



**Atlantic Navigation Holdings (Singapore) Limited**

**(Company Registration No. 200411055E)**

**(Incorporated in Singapore)**

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**MID-TERM TIME CHARTER SECURED AND GRANT OF CALL OPTION PURSUANT  
TO THE PURCHASE OPTION AGREEMENT FOR A LIFTBOAT, *DELTA-22***

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company had, on 4 March 2022, secured a contract for its liftboat, i.e. *Delta-22* (the “**Vessel**”), for a firm duration of 730 operational days with 2 semi-annual extensions of up to 12 months (the “**Time Charter**”) with Masirah Oil Limited (the “**Charterer**”) which is 91.8% indirectly owned by Rex International Holding Limited (“**Rex**”) which is listed on the Singapore Exchange Securities Trading Limited (“**SGX**”).

Expected to commence from 7 March 2022 after pre-contract modifications contracted to the Group as requested by the Charterer and upon towage to its intended work location, the Vessel will be utilised to support the existing oilfield production operations of the Charterer in the Middle East region. The contract value for the firm duration is expected to be approximately US\$11.7 million. Barring any unexpected circumstances, the Time Charter is expected to contribute positively to the earnings per share and net asset value per share of the Group for the next 2 financial years.

**2. THE GRANT OF CALL OPTION TO CMH**

In the discussions and concluded as part of the overall consideration of the Time Charter, the Company and Crescent Marine Holding Ltd (“**CMH**”) have entered into an agreement (“**Purchase Option Agreement**”) to grant the option to purchase the Vessel by CMH from the Company (the “**Call Option**”). CMH is a holding company of marine assets such as vessels, Mobile Offshore Production Units and other associated equipment and is a 19.9% indirectly held joint-venture company of Rex.

**2.1. SALIENT TERMS OF THE PURCHASE OPTION AGREEMENT**

The consideration for the Call Option to be paid by CMH to the Group is US\$50,000 (the “**Option Price**”). The Option Price may only be utilised to offset against the Purchase Price (as defined below) and Early Purchase Price (as defined below) upon the exercise of the Call Option, and otherwise forfeited under all other circumstances. The Purchase Option Agreement, which shall lapse if it is not exercised, shall expire on 10 February 2025.

The Call Option may only be exercised if all the following conditions have been satisfied:

- i. The Time Charter being entered into;
- ii. A period of 2 years from the signing of the Time Charter has passed; and
- iii. The Charterer has not committed repudiatory breach of the Time Charter.

## 2.2. Value of the Vessel

The Vessel had a net book value ("**NBV**") of US\$6.59 million as at 31 December 2021, being the date of the Group's latest announced consolidated financial statements. Assuming that the Purchase Option Agreement is exercised on 4 March 2024, being the earliest date of Exercise, and completed on 31 March 2024, the expected NBV of the Vessel as at 31 March 2024 would be approximately US\$3.14 million. Accordingly, the expected gain of the Purchase Price over the NBV of the Vessel as at 31 March 2024, would be approximately US\$0.10 million.

No valuation report was procured for purpose of the grant of the Call Option.

## 2.3. Purchase Price

Upon the exercise of the Call Option (the "**Exercise**"), the consideration payable by CMH to the Group is US\$3.25 million (the "**Purchase Price**"). The Option Price, the Purchase Price and the Early Purchase Price were arrived at based on arm's length negotiations and on a willing-buyer and willing-seller, the expected cash flow generated from both the Time Charter and the proceeds from the Exercise, the delivery of the Vessel upon the Exercise on an "as-is, where-is" basis, i.e. no further costs to be incurred, and after taking into account the prevailing market conditions and the business prospects of the Vessel.

The Group intends to use the proceeds from the Exercise for the repayment of secured debt and/or to augment the working capital of the Group.

