

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

12 International Business Park, Swiber@IBP #01-05, Singapore 609920
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**PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT 12 INTERNATIONAL BUSINESS PARK,
SINGAPORE 609920 – WAIVER PURSUANT TO RULE 1014(2) OF THE LISTING MANUAL**

1. INTRODUCTION

- 1.1 Swiber Holdings Limited (Judicial Managers Appointed) (the "**Company**") and together with its subsidiaries, the "**Group**") refers to its announcement on 8 March 2022 ("**2022 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 ("**Property**") ("**2022 MOU**"). Please refer to the aforementioned announcement for further details on the Property.
- 1.2 In connection with the Company's intention to dispose of the Property ("**Disposal**"), the Company wishes to announce that the Company has on 12 April 2022 applied to the SGX-ST for a waiver from the requirement under Rule 1014(2) of the Listing Manual to obtain the approval of the Shareholders for the disposal of the Property by SCPL ("**Waiver**").
- 1.3 On 29 April 2022, the SGX-ST has informed the Company that it has no objection to the Company's application for the Waiver, subject to the Company announcing the Waiver granted, the reason for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met.
- 1.4 Following the disclosures in this announcement, the Company has complied with the condition of the Waiver. The Company will make further announcements to update its shareholders on the Disposal as appropriate or when there are material developments to the Disposal.
- 1.5 It is further highlighted that in the application for the Waiver, the Judicial Managers sought the SGX-ST's permission for the Property to be disposed at the sole discretion of the Judicial Managers and the liquidators of SCPL without seeking the specific approval of Shareholders for such Disposal under Chapter 10 of the Listing Manual ("**Disposal Mandate**").

Accordingly, under the Disposal Mandate, the Waiver would apply not only to the proposed Disposal pursuant to the definitive documentation to be entered in connection with the 2022 MOU (if at all), but also to such other prospective purchasers in relation to the Property.

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2. BACKGROUND ON THE DISPOSAL

2.1 Information on the Property and SCPL

As previously announced by the Company, the Property is located at 12 International Business Park, Singapore 609920. The Property is held by SCPL, which is incorporated in Singapore and is principally engaged in providing business and management consultancy services and business support service activities. SCPL is currently undergoing a creditors' voluntary liquidation.

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 "**DBS Facilities**").

Please refer to the Company's announcement dated 8 March 2022 for further details on the Property.

2.2 Rationale for the 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 Disposal is in the interest of and will benefit SCPL and the Company for the following reasons:

- (a) **Reducing liabilities:** as stated above, as the Property has been mortgaged in favour of DBS as security for SCPL and the Company's respective obligations under the DBS Facilities, the Disposal will enable SCPL and the Company to realise the value of the Property and use the proceeds from the Disposal towards partial repayment of the amounts owing to DBS under the DBS 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 Disposal towards partial repayment of the amounts owing under the

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DBS Facilities, as compared to continuing to hold the Property and incur maintenance and other expenses.

2.3 Proposed Disposal through the PCOA to be executed

As announced by the Company, on 8 March 2022, SCPL entered into a memorandum of understanding ("**MOU**") with an independent third-party purchaser ("**Purchaser**") to dispose of the Property for an aggregate consideration of S\$30.8 million excluding goods and services tax.

Under the MOU, the parties are not under any obligation to proceed with the disposal of the Property unless (1) a binding definitive document for such disposal is executed by the parties to the MOU, which will take the form of a put and call option agreement ("**PCOA**"), and (2) certain conditions precedent for execution of the PCOA and for completion of the disposal of the Property are satisfied.

Please refer to the Company's announcement dated 8 March 2022 for further details on, *inter alia*, the MOU and the disposal of the Property in connection therewith.

2.4 Disposal Mandate and considerations

Without prejudice to the foregoing, in the event that the disposal of the Property pursuant to the PCOA (if entered into) does not go through for any reason, it is noted that the liquidators of SCPL intend to explore further opportunities to dispose of the Property to such other prospective purchasers, taking into consideration factors where relevant, such as:

- (a) the proposed sale price of the Property compared with the prevailing market value of the Property;
- (b) the requirements of the mortgagee of the Property;
- (c) the fact that any purchaser would bear the risk of non-renewal of the lease terms;
- (d) costs being incurred for the upkeep and maintenance of the Property in spite of the lack of income potential for the Property (as a result of the ongoing efforts for the reorganisation of the Group);
- (e) the risk of relevant authorities taking action to repossess the Property to settle the amounts owing to them; and
- (f) in the event that the Disposal is to be carried out at a distressed sale price, the extent to which such price would affect the repayment of the amounts owing to DBS as mortgagee and whether it is detrimental to DBS and SCPL and consequentially the Company.

