



Atlantic Navigation Holdings (Singapore) Limited

(Company Registration No. 200411055E)

(Incorporated in Singapore)

NOTICES OF ARBITRATION

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to inform that the Company and the wholly-owned subsidiary of the Group, Atlantic Maritime Group FZE (“**AMG**”), have received Notices of Arbitration dated 27 July 2018 and 29 August 2018 (the “**Arbitration Notices**”), from the legal representative of Guangxin Shipbuilding & Heavy Industry Co. Ltd. (the “**Claimant**”). The Notices of Arbitration have been referred to the Hong Kong International Arbitration Centre.

2. DETAILS OF NOTICES OF ARBITRATION DATED 27 JULY 2018 (“**FIRST ARBITRATION NOTICES**”)

The claims made by the Claimant are in relation to a shipbuilding contract dated 16 September 2013, amended by an addendum dated 7 January 2016 (collectively, the “**PSV Shipbuilding Agreement**”). Pursuant to the PSV Shipbuilding Agreement, the parties agreed that the Claimant shall construct and sell to AMG, a 75 metre Platform Supply Vessel (the “**PSV**”). AMG had failed to make the balance payment of US\$3,030,000 (the “**Outstanding Sum**”) within the deadline set by the Claimant. The Company has, in the capacity as the parent company of AMG, also executed irrevocable letters of guarantee in favour of the Claimant to guarantee the Outstanding Sum. Pursuant to the First Arbitration Notices, the Claimant is claiming from AMG and the Company for the Outstanding Sum and related interests and costs.

For avoidance of doubt, the Outstanding Sum has been recorded as liability under “Trade and Other Payables” account of the audited financial statements of the Group since the financial year ended 31 December (“**FY**”) 2016.

3. DETAILS OF NOTICES OF ARBITRATION DATED 29 AUGUST 2018 (“**SECOND ARBITRATION NOTICES**”)

The claims made by the Claimant are in relation to a shipbuilding contract dated 10 April 2014, amended by addendums dated 14 August 2014 and 7 December 2016 (collectively, the “**LV Shipbuilding Agreement**”), the parties agreed that the Claimant shall construct and sell to AMG, a self-propelled self-elevating liftboat vessel (the “**Liftboat Vessel**”). The Company, in the capacity as parent company of AMG, also executed performance guarantees in favour of the Claimant of the obligations of AMG under the Shipbuilding Agreement. After serving the notice of rescission to AMG on 8 March 2017 (the “**Notice of Rescission**”), the Claimant sold the Liftboat Vessel to a third party. Pursuant to the Second Arbitration Notices, the Claimant is claiming from AMG and the Company for the damages suffered from the sale of the Liftboat Vessel to the third party of amounting to US\$5,825,600, and related interests and costs.

In Note 33 (Events occurring after the reporting period) and Note 30 (Contingent liability) to the audited financial statements of the Group for FY2016 and FY2017, respectively, the Group has disclosed its potential liability for the deficiency if the Claimant incurs a loss on the sale of the Liftboat Vessel to a third party pursuant to the Notice of Rescission. However, no provision has been made as the amounts cannot be reliably quantified.

4. ACTIONS TAKEN BY THE GROUP

The Company and AMG have appointed a legal adviser in Hong Kong to act and respond to the Arbitration Notices to safeguard and protect the interest of the Group.

The Group has been in negotiation with the Claimant to amicably settle the disputes and cease the arbitration proceedings. An amount of US\$500,000 (or equivalent to S\$685,000) has recently been paid to the Claimant in relation to the First Arbitration Notices and discussions are on-going for a proposed instalment payment on the First Arbitration Notices.

The Claimant has, in the meantime, agreed to withhold the arbitration proceedings under the Second Arbitration Notices until 28 September 2018, subject to receiving the abovementioned US\$500,000 (or equivalent to S\$685,000) in their bank account. The Company is currently waiting for the Claimant's confirmation on the receipt of fund and the withholding of the arbitration proceedings under the Second Arbitration Notices.

Subject to further negotiation with the Claimant, the Company is currently unable to quantify accurately the materiality of the claims under the Arbitration Notices and when the Company is able to do so, it will make an announcement in due course.

The Company will announce at the appropriate juncture in the event of any material developments on this matter.

5. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Wong Siew Cheong
Executive Chairman and Chief Executive Officer

20 September 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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