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**PROPOSED DISPOSAL OF VESSEL BY SWIBER ATLANTIS PTE. LTD.**

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**1. INTRODUCTION**

Swiber Holdings Limited (Judicial Managers Appointed) (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Swiber Atlantis Pte. Ltd. (“**SAPL**”), an indirect wholly-owned subsidiary of the Company, has on 21 November 2016 entered into a memorandum of agreement (the “**MOA**”) with WAG SPV I, LLC. (the “**Purchaser**”) in relation to the proposed disposal by SAPL of a vessel known as SEA HORIZON (IMO No. 8759114) registered under the flag of Panama (the “**Vessel**”) to the Purchaser (“**Proposed Disposal**”).

**2. INFORMATION ON THE VESSEL**

2.1 SAPL, which is in the business of vessel owning and chartering, is the owner of the Vessel, and the Vessel has been mortgaged in favour of DBS Bank Ltd. (“**DBS**”) as security for the Company’s obligations under certain banking facilities extended by DBS to the Company (the “**DBS Facilities**”).

2.2 The Vessel was built in 1977 and is the oldest vessel in the Group’s fleet of eleven (11) barges. Pursuant to surveys and investigations conducted on the Vessel, the Vessel is out of class, meaning that certain aspects of the Vessel do not currently conform to the classification standards imposed by its relevant classification society, the American Bureau of Shipping. Significant rectification works amounting to an estimated minimum of US\$0.6 million would be required to be carried out in order to bring the Vessel up to class. The Vessel is currently chartered to Meadsea Services B.V. (an indirect wholly-owned subsidiary of the Company) and sub-chartered to Swiber Offshore Construction Pte Ltd (“**SOC**”) (a direct wholly-owned subsidiary of the Company), but has been put in “Off-Hire” status as of 20 June 2016 at a shipyard in Singapore, where it has since remained.

**3. THE PROPOSED DISPOSAL**

3.1 The salient terms of the Proposed Disposal are as follows:-

- (a) The Vessel will be sold to the Purchaser on an “as-is-where-is” basis with the Purchaser having inspected and accepted the Vessel’s classification records.
- (b) The consideration for the Proposed Disposal shall be US\$10.25 million (“**Sale Price**”) payable on completion of the Proposed Disposal and will be satisfied in cash. The Sale Price was arrived at on a willing-buyer willing-seller basis, based on, *inter alia*, the net book value of the Vessel of US\$10.05 million as at 31 March 2016 and the Valuations (as defined below). Two independent valuations of the Vessel (based on its market value on a prompt ‘as-is where-is’ transaction), commissioned by the interim judicial managers on behalf of SOC, were conducted by M3 Marine Valuations Pte Ltd and ALC Consulting Services Pte Ltd on 5 September 2016 and 19 September 2016 respectively (collectively, the “**Valuations**”). Based on the first valuation on 5 September 2016, the Vessel was valued at an indicative range of US\$12 million to US\$14 million. Based on the second valuation on 19 September 2016, the Vessel was valued at an indicative range of US\$10 million to US\$12 million. Taking the average of the two Valuations, the average valuation range of the Vessel is US\$11 million to US\$13 million.
- (c) As security for the fulfillment of the MOA, the Purchaser shall place a deposit of 10% of the Sale Price with an escrow agent.

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- (d) In the event there are any specified claims that are valid and materialise in relation to the Vessel, SAPL will be liable for up to an amount of 15% of the Sale Price.
- (e) Completion of the Proposed Disposal is scheduled to take place on 22 November 2016.
- 3.2 As the Vessel is currently mortgaged to DBS, the proceeds from the Proposed Disposal will be used by the Group to pay down the amounts owing under the DBS Facilities.

#### 4. RATIONALE FOR THE PROPOSED DISPOSAL

The Vessel has ceased operations and is not capable of being utilised unless significant rectification works are performed, and has been put in "Off-Hire" status as of 20 June 2016 at a shipyard in Singapore where it has since remained. Due to the "Off-Hire" status of the Vessel, it is currently docked in a cold stack lay-up with minimal crew and no operational systems running. Whilst the Vessel remains unutilised, a minimum sum is required for the maintenance of the Vessel in the cold stack lay-up. The Group therefore incurs costs to maintain the Vessel which does not contribute any revenue to the Group. Accordingly, the Company considers that it would be appropriate to dispose of the Vessel to avoid incurring unnecessary expenses relating to the maintenance of the Vessel as well as to unlock the value of the Vessel, the proceeds of which will be used by the Group to pay down the amounts owing under the DBS Facilities.