The Judicial Managers sought the Exchange's permission for the Property to be disposed at the sole discretion of the Judicial Managers and the liquidators of SCPL without seeking the specific approval of Shareholders for such Disposals under Chapter 10 of the Listing Manual ("**Disposal Mandate**"). In connection therewith, it was confirmed that:

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- (i) the Judicial Managers will advise the liquidators of SCPL to conduct any negotiation with a potential purchaser of the Property on an arms' length and commercial basis;
- (ii) the Judicial Managers shall make an announcement of any proposed Disposal undertaken via SGXNET in accordance with the requirements of the Listing Manual; and
- (iii) in the event that the proposed Disposal of the Property constitutes an "interested person transaction" within the ambit of Chapter 9 of the Listing Manual and (if applicable, when aggregated with other disposals undertaken during the same financial year), such proposed Disposal will not fall under the Disposal Mandate.

3. REASONS FOR SEEKING THE WAIVER

3.1 The reasons for seeking the Waiver are as follows:

- (a) The Property may otherwise be subject to a mortgagee sale

As mentioned above, the Property is currently mortgaged in favour of DBS, which has given its DBS In-Principle Approval for the Disposal as well as the sale to the Purchaser in particular. Upon the declaration of an event of default under the DBS Facilities, DBS has the right to enforce the mortgage over the Property and to take possession of and/or unilaterally dispose of the Property, and to apply the proceeds of such proposed Disposal to, *inter alia*, discharge the Company's obligations and liabilities under the DBS Facilities ("**Mortgagee Sale**").

In light of a potential Mortgagee Sale upon default of the DBS Facilities, the proposed Disposal to the Purchaser pursuant to the PCOA (if entered into) 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 consideration offered by the Purchaser, or on any other less favourable terms than those set out under the PCOA. Accordingly, the aforementioned proposed Disposal has been supported by DBS as a favourable alternative to the exercise by DBS of its rights to a Mortgagee Sale.

In the event that the proposed Disposal to the Purchaser or to such other purchasers on such other terms as may be agreed 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 Disposal.

- (b) 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 Disposal. The Disposal will not result in a material change to the nature of the Group's core business and operations as the core business of the Group is the provision of global engineering, procurement, installation and construction services. The Property has been under-utilised and is not intended for use for future operations of the Group.

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As mentioned above, SCPL, the owner of the Property, is in liquidation and the Property is mortgaged in favour of DBS. As such, the Disposal of the Property would primarily serve to reduce the liabilities for SCPL and the Company.

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

(c) Time-sensitive nature of the Disposal

The time required for Shareholders' approval may deter potential purchasers for the Property. The lead-time required for the preparation of the Shareholders' circular and for the convening of an extraordinary general meeting may therefore put the Company at risk of missing a window of opportunity for any potential Disposal (whether or not it relates to the proposed Disposal to the Purchaser or to such other prospective purchasers on such other terms as may be agreed). The potential delay to completion of the Disposal may give rise to adverse transactional risks and uncertainties and the Group would be at grave risk of forgoing an opportunity to dispose of its under-utilised Property at either the Consideration as agreed with the Purchaser or such other price as may be agreed with other prospective purchasers in the future, in each case which the Company views to be a more favourable alternative to a Mortgagee Sale.

Taking into consideration the rationale for the Disposal as set out in paragraph 2.2 above, the Company is of the view that it is to the benefit of the Company to have the flexibility to negotiate and undertake the Disposal (whether with the Purchaser or any other prospective purchaser) on a timely basis, so as to take advantage of the opportunities in the market and minimise transaction and/or enforcement risks.

(d) Costs of holding an extraordinary general meeting

In view of the foregoing factors, if an extraordinary general meeting need not be held, this would result in significant cost savings for the Company. It is in the interests of the Company and its Shareholders to avoid incurring the unnecessary costs and expenses in convening a Shareholders' meeting to vote on the Disposal, especially given the current financial position of the Company.

4. CAUTIONARY STATEMENT

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

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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
29 April 2022

By Order of the Board
Raymond Kim Goh
Chairman
29 April 2022