

Swiber Holdings Limited
(Judicial Managers Appointed)
Co. Reg. No. 200414721N

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LETTER OF INTENT IN RELATION TO THE PROPOSED DISPOSAL OF VESSEL BY RESOLUTE OFFSHORE PTE LTD

1. INTRODUCTION

- 1.1 Swiber Holdings Limited (Judicial Managers Appointed) (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Resolute Offshore Pte Ltd ("**ROPL**"), a wholly-owned subsidiary of the Company, has on 26 September 2022 ("**Effective Date**") entered into a non-binding letter of intent (the "**LOI**") with Rawabi Vallianz Offshore Services Co. Ltd. (the "**Purchaser**") in relation to the proposed disposal by ROPL of a vessel known as M/V SWIBER RESOLUTE (MMSI 357251000) (the "**Vessel**") to the Purchaser ("**Proposed Disposal**").
- 1.2 Under the LOI, it is envisaged that the parties will negotiate in good faith with a view to executing a memorandum of agreement ("**MOA**") within 15 days from the Effective Date of the LOI. In the event that both parties are unable to agree on any terms and conditions of the MOA within 15 days from the Effective Date of the LOI, either party may at any time thereafter by sixteen calendar days' notice to the other in writing terminate negotiations for the MOA, without incurring any liability to the other party, whereupon the LOI shall be considered null and void. Further details relating to the other salient terms of the LOI are set out under paragraph 4 below.

2. INFORMATION ON THE VESSEL

- 2.1 ROPL, which is in the business of providing ship management services, is the owner of the Vessel, and the Vessel has been mortgaged in favour of two financial institutions ("**Mortgagees**") as security for ROPL's obligations under certain banking facilities extended by the Mortgagees to ROPL (the "**Loan Facilities**"). The Company is a guarantor to ROPL's obligations under the Loan Facilities.
- 2.2 The Vessel was built in 2009 and registered under the flag of Republic of Panama. It is a pipe lay and accommodation work barge. The Vessel is currently berthed at Naval Base, Sekondi Port, Ghana.
- 2.3 Based on the unaudited consolidated financial statements of the Group for the three (3) months ended 31 March 2016 ("**1Q2016**") (being the latest announced consolidated accounts of the Group), the book value and the net tangible asset value of the Vessel are both approximately US\$122,394,803 (approximately S\$167,742,078)¹.
- 2.4 Based on the valuation of the Vessel conducted by an independent valuer, Maersk Broker Advisory Services A/S, on 9 October 2020, which was commissioned by the Company (on behalf of ROPL) ("**Valuation**"):
- (a) the open market value of the Vessel (which is based on a "willing seller and willing buyer" scenario) is approximately US\$42,000,000 to US\$46,000,000 (equivalent to S\$57,561,000 to S\$63,043,000);
 - (b) the orderly liquidation value of the Vessel (which is an estimation of the proceeds that could be obtained for a private sale of the Vessel where the seller is under financial pressure to sell, but a reasonable period of time is available to market the Vessel to potential buyers) is approximately US\$15,000,000 to US\$19,000,000 (equivalent to S\$20,557,500 to S\$26,039,500); and

¹ Unless otherwise indicated, all USD amounts ("**US\$**") in this announcement have been translated into Singapore dollars ("**S\$**") based on an illustrative exchange rate of US\$1.00 to S\$1.3705.

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- (c) the forced liquidation value of the Vessel (which is an estimation of the proceeds that could be obtained by the sale of the asset as quickly as possible in a forced or distressed situation where there is insufficient time to properly market the asset, such as at an auction) is approximately US\$6,000,000 to US\$10,000,000 (equivalent to S\$8,223,000 to S\$13,705,000).

The Valuation was arrived at based on certain assumptions, including assumptions that the Vessel is in good order and in a condition in hull and machinery which is to be expected of a vessel of its age, size and type.

3. INFORMATION ON THE PURCHASER

The information on the Purchaser provided below was provided by the Purchaser to the Company and its representatives. Neither the board of directors of the Company nor the Judicial Managers have independently verified the accuracy and correctness of such information.

- 3.1 The Purchaser is a company incorporated in the Kingdom of Saudi Arabia, which is held as to 19.77% by Vallianz Holdings Limited and as to 80.23% by Rawabi Energy Company, a company within the Rawabi Holding Company group. It specialises in the provision of offshore marine support services.
- 3.2 As at the date of this announcement, none of the Purchaser, its shareholders and its directors (i) holds, directly or indirectly, any shares in the capital of the Company; and (ii) is related to the Directors or controlling shareholders of the Company or any of their respective associates.

