
NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT 12 INTERNATIONAL BUSINESS PARK, SINGAPORE 609920

1. INTRODUCTION

- 1.1 Swiber Holdings Limited (Judicial Managers Appointed) (the "**Company**") and together with its subsidiaries, the "**Group**") refers to its announcement on 12 May 2021 ("**2021 MOU Announcement**") in relation to the entry into a non-binding memorandum of understanding by Swiber Corporate Pte. Ltd. (In Creditors' Voluntary Liquidation) ("**SCPL**"), a wholly-owned subsidiary of the Company, for the proposed sale of its property located at 12 International Business Park, Singapore 609920 (the "**Property**") ("**2021 MOU**"). The Company wishes to update its shareholders that as no binding sale and purchase agreement for the Property was entered into during the Exclusivity Period (as defined in the 2021 MOU Announcement), the 2021 MOU had lapsed upon the expiry of such Exclusivity Period in accordance with the terms thereof, and the Fee (as defined in the 2021 MOU Announcement) has been forfeited by SCPL.
- 1.2 The Company wishes to announce that SCPL has on 8 March 2022 entered into a non-binding memorandum of understanding ("**MOU**") with an independent third-party purchaser (the "**Purchaser**", and together with SCPL, the "**Parties**") in respect of the proposed sale by SCPL of the Property for an aggregate consideration of S\$30,800,000 (the "**Consideration**"), excluding goods and services tax ("**GST**") (the "**Proposed Disposal**").
- 1.3 Under the MOU, neither Party will be under any obligation to proceed with the Proposed Disposal unless and until (1) a binding definitive document for the Proposed Disposal is executed by the Parties, which shall take the form of a put and call option agreement ("**PCOA**"), and (2) the conditions precedent as set out in Paragraph 2.9(d) below and the Completion CP (as defined below) are satisfied.
- 1.4 Pursuant to the PCOA, SCPL shall grant to the Purchaser a call option to purchase the Property and the Purchaser shall grant to SCPL a put option to require the Purchaser to purchase the Property, such call option or put option (as the case may be) ("**Option**") being exercisable upon the fulfilment of the conditions precedent as set out in Paragraph 2.9(d) below. Other than certain provisions relating to, amongst others, (1) the exclusivity period granted by SCPL to the Purchaser in consideration for a fee paid to SCPL (further details of which are set out under Paragraph 2.4 of this announcement), (2) claims for damages against SCPL for breach of its Exclusivity Obligations (as defined below), (3) the conditions for the execution of the PCOA (further details of which are set out under Paragraph 2.8 of this announcement), (4) the Purchaser's due diligence in respect of the Property, (5) confidentiality, (6) governing law and (7) third party rights, the MOU is not intended to have legal and binding effect on the Parties.

2. SALIENT TERMS OF THE MOU AND THE PROPOSED DISPOSALInformation on the Property

- 2.1 The Property is a 5-storey business park development of a land area of approximately 8,000.30 square meters and a floor area of approximately 10,841.28 square meters. It is a leasehold property with a 60-year lease tenure granted by the Jurong Town Corporation ("**JTC**"), commencing from 1 December 1995. The Property has a remaining lease of about 34 years and is currently used as the Group's headquarters.

- 2.2 The Property has been mortgaged in favour of DBS Bank Ltd. ("**DBS**") pursuant to a first legal mortgage as security for SCPL's obligations under certain banking facilities extended by DBS to SCPL, and a second legal mortgage as security for the Company's obligations under certain banking facilities extended by DBS to the Company (the facilities extended to SCPL and the Company shall collectively be referred to as the "**Facilities**").

