

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Incorporated in Singapore)

(Company Registration No. 200411055E)

PROPOSED PLACEMENT OF AN AGGREGATE OF 67,741,936 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 28 October 2015, entered into a conditional share subscription agreement (the “**Subscription Agreement**”) with SCF-VIII, L.P. (“**Subscriber**”) pursuant to which the Company has agreed to allot and issue an aggregate of 67,741,936 new ordinary shares in the capital of the Company (“**Subscription Shares**”) to the Subscriber, and the Subscriber has agreed to subscribe for the Subscription Shares, at the subscription price of US\$0.31 per Subscription Share (“**Subscription Price**”), for an aggregate amount of US\$21.0 million (“**Proposed Placement**”).
- 1.2 Under the terms of the Subscription Agreement, the Company has also agreed and undertaken to the Subscriber that in the event the Company shall, at any time during the period commencing from the Placement Completion Date (as defined below) and expiring on the date falling twenty-four (24) calendar months after the Placement Completion Date (“**ROFR Period**”), require further funding for any purpose as approved by the Board to be raised through the issue of new ordinary shares in the capital of the Company (“**Shares**”), the Company shall offer the Subscriber the first right to subscribe for such number of new Shares (“**ROFR Shares**”) at an issue price of US\$0.31 per ROFR Share (“**ROFR Subscription Price**”) (the “**ROFR Offer**”). For more details on the ROFR Offer, please refer to section 2.2 of this announcement.
- 1.3 Concurrently with the execution of the Subscription Agreement, Mr Wong Siew Cheong (“**Bill Wong**” or the “**Vendor**”) (Executive Chairman and Chief Executive Officer as well as a controlling shareholder of the Company) had, on 28 October 2015, entered into a sale and purchase agreement (“**SPA**”) with the Subscriber, pursuant to which the Vendor has agreed to sell 19,354,839 Shares (“**Sale Shares**”) to the Subscriber on the terms and subject to the conditions contained in the SPA.
- 1.4 The Company will be making an application, through the sponsor of the Company, Canaccord Genuity Singapore Pte. Ltd., to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Subscription Shares and the ROFR Shares on the Catalist board of the SGX-ST and will make the necessary announcements once the listing and quotation notice has been obtained.
- 1.5 The offer of the Subscription Shares and the ROFR Shares is made pursuant to the exemption under section 272B of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”). As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement and/or the ROFR Offer.

2. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

2.1 Subscription obligations

Pursuant to the terms of the Subscription Agreement, the Subscriber shall subscribe for the 67,741,936 Subscription Shares, which represents (i) approximately 26.00 per cent of the Existing Share Capital¹; and (ii) approximately 20.63 per cent of the Enlarged Share Capital² immediately after completion of the Proposed Placement (“**Placement Completion**”). The Subscription Shares, aggregated with the Sale Shares, will represent approximately 26.53 per cent of the Enlarged Share Capital immediately after the Placement Completion.

2.2 Right of First Refusal

In consideration of the Subscriber agreeing to subscribe for the Subscription Shares, the Company agrees and undertakes that in the event the Company shall, at any time during the ROFR Period, require further funding for any purpose as approved by the Board to be raised through the issue of new Shares, the Company shall give notice in writing to the Subscriber setting out the amount of funding required (“**Required Funding**”) and offering the Subscriber the first right to subscribe for such number of ROFR Shares computed in accordance with the following formula:

$$\text{Number of ROFR Shares} = \frac{X}{\text{ROFR Subscription Price}}$$

“A” means “Y - Z” and where the sum of the foregoing is a negative figure, “A” shall mean “0”.

“X” means the sum of “Y – A”.

“Y” means the Required Funding as set out in the ROFR Offer.

“Z” means US\$8.5 million less the aggregate amount of Required Funding comprised in the ROFR Offers made prior to the date of the present ROFR Offer.

Any fractional ROFR Shares computed in accordance with the formula above shall be disregarded.

For the avoidance of doubt, the obligation of the Company and the right of the Subscriber to receive an ROFR Offer, shall terminate immediately once the sum of all Required Funding comprised in all ROFR Offers made by the Company shall equate to or exceed US\$8.5 million.

Assuming that the Required Funding comprised in all ROFR Offers made by the Company equates to US\$8.5 million and the ROFR Shares are issued at the initial ROFR Subscription Price of US\$0.31 per ROFR Share, the Company will issue up to 27,419,354 ROFR Shares to

¹ Existing Share Capital refers to the existing issued and paid-up share capital of the Company (excluding treasury Shares) of 260,593,750 Shares as at the date of this announcement.

