

ANNOUNCEMENT OF TERM SHEET IN RELATION TO THE PROPOSED PLACEMENT OF 300,000,000 NEW ORDINARY SHARES AND 500,000,000 FREE UNLISTED DETACHABLE NEW WARRANTS IN SWEE HONG LIMITED TO READYMADE STEEL SINGAPORE PTE. LTD.

ANNOUNCEMENT OF TERM SHEET IN RELATION TO THE PROPOSED PLACEMENT

1. INTRODUCTION

1.1 The board of directors (“**Board**”) of Swee Hong Limited (the “**Company**”) is pleased to announce that it has today entered into a term sheet (“**Term Sheet**”) with Readymade Steel Singapore Pte Ltd. (the “**Subscriber**”). Pursuant to the Term Sheet, the Company proposes to allot and issue to the Subscriber:

- (a) 300,000,000 new ordinary shares of the Company (“**Subscription Shares**”) at the issue price of S\$0.01 per Subscription Share (“**Subscription Price**”); and
- (b) 500,000,000 free unlisted detachable warrants (the “**Warrants**”), each entitling the holder of such warrant to subscribe for one (1) new ordinary share in the capital of the Company (“**Warrant Share**”) at S\$0.01 per Warrant Share (“**Exercise Price**”).

(the “**Proposed Placement**”). The Proposed Placement will be made pursuant to section 272B of the Securities and Futures Act (Chapter 289) of Singapore.

1.2 The Term Sheet sets out in broad terms the salient terms and conditions in respect of the Proposed Placement which will form the basis of the definitive agreement relating to the Proposed Placement (the “**Definitive Agreement**”). Further details will be announced in the event the Definitive Agreement is entered into by the Company.

1.3 The Board wishes to advise shareholders of the Company (“**Shareholders**”) to read this Announcement in its entirety, in particular the Cautionary Statement set out in paragraph 5 of this Announcement.

2. INFORMATION OF THE SUBSCRIBER

2.1 The Subscriber is a company incorporated in Singapore (Company Registration No. 201130601Z). The Subscriber is an investment holding company which is ultimately owned by Kridhan Infra Limited, a company incorporated and publicly listed in India. The Subscriber’s subsidiary, KH Foges Pte Ltd is a sub-contractor of the Company.

2.2 As at the date of this announcement, the Subscribers do not hold, directly or indirectly, any shares in the capital of the Company (“**Shares**”). The Subscribers are willing investors and have entered into the Term Sheet purely for financial investment purposes. Neither the Subscribers nor their directors or substantial shareholders have any connection with any director or substantial shareholder of the Company.

3. TERMS OF THE TERM SHEET

3.1 The following is a summary of the principal terms of the Term Sheet in relation to the Proposed Placement:

- Issue Size** : The Subscriber is to subscribe for, on Completion:
- (a) 300,000,000 new ordinary shares in the Company (“**Subscription Shares**”) at the issue price of S\$0.01 per Subscription Share; and
 - (b) 500,000,000 free detachable warrants (the “**Warrants**”), with each warrant carrying the right to subscribe for one (1) new ordinary share in the Company (“**Warrant Share**”) at the exercise price of S\$0.01 per Warrant Share.
- The Warrants will have an exercise period of three (3) years from the date of their issue.
- Assuming all of the Warrants are exercised, there will be 500,000,000 Warrant Shares issued.
- Exercise Period** : The Warrants will have an exercise period of three (3) years from the date of their issue.
- Gross Proceeds** : The gross proceeds from the issue of the Subscription Shares will be **S\$3,000,000** and from the issue of the Warrant Shares (assuming all the Warrants are exercised) will be **S\$5,000,000**.
- Conditions Precedent** : Conditions, including but not limited to:
- (i) Approval of the independent shareholders of the Company for the issue of the Subscription Shares and the Warrant Shares to the Subscriber;
 - (ii) The Securities Industry Council (“**SIC**”) granting a waiver of the requirement for the Subscriber and its concert parties to make a general offer under Rule 14 of the Singapore Code on Takeovers and Mergers (“**Code**”) upon the issuance of the Subscription Shares and conversion of the Warrants together with any other shares in the Company which may be acquired by the Subscriber subsequent to this Term Sheet;
 - (iii) The completion of a confirmatory due diligence review on the Company and its subsidiaries to the Subscriber’s satisfaction; and
 - (iv) Execution of a Definitive Agreement between the Company and the Subscriber in agreed form.
- Right to Nominate Director** : The Subscriber shall have the right to nominate a director to the board of the Company upon the execution of this Term Sheet.
- Right to Nominate an Affiliate or Related Party** : The Subscriber shall have the right to nominate an affiliate or related party to enter into the Definitive Agreement and/or to subscribe for the Subscription Shares and Warrants.
- Working Capital Facility** : The Subscriber agrees to make available to the Company a working capital loan facility of up to S\$3,000,000 (“**Working Capital Facility**”) which may be drawn down from time to time by the Company on a need basis (subject to the Subscriber’s approval for each drawdown) for the following

