



Atlantic Navigation Holdings (Singapore) Limited

(Company Registration No. 200411055E)

(Incorporated in Singapore)

DISPOSAL OF VESSEL “AOS HONOUR”

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group had received and since accepted on 10 June 2022 an offer from an unrelated third party, Al Rafedain Marine Services LLC (the “**Buyer**”) based in the Middle East for the sale of AOS Honour (the “**Vessel**”) for US\$1.0 million (including 1.5% commission payable to unrelated third-party broker) (the “**Consideration**”) or US\$985,000 net (the “**Disposal**”). As per the terms of the Sale & Purchase Agreement (the “**SPA**”), a deposit of 20% of the Consideration had been received by the Group on 10 June 2022, and the remaining 80% to be paid upon completion of the Disposal.

2. THE SALE OF VESSEL

2.1. Information on the Vessel

The Vessel is an utility offshore vessel with 45 metres length with deck area of approximately 216 square metres. Owned by one of the Company’s indirectly wholly-owned subsidiaries, namely Atlantic Offshore Services Inc., it was built in 2006, i.e. currently more than 15 years old.

2.2. Value of the Vessel

The Vessel had a net book value (“**NBV**”) of approximately US\$1.5 million and US\$1.3 million as at 31 December 2021 (based on the latest announced unaudited consolidated financial statements) and 31 March 2022 (based on the latest consolidated management accounts).

Assuming that the Disposal was completed on 31 March 2022, the loss on the Disposal, or the deficit of the Consideration net of 1.5% brokerage commission over the NBV of the Vessel as at 31 March 2022, would be approximately US\$0.3 million.

No valuation reports were procured for purposes of the Disposal.

2.3. Consideration

The Consideration for the Disposal is US\$1.0 million. After deducting 1.5% brokerage commission, the net Consideration is US\$985,000. The Consideration was arrived at based on arm’s length negotiations and on a willing-buyer and willing-seller, “as-is, where-is” basis, after taking into account the prevailing market conditions and the business prospects of the Vessel, and represents

the highest amount recently received from prospective buyers by the Group. The Group intends to use the net Consideration for the repayment of secured debt and/or to augment the working capital of the Group.

3. RATIONALE FOR THE DISPOSAL

The Vessel is beyond 15 years of age which is typically the cut-off age suitable for chartering by international oil companies or contractors. Apart from about 16 days being on-contract in August 2021, the Vessel was largely out of contract since December 2020 to-date, with limited imminent prospects for chartering under discussion while operational costs will continue to be incurred if not for the Disposal.

Apart from marketing the Vessel for charter, the Group had also been marketing the Vessel for sale. The Consideration represents the highest price which the Management had received since December 2020 and is significantly higher than the current recycle value for alternative vessel sale to dealers based on the lightship weight of the Vessel and the prevalent scrap metal prices.

In line with the fleet re-profiling and renewal strategy of managing a young and efficient fleet which the Group believes to be one of the most effective measures of protecting the environment, upon completion of the Disposal, the average age of the remaining 17 vessels of the Group (including one vessel under Investment in Joint Investment) would be about 7.0 years old, compared to pre-Disposal of 18 vessels of 7.5 years as at 31 December 2021 (see page 11 of Annual Report 2020 for more information on the Group vessel fleet).

The Management will continue to explore the potential sale of vessels to augment the Group's cash flows in line with its fleet re-profiling and renewal strategy as well as directing more resources towards establishing itself as a marine project manager providing integrated value-added services with higher sophistication.

4. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES IN RELATION TO THE DISPOSAL

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 one 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 as well as the potential sale of Delta-22 pursuant to the call option granted as announced on 4 March 2022 (the "**Call Option**"), are as follows:

Rule 1006	Bases	Relative Figures for Disposal of AOS Star and AOS Energy (%)⁽⁹⁾	Relative Figures for the Call Option (%)⁽¹⁰⁾	Relative Figures for Disposal of AOS Honour (%)	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	2.1 ⁽¹⁾	15.9 ⁽²⁾
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss.	0.5	15.8	5.5 ⁽³⁾	21.8 ⁽⁴⁾
(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	2.8 ⁽⁵⁾	17.2 ⁽⁶⁾
(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. ⁽⁷⁾	Not applicable	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. ⁽⁸⁾	Not applicable	Not applicable	Not applicable	Not applicable

Notes:

- (1) Based on the NBV of the Vessel of US\$1.5 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) and Delta-22 (as at 31 December 2021) of US\$11.0 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\$0.7 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\$2.9 million attributable to the Vessel (for FY2021), AOS Star and AOS Energy (for 1H2021), and Delta-22 (for FY2021) compared to net loss of US\$13.2 million of the Group for FY2021.
- (5) Based on the consideration received by the Company of US\$1.0 million and the market capitalisation of the Company of approximately US\$36.1 million (or equivalent to S\$49.7 million, at exchange rate of US\$1.00 : S\$1.378), 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\$0.095 per share transacted on 24 May 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 SPA.
- (6) Based on the aggregate proceeds from the Disposal, the exercise of Call Option and the disposal of AOS Star and AOS Energy of US\$6.2 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.

(10) Extracted from the Company's announcement dated 4 March 2022.

As (i) the figures used to compute the relative figures under Rule 1006(b) of the Catalist Rules are negative figures, pursuant to paragraph 4.4(e) of Practice Note 10A of the Catalist Rules, the Company notes that the absolute relative figures 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 to be approximately US\$1.2 million, consisting of expected net loss on disposal of the Vessel of US\$0.3 million, net gain on disposal of Delta-22 of US\$0.1 million and the net loss on disposal of AOS Star and AOS Energy of US\$1.0 million, representing 9.3% of the net loss of the Group for FY2021; and (ii) the relative figures computed on the basis of each of Rule 1006(a) and (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 OF THE DISPOSAL

The financial effects of the Disposal 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 Disposal. The financial effects of the Disposal are based on the Group's latest announced unaudited consolidated financial statements for FY2021:

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

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

	Before the Disposal	After the Disposal
NTA (US\$'000)	68,838	68,551
Number of issued shares	523,512,144	523,512,144
NTA per share (US cents)	13.15	13.09

5.2. Loss per Share ("LPS")

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

	Before the Disposal	After the Disposal
Net loss attributable to shareholders (US\$'000)	(5,453)	(5,014)
Weighted average number of shares	523,512,144	523,512,144
LPS (US cents)	(1.04)	(0.96)

6. OTHER INFORMATION

No person has been or is proposed to be appointed as director of the Company in connection with the Disposal. 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 Disposal.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA for the sale of AOS Honour 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

10 June 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.