² Enlarged Share Capital refers to the enlarged issued and paid-up share capital of 328,335,686 Shares (excluding treasury Shares) immediately after the Placement Completion, comprising the Existing Share Capital and the Subscription Shares.

the Subscriber, representing approximately 7.71 per cent of the Subsequent Enlarged Share Capital³. Such ROFR Shares, aggregated with the Subscription Shares and the Sale Shares, will represent approximately 32.19 per cent of the Subsequent Enlarged Share Capital.

2.3 Subscription Price and ROFR Subscription Price

The Subscription Price and ROFR Subscription Price of US\$0.31 (or S\$0.435 based on an exchange rate of US\$1:S\$1.4025) represents a premium of approximately 14.5% to the volume-weighted average price of S\$0.38 per Share, for the trades done on the SGX-ST for the full market day on 28 October 2015, being the market day on which the Subscription Agreement was signed.

The ROFR Subscription Price will be subject to adjustments under certain circumstances provided for in the Subscription Agreement. Such circumstances include, without limitation, consolidation or subdivision of shares, capitalisation issues, rights issue and certain capital distribution. Any such adjustments shall (unless otherwise provided under the Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the “**Catalist Rules**”) from time to time) be announced by the Company.

2.4 Status and ranking of Subscription Shares and ROFR Shares

The Subscription Shares and ROFR Shares when allotted and issued, will be free from all claims, pledges, mortgages, charges, liens and other encumbrances and with all rights and benefits attaching thereto and shall rank, *pari passu*, in all respects with the existing Shares, save that the Subscriber will not be entitled to any dividend, rights, allotments or other distributions in respect of the Subscription Shares, the Record Date of which falls on or before the date of issuance and allotment of the Subscription Shares or ROFR Shares. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

2.5 Whitewash Waiver and Whitewash Resolution

The Company undertakes that it shall, as soon as practicable and in any event no later than the date falling fourteen (14) business days from the date of the Subscription Agreement, submit an application to the Securities Industry Council (“**SIC**”) to seek its waiver of the requirement for the Subscriber and its concert parties to make a general offer for the Shares under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) in respect of:

- (i) the investment by the Subscriber in the Company through the acquisition of Shares as contemplated by the Subscription Agreement, including the sale and purchase of the Sale Shares in accordance with the terms of the SPA and the grant of the right to the Subscriber to subscribe for the ROFR Shares (“**Transaction Waiver**”); and
- (ii) the subscription for such number of ROFR Shares as would be allotted and issued by the Company in the case where the Subscriber provides US\$8.5 million in funding to

³ Subsequent Enlarged Share Capital refers to the enlarged issued and paid-up share capital (excluding treasury Shares) of the Company immediately after the Placement Completion and the completion of the subscription of all ROFR Shares (assuming no further issuance of new Shares by the Company from the Placement Completion up to the completion of the subscription of all ROFR Shares) of 355,755,040 Shares, comprising the Existing Share Capital, the 67,741,936 Subscription Shares and the 27,419,354 ROFR Shares.

the Company by acceptance of one or more ROFR Offers during the ROFR Period in accordance with the terms of the Subscription Agreement ("**Whitewash Waiver**").

The Company further undertakes to the Subscriber that it shall, subject to, *inter alia*, the grant of the Whitewash Waiver (on terms acceptable to the Company and the Subscriber), convene a general meeting to seek the approval of the Company's shareholders ("**Shareholders**") of a resolution (the "**Whitewash Resolution**") to waive their rights to receive a general offer from the Subscriber and its concert parties under Rule 14 of the Code, no later than 28 April 2016.

2.6 Nominee Director

Upon the Placement Completion, the Subscriber shall be entitled to appoint a Director to the Board.

2.7 Conditions Precedent

The conditions precedent to the Placement Completion and the completion of the subscription of any ROFR Shares ("**ROFR Completion**") include, *inter alia*:

- (a) in the case of each ROFR Completion only, the approval of Shareholders in general meeting having been obtained for the allotment and issuance of the ROFR Shares and the transactions contemplated under the Subscription Agreement (save for the Whitewash Resolution);
- (b) in the case of the Placement Completion only, the approval of Shareholders in general meeting having been obtained for the Proposed Placement and the transactions contemplated under the Subscription Agreement (save for the Whitewash Resolution);
- (c) in the case of the Placement Completion and each ROFR Completion, the listing and quotation notice issued by the SGX-ST for the listing of and quotation for the Subscription Shares and/or ROFR Shares ("**Listing and Quotation Notice**") having been obtained (on terms and conditions acceptable to the Company and the Subscriber, each acting reasonably) and not being revoked or amended;
- (d) on the basis that the Subscriber and parties acting in concert with it (as defined by the Code) have not, on or before Placement Completion, acquired any Shares, the sale and purchase of the Sale Shares in accordance with the terms of the SPA, the subscription of the Subscription Shares and the grant of the right to subscribe for the ROFR Shares, and all obligations contemplated pursuant and/or in connection with the same not requiring the Subscriber, whether alone or together with any other person, to make a mandatory offer under the Code in respect of the Shares of the Company which it does not hold (including the Transaction Waiver having been obtained on terms satisfactory to each of the Company and the Subscriber);
- (e) in the case of the Placement Completion and each ROFR Completion, any conditions attached to the Listing and Quotation Notice which is required to be fulfilled on or before the Placement Completion Date (as defined below) having been fulfilled on or before that date to the satisfaction of the SGX-ST or waived by the SGX-ST;

