Atlantic Navigation Holdings (Singapore) Limited

(Company Registration No. 200411055E)
(Incorporated in the Republic of Singapore)

THE PROPOSED ACQUISITION OF A VESSEL WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES

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1. INTRODUCTION

1.1. The Board of Directors (the "**Board**" or the "**Directors**") of Atlantic Navigation Holdings (Singapore) Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the wholly-owned indirect subsidiary of the Company, i.e. Atlantic Oceana Inc. (the **"Buyer"**) had, on 6 April 2023, entered into a memorandum of agreement (the "**MOA**") with Saeed Investment Pte. Ltd. (**"Saeed"** or the **"Seller"** and together with the Buyer, the **"Parties"**) in relation to the proposed acquisition of a vessel known as *Vega Egypt 1* (the "**Vessel**") (the "**Proposed Acquisition**").

1.2. As Saeed is a controlling shareholder of the Company, the Proposed Acquisition constitutes an interested person transaction under Chapter 9 of Section B: Rules of Catalist of the Listing Manual ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and is subject to the approval of the shareholders of the Company (**"Shareholders"**) who are deemed independent under the Catalist Rules in respect of the Proposed Acquisition (the **"Independent Shareholders"**) at an extraordinary general meeting of the Company ("**EGM**") to be convened. The EGM is tentatively scheduled for 25 April 2023.

1.3. A circular to the Shareholders setting out more information on the Proposed Acquisition and convening an EGM for the purposes of approving, *inter alia*, the Proposed Acquisition (the "**Circular**"), will be made available on the SGXNET in due course.

1.4. Further details of the Proposed Acquisition are set out below.

2. INFORMATION RELATING TO THE SELLER AND THE VESSEL

The information on the Seller and the Vessel in this announcement was provided by the Seller. In respect of such information, the Company and the Board have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1. Information relating to the Seller

2.1.1. The Seller is a company incorporated in Singapore on 8 May 2018 with its principal business in investment holding.

2.1.2. As at the date of this announcement, the Seller is a controlling shareholder of the Company and is deemed to be interested in 262,918,394 shares representing 50.2% in the capital of the Company.

2.1.3. The Seller is wholly owned by Mr Kum Soh Har, Michael, the Non-Executive and Non-Independent Chairman of the Company ("**Mr Kum**") and his spouse, Madam Ong Bee Yong, Lynda, in equal shares. Accordingly, the Seller is an associate of Mr Kum.

2.1.4. In view of the above, the Seller is an interested person and the Proposed Acquisition is an interested person transaction under Chapter 9 of the Catalist Rules.

2.2. Information relating to the Vessel

The Vessel is a 75-metre Multi-purpose Platform Supply Vessel ("**MPSV**") with 57-men accommodation with clear deck space of 520 square metres, equipped with Dynamic Positioning 2 and Fire Fighting Notation 1 as well as an offshore pedestal telescopic crane with main-hook safe working load of up to 40 tons at operating height between 5.5 metres and 8.0 metres. It was built in October 2017 and had recently completed its first major special survey due every five years in October 2022 ("**First SPS**") with class society being American Bureau Society.

3. RATIONALE AND BENEFIT TO THE GROUP FOR THE PROPOSED ACQUISITION

The business of the Group is categorised into two principal operating divisions, namely Marine Logistics Services ("**MLS**") and Ship Repair, Fabrication and Other Marine Services ("**SRM**"). The MLS division provides ship chartering, technical and chartering project management, principally for the offshore oil and gas as well as marine construction industries predominantly in the Middle East region.

The Board believes that the Proposed Acquisition will enhance the long-term interests of the Group and its Shareholders on the following basis:

(a) the Proposed Acquisition is in line with the Group's strategy for its MLS business to invest and expand its fleet with young quality vessels and is intended to further establish the Group's business in the Middle East region. The acquisition of another quality vessel will also allow the Group to offer more comprehensive services to its clients as part of its long term plans;

(b) as previously disclosed in the financial results announcement for the first financial quarter ended 31 March 2022 dated 15 July 2022, the Vessel has been under the management of ship manager, Atlantic Maritime Group FZE ("**AMG FZE**"), a wholly owned subsidiary of the Group, since November 2021. Hence, the Group is familiar with and aware of the operational capabilities of the Vessel, and to the best of the Directors' knowledge, no major capital expenditure is required of the Vessel subsequent to the Proposed Acquisition, especially in view of the recent completion of the First SPS; and

(c) the Vessel is currently on firm contract with an international charterer until 27 October 2023 with an option exercisable by the charterer to extend the contract for up to 180 days i.e. until 24 April 2024. The Proposed Acquisition will allow the Group to continue with the contract and generate operational charter income subsequent to the completion of the Proposed Acquisition, subject to the Independent Shareholders' approval at the EGM.