projects:

- (a) Contract No. C-LTA-2013-08 for the construction of a new road between MacRitchie Viaduct and Adam Flyover, made between the Company and LTA, dated 5 August 2014, as amended by the supplemental agreement, made between the Company and LTA, dated 30 April 2015;
- (b) Contract No. T-LTA-2013-06 for the construction of a sewer diversion at Springleaf Station, made between the Company and LTA, dated 10 June 2013;
- (c) Contract No. T-PUB-2011-04 for a Sewerage Scheme to phase out Nee Soon Pumping Station, made between the Company and PUB, dated 15 November 2011;
- (d) Contract No. C-LTA-2012-02 for the widening of Upper Paya Lebar Road from Upper Serangoon Road to Bartley Road, made between the Company and LTA, dated 16 July 2012.

Any amounts outstanding under the Working Capital Facility as at the date of issue of the Subscription Shares may, at the Subscriber's discretion, be set off against the monies payable by the Subscriber to the Company pursuant to the Subscription Shares.

Any amounts outstanding under the Working Capital Facility as at the date of the issue of the Warrant Shares as and when the Warrants are exercised may, at the Subscriber's discretion, be set off against the subscription monies payable by the Subscriber to the Company for the exercise of the Warrants.

Exclusivity

- : There will be an exclusivity period of sixty (60) days from the date of the Term Sheet ("**Exclusivity Period**").

During the Exclusivity Period, the Company shall not (and shall procure that none of its subsidiaries, employees, agents or professional advisers shall):

- (a) initiate, engage in, continue or enter into any discussions, negotiations or correspondence with any third party (other than our professional advisers) relating to the subscription for any shares in the Company;
- (b) directly or indirectly solicit or invite enquiries, proposals or offers in relation to the matters set out in subparagraph (a) above; or
- (c) grant to any third party access to the confidential information, books, accounts, records and other information relating to the Company and its subsidiaries (the "**Group**"), or to the employees or premises of the Group for the purposes of evaluating the possible transaction with a view to subscribing for or purchasing any shares in the Company.

The completion of the Proposed Placement is subject to and conditional upon, *inter alia*, the execution of the relevant Definitive Agreement.

3.2 COSTS

Each Party shall bear its own costs and expenses in relation to the Term Sheet, the Definitive Agreement and related documents.

3.3 EXPIRATION

The Parties shall as soon as practicable in good faith, in any event no later than the date falling sixty (60) days from the date of this Term Sheet, negotiate and settle the terms of the Definitive Agreement.

4. RATIONALE FOR THE PROPOSED PLACEMENT

4.1 Following the termination of the subscription agreement dated 23 November 2015 which was announced by the Company on 19 February 2016, the Company had been looking for potential partners.

4.2 The Company agreed to the Proposed Placement as it requires fresh capital. Further, the Company believes that the Subscriber's offer represents a fair price and that there will be synergies with the Subscriber as a Shareholder, especially given that its subsidiary is an existing sub-contractor of the Company (please refer to paragraph 2 above for more details of the Subscriber).

5. CAUTIONARY STATEMENT

5.1 Shareholders should note that the Proposed Placement is subject to the negotiation, execution and delivery of the Definitive Agreement.

5.2 The Board would like to caution that there is no assurance that any transaction will materialise from the Term Sheet or that the Definitive Agreement will be entered into in relation to the Proposed Placement. **Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary
25 February 2016