



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Company Registration No. 200411055E)

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION

The Board of Directors (the “**Board**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 1 March 2022 (the “**Announcement**”) on its unaudited condensed interim consolidated financial statements for the financial quarter and year ended 31 December 2021 (“**FY2021**”) and wishes to provide its responses to the following queries raised by the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) on 9 March 2022, as follows:

SGX RegCo’s Queries	Company’s Responses																																																										
<p>1. The Group recorded US\$11,171,000 in trade receivables as at 31 December 2021, accounting for approximately 76.3% of the Group’s total current assets.</p> <p>Please disclose:</p> <p>(i) The aging of the Group’s trade receivables;</p>	<p>(i) Aging schedule of the Group’s trade receivables are set out below:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">31 December 2021 US\$’000</th> </tr> </thead> <tbody> <tr> <td>Trade receivables (Gross)¹</td> <td style="text-align: right;">10,801</td> </tr> <tr> <td>Unbilled receivables¹</td> <td style="text-align: right;">38</td> </tr> <tr> <td>Retention receivable, all current/not due</td> <td style="text-align: right;">1,223</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">12,062</td> </tr> <tr> <td>Allowance for doubtful debts, aggregate</td> <td style="text-align: right;">(891)</td> </tr> <tr> <td>Net receivables</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">11,171</td> </tr> </tbody> </table> <p>Notes:</p> <p>¹ Aging of Trade Receivables (Gross) and Unbilled Receivables</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Aging past due</th> <th>Gross</th> <th>Allowance for doubtful debts</th> <th>Net</th> <th>% of Net</th> </tr> <tr> <th>US\$’000</th> <th>US\$’000</th> <th>US\$’000</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Current/Not Due</td> <td style="text-align: right;">6,898</td> <td style="text-align: right;">-</td> <td style="text-align: right;">6,898</td> <td style="text-align: right;">69.3%</td> </tr> <tr> <td> 1 - 30 days</td> <td style="text-align: right;">2,120</td> <td style="text-align: right;">-</td> <td style="text-align: right;">2,120</td> <td style="text-align: right;">21.3%</td> </tr> <tr> <td> 31 - 60 days</td> <td style="text-align: right;">434</td> <td style="text-align: right;">-</td> <td style="text-align: right;">434</td> <td style="text-align: right;">4.4%</td> </tr> <tr> <td> 61 - 90 days</td> <td style="text-align: right;">481</td> <td style="text-align: right;">-</td> <td style="text-align: right;">481</td> <td style="text-align: right;">4.8%</td> </tr> <tr> <td> 91-150 days</td> <td style="text-align: right;">223</td> <td style="text-align: right;">(208)</td> <td style="text-align: right;">15</td> <td style="text-align: right;">0.2%</td> </tr> <tr> <td> > 150 days</td> <td style="text-align: right;">683</td> <td style="text-align: right;">(683)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">0.0%</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">10,839</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(891)</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">9,948</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">100%</td> </tr> </tbody> </table> <p>Trade receivables are generally on 30 days and up to 60 days credit terms.</p>		31 December 2021 US\$’000	Trade receivables (Gross) ¹	10,801	Unbilled receivables ¹	38	Retention receivable, all current/not due	1,223		12,062	Allowance for doubtful debts, aggregate	(891)	Net receivables	11,171	Aging past due	Gross	Allowance for doubtful debts	Net	% of Net	US\$’000	US\$’000	US\$’000	%	Current/Not Due	6,898	-	6,898	69.3%	1 - 30 days	2,120	-	2,120	21.3%	31 - 60 days	434	-	434	4.4%	61 - 90 days	481	-	481	4.8%	91-150 days	223	(208)	15	0.2%	> 150 days	683	(683)	-	0.0%	Total	10,839	(891)	9,948	100%
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<p>(ii) Whether they are major customer(s) and whether the Group</p>	<p>(ii) Approximately 88.5% of the total trade receivables are related to 5 major customers of the Group, out of which approximately 62.7% of these amounts were since paid to-date including those amounts in the “Current/Not Due” as at 31 December 2021 which are due by now. With</p>																																																										