4. VALUE OF THE VESSEL TO BE ACQUIRED

4.1. The Company did not engage an independent valuer to perform a valuation on the Vessel for the purpose of the Proposed Acquisition. However, Cleghorn, Wilton & Associates, Ltd. (**"CWA"**), Dubai, UAE, an independent valuer, was appointed by the Group to perform a valuation of the Vessel ("**CWA Valuation Report**") at the request of one of its principal banks in the Middle East for the purpose of evaluating the general condition and valuation of the Vessel whereby the Vessel was valued at US$10,500,000 as at 7 March 2023, being the date of the CWA Valuation Report. Established in the UAE circa 1976, CWA has been the Group's valuer of its vessel fleet since its inception and is on the panel of approved valuers of the principal banker.

4.2. The valuation of the Vessel was based on willing buyer, willing seller basis, assuming charter-free delivery, free average, free of liens and encumbrance and with valid full-term classification and statutory certificates, and taking into consideration of, *inter alia*, the following:

(a) review of documentation in accordance with classification rules and statutory requirement;

(b) review of all vessel related documents and a condition survey of the main deck plating, mooring fairleads, towing brackets, anchor and associated equipment and manholes for tank entry;

(c) review of the inventory list of all existing equipment and associated spare parts; and

(d) other considerations which, *inter alia*, includes comparable new vessels, size, type and characteristics of the Vessel.

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The principal terms of the Proposed Acquisition are set as follows:

5.1. Consideration

The consideration (the "**Consideration**") for the Proposed Acquisition is US$10.0 million, being 4.76% discount from the valuation of US$10.5 million based on the CWA Valuation Report. The Consideration was arrived at on a willing-buyer willing-seller basis, after negotiations which were conducted on an arm's length basis between the Buyer and the Seller, taking into account several factors including, *inter alia*, (i) the CWA Valuation Report, (ii) the offshore oil and gas market in the Middle East region, and (iii) the Vessel having an existing firm contract and having completed its First SPS in October 2022.

For the avoidance of doubt, the Consideration does not include the costs of lubricating and hydraulic oils and greases ("**Consumables**"), the purchase of which is customary in such acquisition of vessels. The Buyer shall take over and pay at the market price on the date of delivery of the Vessel for the quantities of Consumables taken over and such payment shall be made to the Seller at the time of Initial Payment (as defined below) in the same currency as the Consideration. The Company expects the amount of payment for the Consumables to be immaterial, being less than S$100,000.

5.2. Method of payment

Assuming that Shareholder's approval for the Proposed Acquisition is obtained on 25 April 2023, the Buyer will pay 50% of the Consideration, being US$5.0 million, to be received by the Sellers in a nominated account on or by 2 May 2023 ("**Initial Payment**").

The balance Consideration of US$5.0 million shall be deferred and paid in subsequent equal installments of US$1.0 million per month over five (5) months starting from May 2023.

The Consideration is expected to be funded by the medium term loan facility of up to US$20.0 million available to the Company, as announced by the Company on 16 March 2023, with respect to the Initial Payment as well as cash flow from operations of the Group in relation to the installments.

5.3. Conditions Precedent

The completion of the Proposed Acquisition is conditional on the following conditions being satisfied:

(a) **Shareholders' Approval**: approval of the Shareholders obtained in an EGM for the Proposed Acquisition;

(b) **Inspection**: inspection and acceptance of the Vessel's classification records to the satisfaction of the Buyer;

(c) **Documentation**: the Buyer and the Seller will exchange documents as prescribed under the MOA on the day of delivery, which includes, *inter alia,* (i) original legal bill of sale in a form recordable in Buyer's nominated flag state, transferring title of the Vessel and stating that the Vessel is free from all mortgages, encumbrances and maritime liens or any other debts whatsoever, duly notarised and apostilled and a certified true copy thereof; (ii) commercial invoice for the Vessel and the Consumables; (iii) evidence of approval from the board of directors of the Buyer and the Seller to authorise the execution, delivery and performance of the MOA; and (iv) a written undertaking by the Seller to effect deletion from the Vessel's registry and provide the electronically issued deletion duly apostilled from the previous flag registry together with the electronically issued closed Continuous Synopsis Record (CSR) of the Vessel issued by the Vessel's registry, to the Buyer promptly and latest within four (4) weeks after the Initial Payment has been received by the Seller.