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

- 5.1 Based on the Sale Price of US\$10.25 million, the relative figures computed on the basis of Rule 1006 of the Listing Manual in respect of the Proposed Disposal based on the latest announced unaudited consolidated financial statements of the Group for the three (3) months ended 31 March 2016 (being the latest announced consolidated accounts of the Group), are as follows:

Rule	Bases of computation	Proposed Disposal (US\$' million)	Group (US\$' million)	Relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value <sup>(1)</sup>	10.05	566.97	1.77%
1006(b)	Net profits/(loss) attributable to the assets disposed of, compared with the Group's net profits/(loss) <sup>(2)</sup>	-	-	Not applicable <sup>(2)</sup>
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 <sup>(3)</sup>	10.25	37.62	27.25%
1006(d)	The number of equity securities issued by the	-	-	Not applicable, as this is not an

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	Company as consideration for an acquisition, compared with the number of equity securities previously in issue			acquisition and there is no issuance of equity securities by the Company.
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Notes:

- (1) Based on the book value of the Vessel of approximately US\$10.05 million as of 31 March 2016.
- (2) 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. Further, the Vessel is not provided on a charter or hire basis to any third party outside the Group. In view of the foregoing, it would not be possible to calculate the relative figure for Rule 1006(b).
- (3) Based on the Sale Price of US\$10.25 million and the market capitalisation of the Company of approximately S\$51.10 million (which is equivalent to approximately US\$37.62 million based on the exchange rate of US\$1:S\$1.35845 as at 26 July 2016, being the last full market day preceding the suspension of trading of the Company's shares on the SGX-ST (the "**Last Full Trading Day**"). The market capitalisation 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 the Last Full Trading Day.
- 5.2 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 subject to the approval of the shareholders of the Company ("**Shareholders**"), unless the requirement for such Shareholders' approval is waived by SGX-ST.
- 6. RECEIPT OF SGX-ST'S WAIVER OF SHAREHOLDERS' APPROVAL IN RESPECT OF THE PROPOSED DISPOSAL**
- 6.1 The Company had on 7 November 2016 submitted an application to the SGX-ST for a waiver of the requirement under Rule 1014(2) of the Listing Manual for the Company to obtain approval of the Shareholders for the Proposed Disposal (the "**Waiver Application**").
- 6.2 The SGX-ST has on 11 November 2016 informed the Company that the SGX-ST has no objection to the Company's Waiver Application for the waiver from the requirement to obtain Shareholders' approval for the Proposed Disposal under Rule 1014(2) of the Listing Manual (the "**Waiver**"), subject to the following:
- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and
- (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

6.3 The Company had sought the Waiver on the following grounds:

(a) The Vessel may otherwise be subject to a mortgagee sale

The Vessel is currently mortgaged in favour of DBS as security for the Company's obligations under the DBS Facilities. Upon the declaration of an event of default under the DBS Facilities, DBS has the right to enforce the mortgage over the Vessel and to take possession of and/or unilaterally dispose of the Vessel, and to apply the proceeds of such disposal to, *inter alia*, discharge the Company's obligations and liabilities under the DBS Facilities (the "**Mortgagee Sale**").

In light of a potential Mortgagee Sale upon default of the DBS Facilities, the Proposed Disposal is proposed as a favourable alternative with certain advantages over the Mortgagee Sale, including the possibility of the Mortgagee Sale being carried out at a price lower than the Sale Price offered by the Purchaser, or on any other less favourable terms than those set out under the MOA.

It is also noted that in the event that the Proposed Disposal requires the approval of the Shareholders, and such approval of the Shareholders is not granted for any reason at an extraordinary general meeting to be convened by the Company, DBS nonetheless still has the right to exercise its rights to effect the Mortgagee Sale notwithstanding that such Shareholders' approval is not granted for the Proposed Disposal.

(b) Disposal of a non-core asset

The Group is engaged in the core business of the provision of global engineering, procurement, installation and construction services. The Vessel to be disposed of does not form the core business of the Group as the Vessel has ceased operations and is not intended for future operations of the Group.

Due to the "Off-Hire" status of the Vessel, it is currently docked in a cold stack lay-up with minimal crew and no operational systems running. Further, as the Vessel would require significant rectification works before the Vessel may resume operations (which the Group does not have financial resources to undertake), no future charters have been contemplated for the Vessel under the Group's portfolio.