SGX RegCo's Queries	Company's Responses
<p>continues to transact with these customer(s);</p> <p>(iii) The Group's plan to recover the trade receivables;</p> <p>(iv) What were the actions taken to recover the trade receivables;</p> <p>(v) How long are the debts outstanding; and</p> <p>(vi) The Board's assessment of the recoverability of the remaining trade receivables.</p>	<p>established and current relationships with the Group, the Group intends to continue to transact with these customers.</p> <p>(iii) The Group's major customers are predominantly reputable companies including National Oil Companies as well as international and mid-sized contractors with significant established presence in the Middle East which the Group had worked with over a period of time. The Group continues to work closely with these companies with relationships evolving to involve close consultation, with the Group's vessels earmarked as part of the customers' future planning. The Group does not foresee any significant difficulties in collection as evident in the subsequent collections as mentioned 2(i) and 2(ii) above.</p> <p>(iv) See response to 1(iii) above.</p> <p>(v) See response on in 1(i) above.</p> <p>(vi) On the advice of the management, the Board expects the trade receivables net of allowance for doubtful debts as at 31 December 2021, to be recoverable.</p>
<p>2. The Group recorded US\$52,682,000 of loans and borrowings as at 31 December 2021, accounting for approximately 75.2% of the Group's total current liabilities.</p> <p>Please disclose the following:</p> <p>(i) Details of the loans and borrowings, including the terms of loan, interest on loans and maturity dates;</p> <p>(ii) A breakdown of the lenders and their identities (and its ultimate beneficial shareholders and directors if this is not a bank);</p> <p>(iii) When were the loans obtained and approved by the Board, including the Audit Committee; and</p> <p>(iv) The use of proceeds from the loan.</p>	<p>The total loans excluding loans and advances from shareholders comprise of US\$52,682,000 as current and US\$1,248,000 in non-current portion, for total of US\$53,930,000 as at 31 December 2021.</p> <p>For (i) and (ii), please see the Attachment for the details in summary as requested. Certain information have remained confidential such as the identity of banks as well as the specific loans from which respective banks which have not been disclosed previously in view of the commercial sensitivities. Details of these loans including interest rates (without identity of the banks) are provided in Note 21 of the Financial Statements for the year ended 31 December 2020 in the Annual Report 2020, with similar details to be disclosed and updated in the Annual Report 2021.</p> <p>(iii) Please see details in the Attachment on inception dates. The loans were approved by the Board.</p> <p>(iv) These loans were procured predominantly for the fulfilment of purchase consideration for vessels acquired or payment to shipyards for new-built vessels and other capital expenditure for vessel enhancement as required by charterers and mobilisation.</p>

SGX RegCo's Queries	Company's Responses
<p>3. It is disclosed on page 12 of the financial report that the Group recorded US\$8,028,000 of impairment loss on 3 three vessels.</p> <p>Please disclose the following:</p> <p>(i) Details of the independent professional valuers that conducted the valuation;</p> <p>(ii) The basis and date of such a valuation; and</p> <p>(iii) The Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used by the valuers to determine the amount of impairment.</p>	<p>The Company refers the announcement made on 23 August 2021 that the impairment loss of US\$8,028,000 was recorded for 2Q FY2021. The responses continue to be applicable and largely reiterated hereon for ease of reference:</p> <p>(i) For FY2021 financial results, vessel valuation across the entire fleet of vessels was conducted by Cleghorn, Wilton & Associates, Ltd. (the "Valuer"), established in the UAE in 1979 and it has been the Group's valuer since its inception.</p> <p>(ii) The Group engages the Valuer on a semi-annual basis as previously announced which provides valuations for a view of the market value, having taken into consideration mainly the vessel's age, size, type and characteristics, based on a sale between a willing buyer and a willing seller and its own professional knowledge. Such valuation as determined being the market value is deemed as the recoverable amount, and the impairment is determined as the difference between the recoverable amount and the book value as at 30 June 2021 and 31 December 2021 with no further impairment in second half of FY2021.</p> <p>(iii) On the advice of the Management, the Board confirms that it is satisfied with the reasonableness of the methodologies used to determine the amount of impairment.</p>
<p>4. As at 31 December 2021, the Group's current liabilities stand at US\$70,047,000 with a cash and bank balances of US\$520,000. We also note that there are US\$2,462,000 in bank overdrafts.</p> <p>Please disclose the Board's assessment of the following:</p> <p>(i) Whether the Group's current assets are adequate to meet the Group's short-term liabilities of US\$70,047,000, including its bases of assessment;</p> <p>(ii) How the Group intends to fulfil its significant payment obligations in the next 12 months. Where the Group has worked out debt repayment plans to fulfil</p>	<p>The Group is of the view that its ability to meet its debt repayments should be evaluated from an overall perspective.</p> <p>As disclosed on page 7 of the Announcement, as at 31 December 2021, while the Group has reported a net current liabilities (current assets less current liabilities) position of US\$55,406,000, its net assets (i.e. <i>total</i> assets less <i>total</i> liabilities) was US\$69,002,000. In addition, the Group's external loans of US\$53.9 million were secured by mortgages of vessels with a carrying value of US\$133.4 million as at 31 December 2021. Further,</p> <p>(a) The Group is in discussions to sell certain vessel(s) at a reasonable price within a reasonable time-frame;</p> <p>(b) The Group is engaging in ongoing discussions to obtain refinancing facilities backed by vessels with secured contracts; and</p> <p>(c) The Group expects cash flows from operations in an improving offshore market condition in the Middle East.</p> <p>Subsequent to the year end of 2021, following progress updates from the Group and further discussions, one of the principal banks (the "Relevant Bank") had consented to the Group's request to refinance or repay the outstanding secured loans from the sale proceeds by 30 June 2022.</p> <p>With the ongoing discussions either for substantive sale for loan repayment or refinancing supported by significant charter party contracts including the firmed 730 operational days, i.e. 2 years, contract and potential sale pursuant</p>

