in full force and effect and not having been withdrawn, suspended, amended or revoked as at the Completion Date, and if such approvals or consents or registrations are granted or obtained subject to any conditions, such conditions being reasonably acceptable to the Company and the Subscriber (as the case may be); and
- (n) the Subscriber being satisfied in its reasonable discretion that the business of the Company has been carried on in a satisfactory manner and in its usual course, and all material approvals and consents (including any governmental, regulatory and/or corporate approvals and consents) required for the business of the Company has been obtained, and are and shall as at the Completion Date, remain valid and effective and not withdrawn or amended.

The Company will be submitting an application to the SGX-ST for the listing and quotation of the New Shares shortly. In the event that any of the conditions precedent as set out in the Subscription Agreement is not satisfied on or before 30 September 2019 (or such later date as the parties to the Subscription Agreement may agree in writing) (the “**Long Stop Date**”), the Subscription Agreement shall forthwith terminate.

#### 3.4 Completion

Completion of the Placement shall take place on a date no later than the seventh (7<sup>th</sup>) business day after the satisfaction of the last of the conditions set out in the Subscription Agreement and paragraph 3.3(a) to (d) above, or such other date as may be agreed between the parties (the “**Completion Date**”).

- 3.5 The New Shares are intended to be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 26 October 2018.

#### **4. FINANCIAL EFFECTS OF THE PLACEMENT**

- 4.1 Based on the Company and its subsidiaries' (the "**Group**") audited consolidated financial statements for the financial year ended 30 June 2018, for illustrative purposes, the financial effects of the Placement on the net asset value and earnings per share of the Group for the financial year ended 30 June 2018 are set out in the table below:

	<b>Before the Placement<sup>(1)</sup></b>	<b>After the Placement<sup>(2)</sup></b>
Net Asset Value per Share	0.360 cents	0.311 cents
Earnings per Share	0.044 cents	0.038 cents

**Notes:**

- (1) Based on 2,832,159,507 Shares as at 30 June 2018.
- (2) Based on 3,282,159,507 Shares after the issuance of the 450,000,000 New Shares but not including the 200,000,000 Shares issued and allotted by the Company on 1 February 2019 pursuant to the exercise of warrants and the 200,000,000 Shares issued and allotted by the Company on 22 April 2019 pursuant to the exercise of warrants (collectively, the "**Warrant Shares**").

- 4.2 Assuming the Warrant Shares were deemed to have been issued and allotted on 30 June 2018, the effects of the Placement on the net asset value and earnings per share of the Group for the financial year ended 30 June 2018 are set out in the table below:

	<b>Before the Placement<sup>(1)</sup></b>	<b>After the Placement<sup>(2)</sup></b>
Net Asset Value per Share	0.315 cents	0.277 cents
Earnings per Share	0.039 cents	0.034 cents

**Notes:**

- (1) Based on 3,232,159,507 Shares assuming the Warrant Shares were deemed to have been issued and allotted on 30 June 2018.
- (2) Based on 3,682,159,507 Shares after the issuance of the 450,000,000 New Shares.

- 4.3 As at the date of this announcement, the issued and paid-up share capital of the Company is S\$58,651,356.80 comprising 3,232,159,507 Shares. Upon the completion of the Subscription Agreement, the Company's enlarged issued and paid-up share capital will be S\$59,866,356.80 comprising 3,682,159,507 Shares.
- 4.4 The aforesaid financial effects of the Placement are strictly for illustrative purposes and may not necessarily reflect the actual future financial position and results of the Group following the Placement.

#### **5. USE OF PROCEEDS**

- 5.1 The estimated net proceeds from the Subscription Agreement (after deducting the estimated expenses, including but not limited to the professional fees in relation to the Subscription Agreement) are approximately S\$1,075,000 ("**Net Proceeds**").
- 5.2 The Company intends to use the Net Proceeds for general working capital purposes.
- 5.3 Pending the deployment of the Net 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 Group.

- 5.4 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in the 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. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.
- 5.5 The Directors of the Company are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and that the reasons for the Net Proceeds are, *inter alia*, to fund for working capital.

## **6. GENERAL**

- 6.1 The Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.
- 6.2 None of the Directors, or to the best of the Company's knowledge, substantial Shareholders of the Company or their respective associates have any interest, direct or indirect in the Placement, save for their shareholdings in the Company (if any).

## **7. LISTING AND QUOTATION OF NEW SHARES**

The Company will apply to the SGX-ST for the admission to and listing and quotation of the New Shares on the SGX-ST. The Company will make the necessary announcement upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of the New Shares.

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

Tan Swee Gek  
Company Secretary  
1 August 2019

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