4. THE PROPOSED DISPOSAL

- 4.1 Subject to the entry of the MOA, the salient terms of the Proposed Disposal set out in the LOI are as follows:-
- (a) ROPL shall ensure that the Vessel is released from any encumbrance, lien or mortgage, or corporate guarantees associated with the current indebtedness, to ensure smooth transition of the sale.
- (b) The consideration for the Proposed Disposal will be US\$30,000,000 ("**Sale Price**") (equivalent to S\$41,115,000), to be satisfied in cash. The Sale Price was arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, the age and existing conditions of the Vessel, the current and future market conditions in the oil and gas sector and (taking into consideration, *inter alia*, the current market conditions and that the Company (being the guarantor under the Loan Facilities) is placed under judicial management) the orderly liquidation value of the Vessel based on the Valuation.
- (c) It is envisaged that the Sale Price shall be paid in accordance with a specified payment schedule, with tranche payments due on the date of signing of the MOA, the date of delivery of the Vessel, and each of the first to the fourth anniversaries of the delivery date. The Purchaser further intends to provide an irrevocable standby letter of credit, covering the unpaid amount of the Sale Price as at the due date of each tranche payment, from an acceptable international bank to the benefit of the Mortgagees.

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5. USE OF PROCEEDS AND RATIONALE FOR THE PROPOSED DISPOSAL

As the Vessel is currently mortgaged to the Mortgagees, the net proceeds (after deducting any transaction costs) from the Proposed Disposal will be used towards partial repayment of the amounts owing to the Mortgagees under the Loan Facilities.

Following the closing of the investment by Rawabi Holding Company in Equatorial Holdings Limited (being New Swiber) and the restructuring undertaken in connection therewith, the Judicial Managers have continued to manage the encumbered assets of the Group, which are primarily vessels operated under the Group's remaining existing offshore division. The Proposed Disposal is in line with the aforementioned objectives and in the interest of the Company as it would enable the Group to realise the value of the Vessel and use the net proceeds from the Proposed Disposal towards partial repayment of the amounts owing to the Mortgagees under the Loan Facilities, thereby reducing the liabilities of the Group.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE PROPOSED DISPOSAL

- 6.1 Based on the Sale Price of US\$30,000,000, the relative figures for the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual based on the unaudited consolidated financial statements of the Group for 1Q2016 (being the latest announced consolidated accounts of the Group) are as follows:

Rule	Bases of computation	Proposed Disposal (S\$' million)	Group (S\$' million)	Relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value ⁽¹⁾	167.74	666.28	25.18%
1006(b)	Net profits/(loss) attributable to the assets disposed of, compared with the Group's net profits/(loss) ⁽²⁾⁽³⁾	-	11.68	Not applicable ⁽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 ⁽⁴⁾	41.12	51.10	80.47%
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, as this is not an acquisition and there is no issuance of equity securities by the Company.

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1006(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	-	-	Not applicable, as the Company is not a mineral, oil or gas company.
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Notes:

- (1) Based on the unaudited net asset value ("**NAV**") of the Vessel of approximately US\$122.39million (which is equivalent to approximately S\$167.74 million), and the unaudited net asset value of the Group of approximately S\$666.28 million, as at 31 March 2016.
 - (2) Based on profit or loss before income tax, minority interest and extraordinary items.
 - (3) The Vessel has historically been utilised for various projects and is one among other vessels and equipment used by the Group to complete such projects. For the review and analysis of their financials, the Group calculates profitability on an overall project basis and it would not be feasible to assign a profit value to any particular assets, including vessels, of the Group, for 1Q2016. There was no net profit / loss attributable to the Vessel for 1Q2016, as the Vessel was not in operation during 1Q2016.
 - (4) Based on the Sale Price of US\$30,000,000 (which is equivalent to approximately S\$41,115,000) compared to the market capitalisation of the Company of approximately S\$51.10 million, which is determined by multiplying the 460,376,986 issued shares in the Company by S\$0.111, being the weighted average price of the Company's shares transacted on 26 July 2016, being the last full market day preceding the suspension of trading of the Company's shares on the Singapore Exchange Securities Trading Limited.
- 6.2 As the relative figure under Rule 1006(c) exceeds 20%, the Proposed Disposal would constitute a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of the shareholders of the Company unless the requirement for such shareholders' approval is waived by the SGX-ST.
- 6.3 As the Vessel is currently mortgaged to the Mortgagees, who have the right to enforce the mortgage over the Vessel upon the declaration of an event of default under the Loan Facilities, the Company intends to seek clarification from and will be applying to the SGX-ST for a waiver to hold an extraordinary general meeting to seek shareholders' approval for the Proposed Disposal ("**Waiver**"). The Company will provide updates to shareholders, where applicable. In the event that the Waiver is obtained, the Proposed Disposal will not be subject to shareholders' approval.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Net tangible assets ("**NTA**") per share and earnings per share ("**EPS**")