Consideration, Exclusivity Fee and Exclusivity Period

- 2.3 The Consideration of S\$30,800,000 will be fully satisfied in cash and was arrived at on a willing-buyer and willing-seller basis after arms' length negotiations, taking into account, amongst others, the book value of the Property (as mentioned below), the market value of the Property based on the Valuation Report (as defined below) and prevailing market conditions. The Consideration is exclusive of GST and any upfront land premium or application fees payable to JTC (which shall be borne by the Purchaser). Any assignment levy, or consent fee imposed by JTC for the divestment of the Property (including GST thereon) shall be borne by SCPL.
- 2.4 Under the terms of the MOU, in consideration of an amount of S\$107,000 (inclusive of GST) (the "**Exclusivity Fee**") paid by the Purchaser to SCPL's solicitors (as stakeholders) on 8 March 2022, SCPL has agreed that for a period of twelve (12) weeks, or such longer period as the Parties may mutually agree in writing, commencing from the date of the MOU ("**Exclusivity Period**"), SCPL shall not enter into any agreement and/or any negotiations and/or discussions to sell the Property to any other person (other than the Purchaser) ("**Exclusivity Obligations**").
- 2.5 Under the existing lease agreement with JTC, JTC is entitled to a right of first refusal to purchase the Property at the prevailing market rate (the "**ROFR**"), which JTC has agreed not to exercise until 4 March 2023, after which SCPL will be required to offer the Property to JTC again before selling the Property to any purchaser.
- 2.6 The Exclusivity Fee is refundable to the Purchaser in the event that:
- (a) (subject to there being a mutually agreed extension of the Exclusivity Period) the PCOA is not signed by the Parties by 4 March 2023 and thereafter JTC elects to exercise its ROFR to purchase the Property after 4 March 2023, whereupon the MOU shall be terminated, and save for the refund of the Exclusivity Fee to the Purchaser, neither Party shall have any claim against the other Party for costs, damages, compensation or otherwise; or
 - (b) the conditions for the execution of the PCOA as set out in Paragraph 2.8 below cannot be fulfilled, and SCPL notifies the Purchaser of such non-fulfilment, whereupon the MOU shall be terminated, and save for the refund of the Exclusivity Fee to the Purchaser, neither Party shall have any claim against the other Party for costs, damages, compensation or otherwise.

Save as described above, and subject to (i) SCPL not being in breach of its Exclusivity Obligations, (ii) JTC's written confirmation that there is no existing breach of the lessee's obligations under the JTC lease being obtained prior to the end of the Exclusivity Period, and (iii) SCPL having proper authority and capacity to perform its obligations under the MOU, the Exclusivity Fee shall not be refundable to the Purchaser in any instance during the Exclusivity Period. In particular, the Exclusivity Fee is non-refundable after the PCOA has been signed, if the transaction cannot be proceeded with for the sole reason that the JTC Approval (as defined below) cannot be obtained by the Long Stop Date (as defined below) despite the Parties' best efforts.

- 2.7 During the Exclusivity Period, SCPL shall permit the Purchaser to carry out due diligence in respect of the Property, and the Parties will enter into negotiations on the terms and conditions of the PCOA.

Conditions Precedent for execution of PCOA

- 2.8 The execution of the PCOA is conditional upon and subject to:

- (a) such consent(s), approval(s) and/or waiver(s) as may be required by SCPL or the Company from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in connection with the Proposed Disposal;
- (b) the approval of the shareholders of the Company ("**Shareholders**") for the Proposed Disposal (if required) being obtained at an extraordinary general meeting to be convened by the Company (unless the requirement for such Shareholders' approval is waived by the SGX-ST); and
- (c) the abovementioned approval(s), consent(s), or waiver(s) (as the case may be) remaining in full force and effect and not having been revoked or varied, and the conditions (if any) imposed for such approval(s), consent(s), or waiver(s) (as the case may be) being acceptable to SCPL (acting reasonably), and if such conditions are required to be fulfilled before the execution of the PCOA, such conditions being so fulfilled.

In the event that the above conditions precedent cannot be fulfilled, SCPL shall notify the Purchaser, and the MOU shall be terminated and the Exclusivity Period shall end.

