Atlantic Navigation Holdings (Singapore) Limited

(Company Registration No. 200411055E)
(Incorporated in Singapore)

DISPOSAL OF 15% MINORITY INTEREST IN BRAVO

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1. Introduction

The board of directors (the "**Board**" or the "**Directors**") of Atlantic Navigation Holdings (Singapore) Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement released on 20 October 2014 in relation to the investment in Bravo Shipping and Trading Co. Ltd ("**BRAVO**") (the "**Announcement**").

All capitalised terms used herein shall have the meanings ascribed to them in the Announcement.

The Board wishes to announce that Atlantic Navigation Holdings Inc., a wholly-owned subsidiary of the Company, had, on 27 June 2019, entered into a sale and purchase agreement ("**SPA**") for the disposal of its entire 15% investment in BRAVO, a joint operation of the Group, to one of the two 85% majority shareholders of BRAVO (the "**Purchaser**"), for a total cash consideration of US$1,150,183 ("**Consideration**") (the "**Disposal**"). The Disposal was completed on 27 June 2019.

2. Information on the Purchaser

The Purchaser is one of the two 85% majority shareholders of BRAVO.

The Purchaser as well as the other shareholder of BRAVO are independent and unrelated third parties to the Group. The Company, its Directors, controlling shareholders as well as Management are not related to the Purchaser and the other shareholder of BRAVO.

3. Information on BRAVO

BRAVO, is a joint operation of the Group, whose principal business is that of a ship owner with main asset being offshore marine vessel (anchor handling tug supply (DP2)), ES Thunder. The total investment to-date in BRAVO is US$2,100,000 at inception. Apart from FY2015, BRAVO has been loss-making (including depreciation) and generating limited cash flow on a declining basis.

4. Consideration

The Consideration of US$1,150,183 in cash was derived by adding (i) 15% of the net asset value of BRAVO excluding the book value of ES Thunder of US$1,667,887 as at 31 May 2019 amounting to US$250,183, and (ii) 15% of the ascribed value to ES Thunder at US$6,000,000 as proposed by the Purchasers, amounting to US$900,000.

While no valuation was conducted on BRAVO for the purpose of the Disposal, the last valuation for ES Thunder (the main asset in BRAVO) on a desktop basis as at 31 December 2018 was US$10,200,000.

Based on Management Accounts as at 31 May 2019	**US$**
i. Book value of ES Thunder (which is fair value of ES Thunder as at 31 December 2018 based on the latest desktop valuation of US$10,200,000 less depreciation for the 5-month period ended 31 May 2019 ("**5M2019**")	9,927,338
ii. Other assets (excluding ES Thunder) on net basis	1,667,887
Net asset value of BRAVO	11,595,225
15% interest in net asset value of BRAVO	**1,739,284**

Based on management accounts as at 31 May 2019, the unaudited net assets value on 15% basis of BRAVO was US$1,739,284 or US$11,595,225 on 100% basis. The Disposal is expected to result in a loss on disposal of US$589,101 derived from net asset of 15% of BRAVO of US$1,739,284 less the proceeds from sale of US$1,150,183.

5. Principle Terms of the SPA

The principle terms of the SPA are as follows:

- US$900,000 had been paid by the Purchasers to the Company on the closing of the Disposal, i.e. 27 June 2019 via Manager's Cheque which is akin to Cashier's Order, and

- The balance Consideration of US$250,183 is payable in 8 equal monthly installments from July 2019 to February 2020 via post-dated cheques.

6. Rationale for the Disposal and Use of Proceeds

The Board of Directors has reviewed the terms of and approved the Disposal as recommended by the Management and are of the view that the Disposal is in the commercial interest of the Group based on the following:

(a) Limited control at 15% ownership: As a minority shareholder, the Group eventually has to take direction from the majority shareholders of BRAVO which at times have been at odds in terms of vessel operations, decisions on which contracts to secure and work on, etc. The Management views that its management time and effort can be better utilised in the management of its 100%-owned existing fleet in the difficult market environment.

(b) While no valuation was conducted for the purpose of the Disposal, the last valuation for ES Thunder on a desktop basis as at 31 December 2018 was US$10,200,000, with a book value of US$9,927,338 as at 31 May 2019. The ascribed valuation of US$6,000,000 for ES Thunder with regard to the Disposal was deemed acceptable by the Management taking into consideration recent comparable sale transactions of a bigger but younger anchor handling tug supply (DP2) vessel at about US$4,250,000 and of a new anchor handling tug supply (DP2) vessel for US$6,500,000 by a buyer in the Middle East region as compared to ES Thunder which was year-built in 2014.

(c) Non-core asset of the Group which has been loss-making: BRAVO (i) is not a significant asset to the Group as evidenced by the relative figure of 2.1% under Rule 1006(a) of the Catalist Rules; and (ii) while marginally profitable with US$44,000 in FY2015, has been loss-making in FY2016, FY2017, FY2018 and 5M2019 with net losses before tax (attributable to 15% of BRAVO) of approximately US$325,000, US$19,000, US$22,000 and US$35,000 respectively.