- (f) the investment by the Subscriber in the Company through the acquisition of Shares as contemplated by the Subscription Agreement, and all obligations contemplated pursuant and/or in connection with the same including the sale and purchase of the Sale Shares in accordance with the terms of the SPA, not being prohibited by any existing law, regulation, rule (including the Catalist Rules and the Code), judgement, order, decree, directive, decision, notice or circular of any court or governmental, administrative, regulatory or supervisory body (including the SGX-ST, the Monetary Authority of Singapore ("**MAS**") and the SIC);
- (g) save and except for the Whitewash Waiver, all necessary consents and/or waivers being obtained in respect of the investment by the Subscriber in the Company through the acquisition of Shares as contemplated by the Subscription Agreement , and all obligations contemplated pursuant and/or in connection with the same including the sale and purchase of the Sale Shares in accordance with the terms of the SPA, from all governmental, administrative, judicial or regulatory bodies, authorities and/or organisations by which the Company's business is, as or may be regulated pursuant to any applicable laws including, without limitation, the SGX-ST, the MAS and the SIC on terms and conditions reasonably satisfactory to the Company and the Subscriber;
- (h) in the case of the Placement Completion and each ROFR Completion, there having been, as at the Placement Completion Date and each ROFR Completion Date (as defined below) respectively, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties contained in the Subscription Agreement;
- (i) in the case of the Placement Completion only, the Vendor and the Subscriber having concurrently completed the sale and purchase of the Sale Shares in accordance with the terms of the SPA;
- (j) in the case of the Placement Completion and each ROFR Completion, no material adverse event or event of default under the SPA having occurred;
- (k) in the case of the Placement Completion and each ROFR Completion, approval being obtained from the investment committee of the Subscriber in respect of the investment by the Subscriber in the Company through the acquisition of Shares as contemplated by the Subscription Agreement, including all obligations contemplated pursuant and/or in connection with the same, including without limitation in connection with the Proposed Placement and the subscription of the ROFR Shares; and
- (l) in the case of the Placement Completion only, the Subscriber having completed due diligence (including financial, legal, commercial, tax, accounting and property) on the Group and having obtained satisfactory results from each of the financial, legal, commercial, tax, accounting and property due diligence and, if necessary, the Company and the Subscriber having agreed in writing to the inclusion of any additional warranties by the Company pursuant to the terms of the Subscription Agreement,

(collectively, "**Conditions Precedent**").

Placement Completion shall take place on a date falling three (3) business days from the satisfaction of all Conditions Precedent (or, if that day is not a business day, on the next business day), or such other date as the Company and the Subscriber hereto may agree in writing ("**Placement Completion Date**"). Any ROFR Completion shall take place on the business day falling seven (7) days from the date of acceptance of a ROFR Offer ("**ROFR Completion Date**").

If any of the Conditions Precedent is not satisfied on or before 31 December 2015 or such later date as may be agreed by the Company and the Subscriber in writing or otherwise waived, the Subscription Agreement shall terminate and shall be of no further effect and neither party shall be under any liability to the other in respect of the Subscription Agreement (save as for certain clauses provided under the Subscription Agreement).

3. DETAILS OF THE SUBSCRIBER

The Subscriber is a Delaware partnership formed in 2012, and is an investment vehicle managed by SCF Partners. SCF Partners is a private equity fund headquartered in Houston, Texas, the United States of America, which, since 1987, has invested exclusively in energy service and equipment manufacturing companies.

The Subscriber was introduced to the Company by Mr Pascal Bartette, who is known to both SCF Partners and Mr Bill Wong. No commission was paid or is payable by the Company to anyone in relation to the Proposed Placement and/or ROFR Offer. The Subscription Shares are placed to the Subscriber as it has indicated an interest to invest in the Company, and the Subscriber is subscribing for the Subscription Shares purely for investment purposes.

The Company confirms that none of the Directors or substantial Shareholders has, to the best of their knowledge, any connection (including business relationship) with the Subscriber.

4. FINANCIAL EFFECTS

The financial effects of the Proposed Placement and all ROFR Offers set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Placement Completion or the completion of the subscription of all ROFR Shares.