Terms of the PCOA, including Exercise of the Option and Completion

2.9 The PCOA shall include the following terms and conditions:

- (a) on signing of the PCOA, the Purchaser shall furnish SCPL's solicitors with a cashier's order for S\$222,560, being 1.0% of the Consideration less the Exclusivity Fee (inclusive of GST) ("**PCOA Deposit**"), which shall be held by SCPL's solicitors as stakeholders pending completion of the PCOA ("**Completion**"). The Exclusivity Fee will be applied towards the payment of the Consideration on Completion;
- (b) on exercise of the Option, the Purchaser shall furnish SCPL's solicitors with one cashier's order for the sum of S\$1,318,240 ("**Exercise Deposit**") being 4.0% of the Consideration (inclusive of GST), which shall be held by SCPL's solicitors as stakeholders pending Completion;
- (c) on Completion, the Purchaser shall pay to SCPL the balance 95% of the Consideration (together with GST thereon);
- (d) the exercise of the Option is conditional upon and subject to, amongst others:
 - (i) JTC in principle approval to the assignment of the Property (which shall include change of use of the Property to data centre) on prevailing standard terms that are generally applicable to lessees of JTC properties for data centre usage ("**JTC Approval**"), and such JTC Approval remaining in full force and effect and not having been revoked or varied, and any conditions imposed for such JTC Approval being fulfilled before the exercise of the Option, if so required; and
 - (ii) any other conditions to be mutually agreed by the Parties (each acting reasonably) (including but not limited to the approval from the Economic Development Board or Infocomm Media Development Authority ("**EDB/IMDA**") of the relevant power allocations that would enable the Purchaser to operate new data centre(s)).
- (e) Subject to the fulfilment of all the conditions precedent for the exercise of the Option as set out in Paragraph 2.9(d) above, the exercise of the Option shall take place within two (2) weeks from the date of JTC Approval being obtained and Completion shall take place on the date falling six (6) weeks from the date of the exercise of the Option, or such other date as may be agreed between the Parties, provided that either Party may (subject to the consent of the other party, which consent shall not be unreasonably withheld) extend the date for Completion.

- (f) The long stop date for obtaining the JTC Approval shall be (i) 15 February 2023 or (ii) if the JTC Approval is not obtained by 15 February 2023, and provided that the Purchaser is able to furnish to SCPL supporting documents from JTC indicating that JTC is supportive of the application for the Proposed Disposal having regard to the Purchaser being successful in its application for the relevant power allocations by EDB/IMDA for new data centre(s), and JTC requires a further period by the end of which JTC would be in a position to issue the JTC Approval, such date falling two (2) weeks after the last date of such further period ("**Long Stop Date**").
- (g) On Completion, SCPL shall obtain the JTC final approval for the Proposed Disposal.
- (h) The PCOA Deposit shall, subject to terms to be agreed in the PCOA, be refundable to the Purchaser if any of the conditions precedent for the exercise of the Option as set out in Paragraph 2.9(d) above are not fulfilled by the Long Stop Date.
- (i) Notwithstanding any provision to the contrary, Completion shall be conditional upon and subject to the consent(s), approval(s) and waiver(s) referred to in Paragraph 2.8(a) (if obtained prior to the execution of the PCOA) remaining in full force and effect and not having been revoked or varied and if any conditions imposed for such consent(s), approval(s) and waiver(s) are required to be fulfilled before Completion, such conditions being so fulfilled provided that SCPL shall, and shall procure that the Company shall, use its respective best endeavours to ensure such consent(s), approval(s) and waiver(s) will not be revoked or varied and if any conditions were imposed for such consent(s), approval(s) and waiver(s) and were fulfilled prior to the execution of the PCOA, SCPL shall, and shall procure that the Company shall, use its respective best endeavours to ensure that such conditions remain fulfilled up to Completion, and if there are any conditions relating to such consent(s), approval(s) and waiver(s) that are to be fulfilled after the execution of the PCOA and prior to Completion, the Vendor shall, and shall procure that the Company shall, use its respective best endeavours to fulfil such conditions on or before Completion ("**Completion CP**").