## 2.4. Early Exercise Event and Early Purchase Price

An Early Exercise Event has occurred only when the total equity of the Group falls below 35% of that as reported in its most recent audited consolidated annual financial statements as at 31 December 2020 of US\$81.07 million and with applicable period of 2 years from the date of the Purchase Option Agreement.

If an Early Exercise Event occurs, CMH may, subject to conditions (i), (iii) and (iv) set out in paragraph 2.1 of this announcement, exercise the Call Option at a consideration of US\$7.85 million less US\$180,000 per month, depending on the number of months when the Vessel is on full hire from the signing of the Time Charter (the "**Early Purchase Price**").

The Early Purchase Price shall under all circumstances subject to a minimum amount of US\$3.25 million (the "**Minimum Price**"). In the unlikely event of the Early Purchase Price being triggered, it shall in any case as calculated be at a higher amount than the Minimum Price.

### 3. RATIONALE FOR THE PURCHASE OPTION AGREEMENT

While the Vessel was refurbished and fit for purpose since 2013 with current life extension certified until 2025, it may have limited opportunities for further deployment when off-hired after the Time Charter duration given its age which will result in unproductive operational expenses being incurred when idle as was the case during 2020 and 2021.

The execution of the Time Charter and the Purchase Option Agreement is the culmination of the close working relationship and discussions between the Charterer and the Group over the years for efficient deployment with specific vessel modifications of the Vessel over the Time Charter duration and beyond at its intended location.

Older vessels such as the Vessel are generally deemed as being less efficient and hence consume more energy and other relevant resources, and with relatively higher repair and maintenance expenses compared with younger vessels. With the global thrust towards green environmental considerations in mind, the Management will continue to explore the potential sale of older vessels to augment its cash flows in line with its fleet management and renewal strategy.

Based on current elevated commodity including scrap metal prices, the current scrap value of the Vessel is expected to be about US\$2.0 million on an “as-is, where-is” basis. The US\$3.25 million then represents reasonable lock-in value with enhanced certainty in the planning of the Group’s cash flow in the near and mid-term.

### 4. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES IN RELATION TO THE GRANT OF THE CALL OPTION

For the purposes of Chapter 10 of the Listing Manual Section B: Rules of Catalist of the SGX (the “**Catalist Rules**”), and in particular Rule 1005 of the Catalist Rules, under which separate transactions completed within the last 12 months may be required to be aggregated and treated as if they were on transaction, the aggregated relative figures based on the latest announced unaudited consolidated financial statements of the Group for the full year ended 31 December 2021 (“**FY2021**”) and the disposal of vessels, AOS Star and AOS Energy, as previously announced on 27 September 2021 are as follows:

Rule 1006	Bases	Relative Figures for disposal of AOS Star and AOS Energy (%) <sup>(9)</sup>	Relative Figures for the Call Option (%)	Combined Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value. Not applicable to an acquisition of assets.	4.2	9.6 <sup>(1)</sup>	13.8 <sup>(2)</sup>
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group’s net loss.	0.5	15.8 <sup>(3)</sup>	16.3 <sup>(4)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalization based on the total number of issued shares excluding treasury shares.	12.3	18.7 <sup>(5)</sup>	29.8 <sup>(6)</sup>

Rule 1006	Bases	Relative Figures for disposal of AOS Star and AOS Energy (%) <sup>(9)</sup>	Relative Figures for the Call Option (%)	Combined Relative Figures (%)
(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. <sup>(7)</sup>	Not applicable	Not applicable	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. <sup>(8)</sup>	Not applicable	Not applicable	Not applicable

