

Swiber Holdings Limited
(In Liquidation)
c/o 12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
Co. Reg. No. 200414721N

LETTER OF INTENT IN RELATION TO THE PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT 12 INTERNATIONAL BUSINESS PARK, SINGAPORE 609920

1. INTRODUCTION

- 1.1 The joint and several liquidators of Swiber Holdings Limited (In Liquidation) (the "**Company**") and together with its subsidiaries, the "**Group**") (the "**Liquidators**"), refers to the Company's announcement on 8 March 2022 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**") ("**Previous MOU**"). As no binding put and call option agreement for the Property was entered into during the relevant exclusivity period (as stipulated in the aforementioned announcement), the Previous MOU had lapsed upon the expiry of such exclusivity period in accordance with the terms thereof, and the exclusivity fee paid by the purchaser to SCPL's solicitors under the Previous MOU was forfeited by SCPL.
- 1.2 The Liquidators wish to announce that SCPL has on 25 May 2023 entered into a letter of intent ("**LOI**") 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 a consideration of S\$27,000,000 (the "**Consideration**") plus goods and services tax ("**GST**") (the "**Proposed Disposal**").
- 1.3 The LOI is non-binding and subject to execution of a binding sale and purchase agreement relating to the Proposed Disposal (the "**SPA**"), save for certain provisions which relate, *inter alia*, to the LOI Deposit. In addition, under the LOI, neither Party will be under any obligation to proceed with the Proposed Disposal unless and until (1) the SPA is executed by the Parties, and (2) the conditions precedent to be agreed in the SPA are satisfied.

2. SALIENT TERMS OF THE LOI AND THE PROPOSED DISPOSAL

Information 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 30-year lease tenure granted by Jurong Town Corporation ("**JTC**") to SCPL commencing on 1 December 1995 with an option to renew for a further lease term of 30 years commencing on 1 December 2025, subject to the terms and conditions of the lease as amended and supplemented from time to time (the "**JTC Lease**"). The Property is currently vacant.
- 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**").

- 2.3 Under the JTC Lease, 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 19 October 2023, after which SCPL will be required to offer the Property to JTC again before selling the Property to any purchaser.

Consideration and Deposits

- 2.4 The Consideration of S\$27,000,000 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 and the forced sale value of the Property based on the Valuation Report (as defined below) and prevailing market conditions.
- 2.5 The Consideration will be paid in 3 stages:
- (a) upon acceptance of the LOI: a deposit comprising 1% of the Consideration plus the GST thereon ("**LOI Deposit**");
 - (b) upon signing of the SPA: a deposit comprising 10% of the Consideration plus the GST thereon (including the LOI Deposit) ("**SPA Deposit**"); and
 - (c) upon completion of the SPA: balance of the Consideration plus GST thereon.

The Consideration is exclusive of GST and any upfront land premium or application fees payable to JTC (to be borne by the Purchaser). Any assignment levy, or consent fee imposed by JTC for the divestment of the Property (including GST thereon) will be borne by SCPL.

Exclusivity Period and other terms

- 2.6 Under the terms of the LOI, SCPL has agreed to an exclusivity period of 4 weeks commencing from the date of the LOI and receipt of the LOI Deposit, during which SCPL and its employees will not, inter alia, directly or indirectly solicit or encourage or enter into any agreements providing for any transactions which may conflict with any part of the potential transaction contemplated under the LOI.
- 2.7 The completion of the Proposed Disposal is conditional upon conditions precedent to be agreed in the SPA.

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 Singapore Exchange Securities Trading Limited ("**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 and the forced sale value of the Property as at 5 October 2021 were S\$34,000,000 and S\$27,200,000, respectively.¹
- 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\$27.64 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 a shortfall of approximately S\$0.64 million over the book value of the Property. The Proposed Disposal is expected to result in an estimated loss of approximately S\$0.64 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 compulsory liquidation 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: The Property has been vacant since July 2022 after the completion of the restructuring of the Group and the Property was no longer required by the Company 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 exit of the Group from the Property, 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.

(1) 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.

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\$1.334 (the "**Illustrative Exchange Rate**") is applied for illustrative purposes only.

Rule	Bases of computation	Proposed Disposal (S\$' million)	Group (S\$' million)	Relative figures
1006(a)	Net asset value of assets to be disposed of, compared with the Group's net asset value ⁽¹⁾	27.64	648.54	4.26%
1006(b)	Net profits/(loss) attributable to the assets acquired, compared with the Group's net profits/(loss) ^{(2) (3)}	0.094	11.36	0.83%
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⁾	27.00	51.10	52.84%
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 Group's proven and probable reserves	-	-	Not applicable, as the Company is not a mineral, oil or gas company.

Notes:

- (1) Based on the book value or net asset value of the Property of approximately US\$20.72 million (approximately S\$27.64 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\$648.54 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\$93,852 based on the Illustrative Exchange Rate), and the Group's net profits of approximately US\$8.52 million (approximately S\$11.36 million based on the Illustrative Exchange Rate), for 1Q2016.
- (4) Based on the Consideration of S\$27.00 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 of the Company, 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 had on 12 April 2022 applied to the SGX-ST for a waiver to hold an extraordinary general meeting to seek shareholders' approval for the Proposed Disposal ("**Waiver**") under Rule 1014(2) of the Listing Manual.

On 29 April 2022, the SGX-ST 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 the Rule 107 of the Listing Manual and 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. Such condition has been met by way of the release of the Company's announcement dated 29 April 2022. Subsequently, the Company entered into compulsory liquidation on 11 November 2022, and the Liquidators have accordingly informed the SGX-ST on 10 March 2023 that, notwithstanding the change in status of the Company, the Liquidators intend to continue to comply with the requirements of the Waiver.

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	574,116,000 ⁽¹⁾
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 (approximately S\$28.36 million based on the Illustrative Exchange Rate) and the sale price of S\$27.00 million.
- (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)	(28,395,000) ⁽²⁾
Weighted average number of issued shares⁽³⁾	453,215,000	453,215,000
EPS (US cents)	(6.04)	(6.27)

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 (approximately S\$28.36 million based on the Illustrative Exchange Rate) and the sale price of S\$27.00 million.
- (3) Based on the Company's annual report for FY2015.

7. INTERESTS OF THE LIQUIDATORS, DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Liquidators and Directors of the Company and, to the best of the knowledge of the Liquidators 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 capacity as liquidators, 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 LOI and the Valuation Report will be made available for inspection during normal business hours at the Company's registered office at 12 Marina View, Asia Square Tower 2 #15-01, Singapore 018961 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 SPA. There is no certainty or assurance that the definitive agreement(s) relating to the Proposed Disposal (including the SPA) will be entered into, or that the terms and conditions of such definitive agreement(s) will not differ from those set out in the LOI, 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 Liquidators
Bob Yap Cheng Ghee
Joint and Several Liquidator
25 May 2023