Termination of MOU

- 2.10 The MOU shall automatically cease to have any effect (except for antecedent breaches and certain surviving provisions) upon the earliest of the following dates:
- (a) the date on which JTC notifies SCPL that it will be exercising its ROFR to purchase the Property;
 - (b) the date of SCPL's notice to the Purchaser when any of the conditions as set out in Paragraph 2.8 cannot be fulfilled;
 - (c) the expiry of the Exclusivity Period; or
 - (d) the date on which the Parties enter into the PCOA prior to the expiry of the Exclusivity Period.

3. VALUATION OF THE PROPERTY AND USE OF PROCEEDS

- 3.1 The Company had commissioned Edmund Tie & Company (SEA) Pte Ltd ("**Edmund Tie**"), an independent valuer, to perform a desktop valuation on the Property in accordance with the property valuation standards within the meaning of Rule 1003(2) of the Listing Manual of the SGX-ST (the "**Listing Manual**"). Edmund Tie is a holder of an appraiser's licence issued by the Inland Revenue Authority of Singapore and a member of the Singapore Institute of Surveyors and Valuers and has more than five (5) years of experience in valuing real properties in a similar industry and area as the Property.
- 3.2 Based on the desktop valuation report (the "**Valuation Report**") issued by Edmund Tie on 5 October 2021, the market value of the Property as at 5 October 2021 is S\$34,000,000. Edmund

Tie adopted the International Valuation Standards definition of "market value", being the estimated amount for which an asset or liability should change on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The valuation of the Property assumed that as at the date of the valuation, the Property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities, and was arrived at using the income capitalisation method, and the direct comparison method was used as a check method. The valuation was conducted in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers.

- 3.3 Based on the Group's latest announced unaudited consolidated financial statements for the three (3) months ended 31 March 2016 ("1Q2016"), the book value of the Property is approximately US\$20.72 million (approximately S\$28.40 million based on the Illustrative Exchange Rate (as defined below)). Based on the book value of the Property as at 31 March 2016, the Consideration represents an excess of approximately S\$2.40 million over the book value of the Property. The Proposed Disposal is expected to result in an estimated gain of approximately S\$2.40 million (before deducting related expenses).
- 3.4 As the Property is currently mortgaged to DBS, the proceeds from the Proposed Disposal will be used towards partial repayment of the amounts owing to DBS under the Facilities (having regard to the mortgages mentioned under Paragraph 2.2).

4. RATIONALE FOR THE PROPOSED DISPOSAL

Given that the Company is currently placed under judicial management and SCPL is currently undergoing a creditors' voluntary liquidation, the Company is of the view that the Proposed Disposal is in the interest of and will benefit SCPL and the Company for the following reasons:

- (a) Reducing liabilities: as stated under Paragraphs 2.2 and 3.4 of this announcement, as the Property has been mortgaged in favour of DBS as security for SCPL and the Company's respective obligations under the Facilities, the Proposed Disposal will enable SCPL and the Company to realise the value of the Property and use the proceeds from the Proposed Disposal towards partial repayment of the amounts owing to DBS under the Facilities, thereby reducing the liabilities of SCPL and the Company and interests accrued thereunder;
- (b) Under-utilisation: as a result of the ongoing efforts of the Judicial Managers of the Company to reorganise the corporate structure and streamline the operations of the Group since their appointment in 2016, the Property has been and is currently under-utilised, with a significant area of the Property being vacant since September 2017 and only one storey (out of five storeys) of the Property being currently occupied by the Group as its headquarters. The continued under-utilisation of the Property has resulted in and will continue to result in substantially more costs incurred for the upkeep and maintenance of the Property, including compliance, utilities and security expenses, as compared to the benefits derived from the Property; and
- (c) No income potential: the Property has not been generating significant rental income since a past tenant in respect of about one storey of the Property vacated the premises in September 2017. Past efforts to secure new tenants for the Property have also been generally unsuccessful due to an oversupply of rental premises in International Business Park. As such, coupled with the under-utilisation of the Property by the Group, the lack of prospect of deriving significant income from the Property makes it more beneficial to SCPL and the Company to dispose of the Property to unlock its value and use the proceeds from the Proposed Disposal towards partial repayment of the amounts owing under the Facilities, as compared to continuing to hold the Property and incur maintenance and other expenses.