**Notes:**

- (1) Based on the NBV of the Vessel of US\$6.6 million compared to the net asset value of the Group of US\$69.0 million as at 31 December 2021.
- (2) Based on the aggregate NBVs of the Vessel (as at 31 December 2021), AOS Star and AOS Energy (as at 30 June 2021) of US\$9.5 million compared to the net asset value of the Group of US\$69.0 million as at 31 December 2021.
- (3) Based on net loss of US\$2.1 million attributable to the Vessel compared to net loss of US\$13.2 million of the Group for FY2021.
- (4) Based on the aggregate net loss of US\$2.2 million attributable to the Vessel (for FY2021), AOS Star and AOS Energy (for 1H2021) compared to net loss of US\$13.2 million of the Group for FY2021.
- (5) Based on the proceeds from the Exercise of US\$3.25 million and the market capitalisation of the Company of approximately US\$17.4 million (or equivalent to S\$23.7 million, at exchange rate of US\$1.00 : S\$1.358), computed based on a total number of 523,512,144 shares of the Company in issue (excluding treasury shares and subsidiary holdings) at the volume weighted average price of S\$0.0452 per share transacted on 3 March 2022, being the last full market day on which shares of the Company were traded on the SGX-ST preceding the date of the signing of the Purchase Option Agreement.
- (6) Based on the aggregate proceeds from the Exercise and the disposal of AOS Star and AOS Energy of US\$5.2 million and the market capitalisation of the Company as described in note (5) above.
- (7) This basis is applicable only to an acquisition.
- (8) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company. The Company is not a mineral, oil and gas company.
- (9) Extracted from the Company's announcement dated 27 September 2021.

As (a) the figures used to compute the relative figure under Rule 1006(b) of the Catalist Rules are negative figures, pursuant to paragraph 4.4(e) of Practice Note 10A of the Catalist Rule, the Company notes that the absolute relative figure computed on the basis of each of Rule 1006(a), (c) and (e) of the Catalist Rules does not exceed 50% and the Group is expecting the aggregate net loss on disposals of US\$0.95 million, consisting the expected net gain on disposal of the Vessel of US\$0.10 million and the net loss on disposal of AOS Star and AOS Energy of US\$1.05 million, represents 7.2% of the net loss of the Group for FY2021; and (b) the relative figures computed on the basis of each Rule 1006(a) and Rule 1006(c) of the Catalist Rules exceeds 5.0%, the Disposal is considered a "Discloseable Transaction" as defined under Rule 1010 of the Catalist Rules.

## 5. FINANCIAL EFFECTS FROM THE COMPLETION OF EXERCISE

The financial effects from the completion of the Exercise set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Exercise. The financial effects of the Exercise are based on the Group's latest unaudited financial statements for FY2021:

### 5.1. Net Tangible Asset ("NTA") per Share

Assuming that the Exercise had been completed on 31 December 2021, the NTA per share of the Group would be as follows:

	Before the Completion	After the Completion
<b>NTA (US\$'000)</b>	68,838	68,940
<b>Number of issued shares</b>	523,512,144	523,512,144
<b>NTA per share (US cents)</b>	13.15	13.17

### 5.2. Loss per Share ("LPS")

Assuming that the Exercise had been completed on 1 January 2021, the LPS of the Group would be as follows:

	Before the Completion	After the Completion
<b>Net loss attributable to shareholders (US\$'000)</b>	(5,453)	(3,360)
<b>Weighted average number of shares</b>	523,512,144	523,512,144
<b>LPS (US cents)</b>	(1.04)	(0.64)

## 6. OTHER INFORMATION

No person has been or is proposed to be appointed as director of the Company in connection with the Time Charter and the Purchase Option Agreement. Accordingly, no service contract has been or is proposed to be entered into between the Company and any such person.

## 7. DISCLOSURE OF INTERESTS

Save for their respective shareholdings in the Company, none of the Directors, controlling shareholders or substantial shareholders of the Company, or their respective associates, has any interest, direct or indirect, in the Time Charter and the Purchase Option Agreement.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

The Purchase Option Agreement is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 for a period of three (3) months from the date of this announcement.

**By Order of the Board**

**Wong Siew Cheong**

**Executive Director and Chief Executive Officer**

4 March 2022

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*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*