5.4. Completion

Assuming that Shareholder's approval for the Proposed Acquisition is obtained on 25 April 2023, the title of the Vessel is deemed transferred with full economic benefits accruing to the Group on 1 May 2023 ("**Completion**"). For the avoidance of doubt, the Vessel is expected to be delivered to the Buyer on 30 April 2023. The Buyer and the Seller shall sign and deliver to each other a protocol of delivery and acceptance confirming the date and time of delivery of the Vessel from the Seller to the Buyer.

If the Seller anticipates that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready by 30 April 2023, the Seller may notify the Buyer in writing stating the date when they anticipate that the Vessel will be ready for delivery and proposing a new date while the Buyer retains the option of cancelling the MOA.

5.5. Warranties and Undertakings

The Seller warrants that the Vessel, at the time of delivery, is free from all encumbrances, mortgages and maritime liens or any other debts whatsoever, and is not subject to port state or other administrative detentions. The Seller undertakes to indemnify the Buyer against all consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

6. THE PROPOSED ACQUISITION AS AN INTERESTED PERSON TRANSACTION

6.1. As at the date of this announcement and mentioned in paragraph 1.2 above, the Seller is an interested person and the Proposed Acquisition is an interested person transaction under Chapter 9 of the Catalist Rules. Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("**FY2021**"), the audited consolidated net tangible assets ("**NTA**") of the Group was approximately US$68.8 million as at 31 December 2021. The Consideration represents at least 14.53% of the Group's latest audited consolidated NTA value as at 31 December 2021. As this value exceeds 5%, pursuant to Rule 906(1)(a) of the Catalist Rules, the Proposed Acquisition constitutes an interested person transaction which is subject to the approval of the Independent Shareholders.

6.2. Pursuant to Rule 919 of the Catalist Rules, the Seller shall abstain, and shall procure that its associates and nominees abstain, from voting in respect of their shareholding in the Company on the ordinary resolution relating to the Proposed Acquisition. The Seller shall not, and shall procure that its associates and nominees shall not, accept nominations as a proxy or otherwise for voting on the ordinary resolution relating to the Proposed Acquisition unless it is given specific instructions as to voting.

6.3. Pursuant to Rule 917(5) of the Catalist Rules, the current total of all interested person transactions from 1 January 2023 up to the date of this announcement are as follows:

Name of interested person & nature of the interested person transaction	**Amount (US$'000)**
Saeed:	
- Interest on advance due from the Group(1)	25
- Ship management fees due to the Group(2)	198
Sub-total:	**223**
Mr Wong Siew Cheong:	
- Interest on loan due from the Group(3)	59
- Employment visa agency and administrative services rendered by related company in the UAE	17
Sub-total:	**76**
Grand Total	**299**

Notes:

(1) As at the date of this announcement, the Seller had provided an aggregate of US$3.0 million shareholder advance (the "**Advance**") to the Group where the Advance is unsecured, interest-bearing at an interest rate of 3.0% per annum, and further advance of US$0.8 million which is unsecured and non-interest bearing, both sums to be settled in cash.

(2) Pursuant to the Ship Management Agreement between the Seller and a wholly-owned ship manager subsidiary of the Group, i.e. Atlantic Maritime Group FZE ("**AMG FZE**") entered on 15 July 2022 with effect from 16 November 2021 for the provision of ship management services including commercial, technical, crewing and operational expenses management services of the Vessel for fees to be determined on a per-day basis. For avoidance of doubt, the Ship Management Agreement will cease upon Completion.

(3) As at the date of this announcement, Mr Wong Siew Cheong, the Executive Director and CEO, had provided an aggregate of US$7.3 million loan to the Group (the "**Loan**") where the Loan is unsecured, interest-bearing at an interest rate of 3.0% per annum, and advances of US$1.6 million which is unsecured, non-interest bearing, both sums to be settled in cash.

Save as disclosed above and the Proposed Acquisition, no other interested person transactions were entered into between the Company and the Seller or its associates from 1 January 2023 up to the date of this announcement.