SGX RegCo's Queries	Company's Responses
<p>(iii) its debt obligation, please disclose if the Group is on track to fulfilling these obligations; and Please disclose the proactive actions which the management plans to take to ensure that the Group's financial position remains strong.</p>	<p>to the call option granted for a liftboat, Delta-22, as announced on 4 March 2022, the Group is of the view that it is broadly on track to fulfilling these obligations.</p> <p>Besides the Delta-22 contracts finalised as announced on 4 March 2022, the other liftboat, as disclosed on page 17 of the Announcement, is currently on contract expected to expire by end April 2022. There are a few of ongoing proposals being discussed (including extensions with existing charterer) with varying charter durations. These charter party agreements when finalised would provide the financial support to and facilitate the discussions for the intended refinancing or sale.</p> <p>The Group will provide updates to the market when there are material developments.</p> <p>In the current improving offshore market, the Group's utilisation rates achieved were 84.0% in 4Q2021, 76.7% in 3Q2021, with FY2021 at 73.7%. The Group is focused on and is monitoring closely the ongoing but abating COVID-19 pandemic as well as Russia/Ukraine conflict and Middle East geopolitical tension and will be adopting appropriate measures such that its operations are not materially disrupted to generate the expected cash flow from operations.</p>

By Order of the Board

Wong Siew Cheong
Executive Director and Chief Executive Officer

11 March 2022

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.

Attachment – Query 2

No	Item	Outstanding as at 31 December 2021 US\$'000	Loan Duration from Inception	Maturity	Interest rates
1	UAE Bank, various loans including overdraft facility, in aggregate US\$34,711,000 with loan duration between 3.5 and 7.5 years	12,985	7.5 years from April 2018	October 2025	Both these outstanding loans hedged to fixed interest cost at 8.0% per annum (“p.a.”)
		6,024	7.0 years from November 2019	October 2026	
		7,572	5.5 years from November 2019	May 2025	4.0% p.a. + 1-month LIBOR
		5,668	3.5 years from December 2021	June 2025	4.0% p.a. + 1-month LIBOR, subject to minimum interest rate of 5.5% p.a.
		2,462 (overdraft, limit at US\$2.6 million)	Since March 2019	Progressive reduction from January 2023 until expiry in March 2026	5.0% p.a. + 1-month EIBOR, subject to minimum interest rate of 5.5% p.a.
2	Relevant Bank, various loans	17,948	6 years as extended, effective from April 2017	April 2023	4.0% + 1-month LIBOR, additional 1.0% for amounts in arrears; consent granted for refinancing or sale of assets for repayment by 30 June 2022
3	Mr Mubarak Abdullah Al-Suwaiket, i.e. country representative in the Middle East (See announcement dated 6 April 2018)	1,218	5 years from March 2018	Repayable in March 2023	10.0% p.a. fixed
4	Car loan	53	4 years from June 2020	June 2024	7.45% p.a. fixed
Total loan		53,930			