(d) Limited cash flow generated: Since inception in FY2015 until 31 May 2019 (latest management account), the operations of the vessel had generated about US$82,000 per annum on average over the past 4.42 years and is on a declining trend since FY2015, with FY2017 and FY2018 at approximately US$61,000 and US$57,000 respectively and cash flow negative of US$2,000 in 5M2019 on 15% basis. The cash flow generation is not expected to ramp up significantly in the near future, taking into account the aging of vessel and the competitive nature of the industry, vis-à-vis accepting an immediate cash inflow of US$900,000 now and an additional US$250,183 in aggregate over the next 8 months.

(e) Capital expenditure required imminently: The special survey including dry-docking (every 5 years based on class society requirement), and vessel maintenance and enhancement to get ES Thunder ready to suit potential charters is estimated at AED 2,000,000, or about US$550,000, or the Company's 15% portion at US$82,500. It is due by October 2019, and work is expected to start soon. This is cash outflow which can be avoided, and better diverted and utilised to meet more critical requirements of the Group.

The Disposal will realise cash proceeds of US$1,150,183 (the "**Net Proceeds**") and thereby will place the Group in a better position to strengthen the Group's financial position and improve the Group's working capital. The Group intends to deploy the entire Net Proceeds from the Disposal for use as general working capital.

7. Financial Effects of the Disposal

The pro forma financial effects of the Disposal set out below, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2018 ("**FY2018**"), are purely for illustrative purposes only and do not reflect the future actual financial position and performance of the Company or the Group after the completion of the Disposal. The financial effects as shown below are prepared on the assumption that the expenses in connection with the Disposal have been disregarded.

7.1 Net Tangible Assets ("NTA")

The effect of the Disposal on the consolidated NTA per share of the Group for FY2018, assuming that the Disposal had been completed as at 31 December 2018 is as follows:

As at 31 December 2018	Before the Disposal	After the Disposal
NTA[(1)] (US$'000)	84,130	83,541
Number of issued shares ('000) (excluding treasury shares)	523,512	523,512
NTA per share (cents)	16.07	15.96

Note:

(1) NTA refers to total assets less the sum of total liabilities, non-controlling interest and intangible assets.

7.2 Loss per Share ("LPS")

The effect of the Disposal on the consolidated LPS of the Group for FY2018, assuming that the Disposal had been completed on 1 January 2018 is as follows:

FY2018	Before the Disposal	After the Disposal
Loss attributable to owners of the Company[(1)] (US$'000)	(15,274)	(15,841)
Weighted average number of issued shares ('000) (excluding treasury shares)	275,000	275,000
LPS (cents)	(5.55)	(5.76)

Note:

(1) Loss attributable to owners of the Company refers to the loss before income tax, minority interests and extraordinary items.

8. Relative figures computed based on Rule 1006 of the Catalist Rules

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**") based on the Group's latest announced unaudited consolidated financial statements for the first quarter ended 31 March 2019 ("**1Q2019**") are as follows:

Rule	Bases	Relative figure
1006(a)	Net asset value of BRAVO (15%), compared with the Group's net asset value	2.1%(1)
1006(b)	Net profits attributable to BRAVO (15%), compared with the Group's net profits	(10.3)%(2)
1006(c)	Aggregate value of Consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	3.0%(3)(4)
1006(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	Not applicable
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.	Not applicable

Notes:

(1) *"net assets" means total assets less total liabilities.*

Based on the latest announced consolidated financial statement of the Company for 1Q2019, the net asset value of the Group is approximately US$84,211,000 and the net asset value attributable to 15% of BRAVO is approximately US$1,745,000.

(2) *The net loss before income tax, minority interests and extraordinary items of 15% of BRAVO for 1Q2019 is approximately US$32,000. The unaudited net profit before income tax, minority interests and extraordinary items of the Group for 1Q2019 is approximately US$308,000.*

(3) *The Consideration for the Disposal is US$1,150,183.*

(4) *The Company's volume weighted average price of S$0.10 per Share as at 20 December 2018, being the last market day on which the shares were traded preceding the date of the SPA. The total number of shares issued by the Company is 523,512,144. The market capitalisation of the Company is approximately S$52,351,214.*

As the relative figure calculated under Rule 1006(b) of the Catalist Rules involves negative figures, the Company has consulted the SGX-ST via the Sponsor in accordance with Rule 1007(1) of the Catalist Rules on the treatment of the relative figure for Rule 1006(b) of the Catalist Rules. The SGX-ST has confirmed that the Disposal constitutes a discloseable transaction as defined in Chapter 10 of the Catalist Rules and accordingly the approval of the shareholders of the Company for the Disposal will not be required.

9. Directors' Service Contracts

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

10. Interests of Directors and Controlling Shareholders

None of the Directors, controlling shareholders of the Company and their respective associates and the Management has any interest, direct or indirect, in the Disposal, other than through their respective shareholdings (if any) in the Company.

11. Document for Inspection

A copy of the SPA is available for inspection during normal office hours at the Company's registered office at 6 Battery Road #10-01 Singapore 049909 for three months from the date of this announcement.

BY ORDER OF THE BOARD

Wong Siew Cheong
Executive Director and Chief Executive Officer
28 June 2019

*This announcement has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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.*

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