Whilst the Vessel remains unutilised, a minimum sum is required for the maintenance of the Vessel in the cold stack lay-up. The Group therefore incurs costs to maintain the Vessel which does not contribute any revenue to the Group.

Accordingly, the Shareholders are unlikely to be overly concerned about the Proposed Disposal given that the Vessel is a non-core asset.

(c) No material change in the risk profile of the Group

The Company is of the opinion that there will not be any material change in the risk profile of the Group arising from the Proposed Disposal. The Proposed Disposal will not result in a material change to the nature of the Group's core business as the Vessel has ceased operations and the Group will continue to engage in its core business, with primary focus on improving its financial position through the judicial management of the Company.

Additionally, in view of the oversupply of vessels in the market, the Group would be able to charter vessels from third party owners if so required. However, the Company does not anticipate the need for such third party charters at this point in time.

Accordingly, it is reasonable to expect the Shareholders not to be overly concerned with the Proposed Disposal which does not materially affect the nature of the core business of the Group.

(d) Recent significant drop in market capitalisation of the Company

Whilst the relative figure for the market capitalisation test under Rule 1006(c) of the Listing Manual exceeds 20%, the Company's market capitalisation has decreased significantly in the past few years due to a combination of weak oil prices, decreasing charter rates, delayed or cancelled projects and global market developments which have adversely impacted the share price performance of the Company and a number of companies listed on the SGX-ST. The market capitalisation of the Company as at the end of each of the last three (3) years are as follows:

- (i) S\$447,300,000 as at 31 December 2013;
- (ii) S\$176,200,000 as at 31 December 2014; and
- (iii) S\$92,000,000 as at 31 December 2015.

In addition, the global equity markets have been extremely volatile since the beginning of 2016. As such, the current market capitalisation of the Company may not be an appropriate snapshot of the size of the Company.

(e) Time-sensitive nature of the Proposed Disposal

If Shareholders' approval is required to be obtained for the Proposed Disposal:

- (a) completion of the Proposed Disposal is likely to be delayed, giving rise to adverse transactional risks and the Group would be at grave risk of foregoing an opportunity to be able to dispose of its unutilised Vessel at the Sale Price, which the Company views to be a more favourable alternative to a Mortgage Sale; and
- (b) the Company is of the view that it is to the benefit of the Company to undertake the Proposed Disposal generally, and to complete the Proposed Disposal expeditiously so as to take advantage of the opportunities in the market and minimise transaction and/or enforcement risks.

(f) Costs of holding an extra-ordinary general meeting

It is in the interests of the Company and the Shareholders to avoid incurring unnecessary costs and expenses in convening a shareholders' meeting to vote on the Proposed Disposal.

6.4 Pursuant to the condition for the Waiver as set out in paragraph 6.2(b) above, the Company has, on 14 November 2016, submitted to the SGX-ST the written confirmation from the Company that

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the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

## 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 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.*

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”).

#### (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:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
<b>NTA (US\$)</b>	575,136,000	574,866,000 <sup>(1)</sup>
<b>Number of issued shares<sup>(2)</sup></b>	459,469,490	459,469,490
<b>NTA per share (US\$)</b>	1.25	1.25

#### Notes:

<sup>(1)</sup> This is computed based on the net book value of the Vessel as at 31 December 2015 of approximately US\$10.52 million and the Sale Price of US\$10.25 million.

<sup>(2)</sup> 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:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
<b>Net profit/(loss) after tax (US\$)<sup>(1)</sup></b>	(27,375,000)	(27,645,000) <sup>(2)</sup>
<b>Weighted average number of issued shares<sup>(3)</sup></b>	453,215,000	453,215,000
<b>EPS (US cents)</b>	(0.06)	(0.06)

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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\$10.52 million and the Sale Price of US\$10.25 million.
- (3) Based on the Company's annual report for FY2015.

**7.2 Gain on Disposal**

Based on the net book value of the Vessel as at 31 March 2016 of US\$10.05 million and Sale Price of US\$10.25 million, it is expected that the Proposed Disposal will result in an estimated net gain of approximately US\$0.2 million (after deducting related expenses).

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company have any direct or indirect interest in the Proposed Disposal.

**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**

A copy of the MOA 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.

By Order of the Judicial Managers  
Bob Yap Cheng Ghee  
Joint and Several Judicial Manager  
21 November 2016

By Order of the Board  
Raymond Kim Goh  
Chairman  
21 November 2016