The financial effects of the Proposed Placement and all ROFR Offers on the Group have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("**FY2014**") and the following bases and assumptions:-

- (a) the financial effect on the consolidated earnings per share ("**EPS**") of the Group after the Placement Completion and the ROFR Completion is computed based on the assumption that the Proposed Placement and the ROFR Offer was completed on 1 January 2014;

- (b) the financial effect on the consolidated net tangible assets (“**NTA**”) per Share of the Group after the Placement Completion and the ROFR Completion is computed based on the assumption that the Proposed Placement and the ROFR Offer was completed on 31 December 2014; and
- (c) estimated expenses in connection with the Proposed Placement and the ROFR Offers of approximately US\$175,000.

For the avoidance of doubt, the financial effects on the NTA per Share and EPS had not taken into account any issuance of new Shares by the Company subsequent to 31 December 2014.

Share capital and NTA per Share of the Group

	Before issuance of the Subscription Shares and the ROFR Shares	After issuance of the Subscription Shares	After issuance of the Subscription Shares and the ROFR Shares⁴
Issued and paid-up share capital (US\$'000)	12,370	33,370	41,870
NTA (US\$'000)	83,481	104,481	112,981
Total number of issued and paid-up Shares	260,593,750	328,335,686	355,755,040
NTA per Share (US cents)	32.0	31.8	31.8

EPS of the Group

	Before issuance of the Subscription Shares and the ROFR Shares	After issuance of the Subscription Shares	After issuance of the Subscription Shares and the ROFR Shares⁴
Net profit for the year (US\$'000)	13,389	13,389	13,389
Weighted average number of Shares ('000)	260,593,750	328,335,686	355,755,040
Basic EPS (US cents)	5.14	4.08	3.76

5. RATIONALE FOR THE PROPOSED PLACEMENT AND INTENDED USE OF PROCEEDS

The Company is proposing to undertake the Proposed Placement to raise funds to strengthen its financial position and capital base thus enhancing its flexibility to capitalize on potential growth opportunities.

⁴ Based on and assuming that the ROFR Offers are accepted in full at the initial ROFR Subscription Price of US\$0.31 and an 27,419,354 ROFR Shares are issued.

Based on the Subscription Price, the estimated gross proceeds from the Proposed Placement due to the Company is expected to amount to US\$21.0 million ("**Gross Proceeds**"), and after deducting estimated expenses incurred in connection with the Proposed Placement of US\$175,000 or 0.8% of the Gross Proceeds, is expected to amount to US\$20.9 million ("**Net Proceeds**"). The Company intends to utilise the Net Proceeds to substantially fund the cash portion for the purchase of three vessels, being two liftboats and a platform supply vessel, under construction which are expected to be delivered between December 2015 to April 2016. The purchase of vessels is part of the Group's continuing fleet renewal and expansion program.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

The Company will make periodic announcement(s) as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with use of proceeds as stated in this announcement. The Company will also provide a status report on the use of such Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that, after taking into consideration:-

- (I) the Group's present bank facilities, internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements. The Net Proceeds are intended to be used to substantially fund the cash portion for the purchase of three vessels as set out in section 5 above; and
- (II) the Group's present bank facilities, internal resources, operating cash flows and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

7. EXTRAORDINARY GENERAL MEETING

The Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of Shareholders for the transactions contemplated under the Subscription Agreement, including without limitation, the allotment and issuance of the Subscription Shares and the ROFR Shares, and such issue which will result in a transfer of a controlling interest to the Subscriber under Rule 803 of the Catalist Rules.

Separately, subject to the Company obtaining the Whitewash Waiver, the Company will convene a separate EGM to seek the approval of Shareholders for the Whitewash Resolution.

Circulars containing, *inter alia*, further information on the Subscription Agreement (and the transactions contemplated thereunder) and the Whitewash Resolution, and the notices to convene the EGMs will be despatched by the Company to Shareholders in due course.

8. GENERAL

None of the Subscription Shares and the ROFR Shares will be placed with any person or groups of persons as set out under Rule 812 of the Catalist Rules.

None of the Subscription Shares and the ROFR Shares will be placed with the Directors or substantial Shareholders or any of their respective associates and related parties.

Save as disclosed in this announcement, none of the Directors have any interest, direct or indirect, in the transaction contemplated under the Subscription Agreement. Save as disclosed in this announcement, the Directors are not aware of any substantial Shareholder having any interest, direct or indirect, in such transactions and have not received any notification of any interest in this transaction from any substantial Shareholder.

9. TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares. The transactions contemplated under the Subscription Agreement, including the Proposed Placement and the ROFR Offer, are subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Subscription Agreement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Wong Siew Cheong
Executive Chairman and Chief Executive Officer

Date: 2 November 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., 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.

The contact person for the Sponsor is Ms. Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.