The proforma financial effects of the Proposed Disposal are based on the Company's consolidated audited financial statements for the financial year ended 31 December 2015 ("**FY2015**") and on the basis that no adjustments have been made to take into account the financial effects arising from the transactions entered into by the Judicial Managers of the Company since their appointment on 6 October 2016, including without limitation, the disposal of the Company's interest in Equatorial Holdings Limited, which completed on 8 June 2022, and the restructuring undertaken in connection therewith.

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Accordingly, the proforma financial effects of the Proposed Disposal on the NTA per share and the EPS set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Proposed Disposal, nor a projection of the future financial performance or position of the Group after completion of the Proposed Disposal.

(a) NTA per share

Assuming that the Proposed Disposal had been completed on 31 December 2015, the NTA per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$)⁽²⁾	575,136,000	481,506,990 ⁽¹⁾
Number of issued shares⁽²⁾	459,469,490	459,469,490
NTA per share (US\$)	1.25	1.05

Notes:

- (1) This is computed based on the net book value of the Vessel as at 31 December 2015 of approximately US\$123,629,010 and the Sale Price of US\$30,000,000.
- (2) Based on the Company's annual report for FY2015.

(b) EPS

Assuming that the Proposed Disposal had been effected on 1 January 2015, the EPS for FY2015 of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit/(loss) after tax (US\$)⁽¹⁾⁽³⁾	(27,375,000)	(121,004,010) ⁽²⁾
Weighted average number of issued shares⁽³⁾	453,215,000	453,215,000
EPS (US cents)	(0.06)	(0.27)

Notes:

- (1) Net profit/(loss) after tax is calculated based on the net profit/(loss) for FY2015 attributable to owners of the Company.
- (2) This is computed based on the net book value of the Vessel as at 31 December 2015 of approximately US\$123,629,010 and the Sale Price of US\$30,000,000.
- (3) Based on the Company's annual report for FY2015.

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7.2 Loss on Disposal

Based on the book value of the Vessel as at 31 March 2016 of approximately US\$122,394,803 and the Sale Price of US\$30,000,000, the Sale Price represents a deficit of approximately US\$92,394,803 (approximately S\$126,627,078) over such book value of the Vessel, and the Proposed Disposal is expected to result in an estimated loss of approximately US\$92,394,803 (approximately S\$126,627,078) (before deducting related expenses).

8. INTERESTS OF THE JUDICIAL MANAGERS, DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Judicial Managers and Directors of the Company and, to the best of the knowledge of the Judicial Managers and Directors of the Company, none of the controlling shareholders of the Company have any direct or indirect interest in the Proposed Disposal, other than through their respective directorships and shareholdings in the Company and/or options in the shares of the Company, if any.

9. SERVICE CONTRACT

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

10. INSPECTION OF DOCUMENTS

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the LOI and the valuation report in respect of the Valuation will be made available for inspection during normal business hours at the Company's registered office at 12 International Business Park, #01-05 Swiber@IBP, Singapore 609920 for a period of three (3) months from the date of this announcement.

11. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Disposal is subject to the execution of the MOA relating to the Proposed Disposal. There is no certainty or assurance that such MOA will be entered into, or that the terms and conditions of such sale and purchase agreement will not differ from those set out in the LOI, or that the Proposed Disposal will be undertaken at all.

The Company will make further announcements, in compliance with the requirements of the Listing Manual, when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional adviser(s).

By Order of the Judicial Managers
Bob Yap Cheng Ghee
Joint and Several Judicial Manager
28 September 2022

By Order of the Board
Raymond Kim Goh
Chairman
28 September 2022