

Swiber Judicial Managers issue their Statement of Proposals

- *Creditors meeting to be held on 29 May 2019 for creditors to vote on the restructuring proposal*

Singapore, 7 May 2019 – Judicial managers (“JMs”) of Swiber Holdings Limited (“SHL”) and Swiber Offshore Construction Pte Ltd (“SOC”) today recommend creditors to vote in favour of a restructuring proposal that will be presented at a meeting of creditors on 29 May 2019.

In their Statement of Proposals issued to all creditors of both companies, Mr Bob Yap, Head of Restructuring at KPMG in Singapore, said that creditors of both SHL and SOC could potentially obtain better recovery through the restructuring proposal as compared to a liquidation scenario.

As announced earlier, the proposed investment by New York-listed Seaspan Corporation of up to US\$200 million, which is subject to the satisfaction of various conditions (including securing the necessary approvals from creditors, regulators and shareholders) will comprise of (i) an initial tranche of US\$10 million in exchange for an 80% shareholding interest in a new holding company to be incorporated into which certain assets of SHL and its existing subsidiaries (“Swiber Group”) will be transferred (“New Swiber”) (“Initial Investment”) and (ii) upon securing the development stage LNG-to-power project in Vietnam and achieving major project milestones, a subsequent tranche of US\$190 million which will be used to subscribe for preference shares in Equatoriale Energy Pte Ltd (“EEPL”), a wholly-owned subsidiary of SHL, which will also form part of the group comprising New Swiber and its subsidiaries (“New Swiber Group”). The assets of the existing Swiber Group which are proposed to be transferred to the New Swiber Group include five vessels and a property currently owned by the Swiber Group.

The New Swiber Group intends to diversify its business to include plans for the development of a LNG-to-power project in Vietnam along with the offshore and engineering business which the Swiber Group currently operates. It is intended that majority of the proceeds from the Initial

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Investment will go towards funding the development costs for the first phase of the Vietnam power project and for general corporate purposes and working capital needs of the New Swiber Group.

It is envisaged that EEPL will pursue the opportunity to develop, build, own and operate LNG-to-power plants in Vietnam. Barring any unforeseen circumstances and subject to certain assumptions, the construction of the first phase of the power project is expected to be completed and to start generating revenue by 2024, being five years after the estimated date of completion of the Initial Investment. Thereafter, it is also envisaged that upon completion of the construction of the first phase of the power project, the construction of the second phase will, barring any unforeseen circumstances, commence thereafter subject to additional debt and/or equity financing to be arranged.

Under the restructuring proposal, certain secured creditors will be issued redeemable convertible bonds amounting to US\$120 million in connection with the proposed transfer of certain assets currently secured to such creditors to the New Swiber Group, whilst new ordinary shares in New Swiber constituting 14% of New Swiber's enlarged total issued shares immediately following completion of the Initial Investment will be issued for the benefit of unsecured creditors.

Based on a valuation performed by an independent third party valuer, the estimated equity value of the New Swiber Group at the end of the five year period is between US\$1.2 billion to US\$1.4 billion. This represents an estimated recovery rate of between 8.8% and 10.0% for SHL's unsecured creditors, and between 1.0% and 1.2% for SOC's unsecured creditors.

The JMs added that they have considered various alternatives to the restructuring proposal. They said that in the event the proposed investment from Seaspan and the restructuring proposal is not approved by creditors, then the alternative would be liquidation. The estimated recovery rate for the unsecured creditors under this scenario is likely to be nil.

In their Statement of Proposals, the JMs have provided further details of the proposed business plans of the New Swiber Group and the restructuring proposal.

At completion of the Initial Investment, New Swiber will issue new ordinary shares constituting 14.0%, 3.0% and 3.0% of New Swiber's enlarged total issued shares immediately following completion of the Initial Investment, to and/or for the benefit of unsecured creditors, existing shareholders of SHL and certain management and professionals involved in the judicial management, respectively.

Under the restructuring proposal, assuming the secured creditors opt to convert all their redeemable convertible bonds into shares immediately following completion of the Initial Investment, secured creditors will hold approximately 10.0% of New Swiber's total enlarged issued shares. On a fully diluted basis, Seaspan's shareholding interest in New Swiber will be reduced to 72.0%, and the shareholding allocated to and/or for the benefit of unsecured creditors, existing shareholders of SHL and certain management and professionals involved in the judicial management will be reduced to 12.6%, 2.7% and 2.7%, respectively.

New Swiber and Seaspan will also, subject to the satisfaction of certain conditions precedent, enter into a management services agreement in which the Seaspan group will provide certain management services to the New Swiber Group at an annual fee of three per cent of the book value of New Swiber's equity or US\$750,000, whichever is higher.

Judicial Manager Bob Yap said: "The judicial management of Swiber has been a complex exercise involving more than 1,200 creditors in multiple jurisdictions and we have been working hard towards sustaining the operations for the purposes of a restructuring.

"Creditors should consider their options carefully, taking into account the proposed business plans of the New Swiber Group and the restructuring proposal for both secured and unsecured creditors of SHL and SOC. Creditors may wish to note that the restructuring proposal does not require creditors to vote on any write-off or compromise of their debts at this stage. We recommend that creditors of SHL and SOC vote in favour of the restructuring proposal, which if implemented, is

likely to yield a better outcome for the creditors of SHL and SOC as compared to a liquidation scenario.”

SHL has also agreed to carry out an internal restructuring as part of its deal with Seaspan. As a condition for the Initial Investment, the existing Swiber Group would need to transfer various assets comprising the five vessels, its headquarters building, all issued shares of EEPL, and such contracts and other assets as agreed between SHL and Seaspan, to the New Swiber Group.

The JMs said in the last 2.5 years they have embarked on various initiatives to restructure Swiber so as to sustain its operations and rehabilitate the Group. This includes working with existing management in sourcing for potential investors, negotiating on-going projects, raising working capital, reorganising the corporate structure and streamlining operations, and implementing cost saving measures.

Over 1,200 creditors, including bondholders via their trustees, are eligible to vote at the upcoming meeting.

Seaspan is a Marshall Islands corporation listed on the New York Stock Exchange. Seaspan charters their vessels on long-term, fixed-rate, time charters to the world’s largest container shipping liners. Seaspan’s operating fleet consists of 112 containerships with a total capacity of more than 900,000 TEU, an average age of about six years and an average remaining lease period of approximately 4 years, on a TEU-weighted basis.

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