In view of the Proposed Disposal, the Company will be exploring other suitable premises (if required) to house the Group's operations at the appropriate time. The Company will make further announcements to update its Shareholders when there are material developments in this respect.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the Consideration as set out above, 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:

For purposes of the computations below, the exchange rate of US\$1.00 to S\$1.3705 (the "Illustrative Exchange Rate") is applied for illustrative purposes only.

Rule	Bases of computation	Proposed Disposal (S\$' million)	Group (S\$' million)	Relative figure
1006(a)	Net asset value of assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	28.40	666.28	4.26%
1006(b)	Net profits/(loss) attributable to the assets acquired, compared with the Group's net profits/(loss) ^{(2) (3)}	0.096	11.68	0.82%
1006(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁴⁾	30.80	51.10	60.27%
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.
1006(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the	-	-	Not applicable, as the Company is not a mineral, oil or gas

	Group's proven and probable reserves			company.
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Notes:

- (1) Based on the book value or net asset value of the Property of approximately US\$20.72 million (approximately S\$28.40 million based on the Illustrative Exchange Rate) as of 31 March 2016, and the net asset value of the Group of US\$486.16 million (approximately S\$666.28 million based on the Illustrative Exchange Rate) as at 31 March 2016.
- (2) Based on profit or loss before income tax, minority interest and extraordinary items.
- (3) Based on the net profits attributable to the Property of approximately US\$70,354 (approximately S\$96,420 based on the Illustrative Exchange Rate), and the Group's net profits of approximately US\$8.52 million (approximately S\$11.68 million based on the Illustrative Exchange Rate), for 1Q2016.
- (4) Based on the Consideration of S\$30.80 million 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 SGX-ST.

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 subject to the approval of the Shareholders, unless the requirement for such Shareholders' approval is waived by the SGX-ST.

As the Property is currently mortgaged to DBS, who has the right to enforce the mortgage over the Property upon the declaration of an event of default under the 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.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The proforma financial effects of the Proposed Disposal on the net tangible assets ("NTA") per share and the earnings per share ("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.

The proforma financial effects of the Proposed Disposal set out below are based on the Company's consolidated audited financial statements for the financial year ended 31 December 2015 ("**FY2015**").

(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	576,346,000 ⁽¹⁾

The affairs, business and property of the Company are being managed by the Judicial Managers appointed by the High Court of Singapore. The Judicial Managers contract and only act as agents of the Company and disclaim all personal liability of any nature whatsoever for all matters arising out of, in connection with and in respect of the Judicial Management of the Company herein.

Number of issued shares⁽²⁾	459,469,490	459,469,490
NTA per share (US\$)	1.25	1.25

Notes:

- (1) This is computed based on the book value of the Property as at 31 December 2015 of approximately US\$21.26 million and the sale price of S\$30.80 million (approximately US\$22.47 million based on the Illustrative Exchange Rate).
- (2) Based on the Company's annual report for FY2015.

(b) EPS

Assuming that the Proposed Disposal had been completed 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)	(26,165,000) ⁽²⁾
Weighted average number of issued shares⁽³⁾	453,215,000	453,215,000
EPS (US cents)	(6.0)	(5.77)

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 book value of the Property as at 31 December 2015 of approximately US\$21.26 million and the sale price of S\$30.80 million (approximately US\$22.47 million based on the Illustrative Exchange Rate).
- (3) Based on the Company's annual report for FY2015.

7. 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.

8. 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.

9. 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 MOU and the Valuation Report 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.

10. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Disposal is subject to the Purchaser's due diligence on the Property and the negotiation and execution of the definitive agreement(s) relating to the Proposed Disposal, including the PCOA. There is no certainty or assurance that the definitive agreement(s) relating to the Proposed Disposal (including the PCOA) will be entered into, or that the terms and conditions of such definitive agreement(s) will not differ from those set out in the MOU, 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
8 March 2022

By Order of the Board
Raymond Kim Goh
Chairman
8 March 2022