7. THE PROPOSED ACQUISITION AS PART OF THE ORDINARY COURSE OF BUSINESS

7.1. The Proposed Acquisition is in the ordinary course of business of the Group. Nevertheless, the relative figures of the Proposed Acquisition computed on the bases set out in Catalist Rules 1006(a) to 1006(e) are set out below for Shareholders' reference:

Catalist Rule	Basis of Calculation	Relative figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.(1) This basis is not applicable to an acquisition of assets.	Not applicable(2)
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.(3)	Not applicable(4)
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	25.5%(5)
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable(6)
1006(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable(7)

Notes:

(1) Under Rule 1006(a) of the Catalist Rules, "net assets" means total assets less total liabilities.

(2) Rule 1006(a) of the Catalist Rules is not applicable to the Proposed Acquisition, being an acquisition of assets.

(3) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

(4) No net profit or loss is attributable to the Vessel.

(5) The market capitalisation of S$11.2 million is calculated based on the volume weighted average price of S$0.0995 on 31 March 2023, being the last full market day on which the shares of the Company were traded, preceding the date of the signing of the MOA. The exchange rate used is US$1.00 : S$1.3265 on 5 April 2023, being the last market day preceding the date of the signing of the MOA, extracted from Oanda.com.

(6) Rule 1006(d) of the Catalist Rules is not applicable to the Proposed Acquisition as the Consideration does not involve equity securities.

(7) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

7.2. Accordingly, the Proposed Acquisition is deemed a discloseable transaction if Chapter 10 of the Catalist Rules were to be applied.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1. Bases and Assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after Completion. The financial effects of the Proposed Acquisition on the Company as set out below are based on the Group's latest unaudited financial statements for the financial year ended 31 December 2022 and the following assumptions:

(a) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per ordinary share in the capital of the Company ("**Share**") as well as the gearing ratio have been computed assuming that Completion took place on 31 December 2022;

(b) the financial effects on the Group's earnings attributable to the Shareholders and the earnings per Share ("**EPS**") have been computed assuming that Completion took place on 1 January 2022; and

(c) the Vessel does not generate any income and does not incur any cost.

8.2. Share Capital

As no new Shares will be issued by the Company in connection with the Proposed Acquisition, the Proposed Acquisition will have no impact on the Company's issued share capital.

8.3. NTA per Share

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA (US$'000)	81,827	81,827
Number of issued shares	523,512,144	523,512,144
NTA per share (US cents)	15.63	15.63

8.4. EPS

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Net profit attributable to Shareholders (US$'000)	11,208	11,208
Weighted average number of shares	523,512,144	523,512,144
EPS (US cents)	2.14	2.14

8.5. Gearing

	Before the Proposed Acquisition	After the Proposed Acquisition
Net debts as at 31 December 2022 (US$'000)	67,443	77,443
Shareholders' equity (US$'000)	81,833	81,833
Gearing (times)	0.45	0.49

Note:

(1) Net debts means total debts (including trade payables, accruals and other payables, other non-financial liabilities, lease liabilities and loans and borrowings) less cash and bank balances.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or, as far as the Directors are aware, controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated herein (other than in his capacity as a Director or Shareholder of the Company).

10. DIRECTOR'S SERVICE CONTRACTS

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

11. EGM TO BE CONVENED

11.1. The Company will be seeking specific approval of Shareholders of the Company at the EGM for the Proposed Acquisition.

11.2. A circular setting out amongst others, the terms of the Proposed Acquisition, together with a notice of EGM, will be made available on the SGXNET in due course.

12. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Xandar Capital Pte. Ltd. as the independent financial adviser ("**IFA**") to provide an opinion on whether the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders (the "**IFA Opinion**"). The Directors and the audit committee of the Company (who are independent of the Proposed Acquisition) are obtaining the opinion from the IFA before forming their views. The views of the Directors and the audit committee of the Company (who are independent of the Proposed Acquisition) will be set out in the Circular subsequently.

13. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to the certain conditions (including various condition precedents), and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Shares of the Company. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

14. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement (save for information relating to the Seller and the Vessel) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. 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:

(a) the annual report of the Company for FY2021;
(b) the MOA; and
(c) the CWA Valuation Report.

By Order of the Board

Wong Siew Cheong
Executive Director and Chief Executive Officer

6 April 2023

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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.