



PENGUIN INTERNATIONAL LIMITED

(Company Registration Number: 197600165Z)

PROPOSED ACQUISITION OF SWISSCO OFFSHORE (PTE.) LTD.

1. Introduction

The Board of Directors (the “**Board**” or the “**Directors**”) of Penguin International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 9 April 2020 entered into a Sale and Purchase Agreement (the “**SPA**”) with Allianz Middle East Inc. (the “**Vendor**”) to acquire 20,000,000 ordinary shares (“**Sale Shares**”) owned by the Vendor, representing 100% of the issued share capital of Swissco Offshore (Pte.) Ltd. (“**SOPL**”) for a total consideration of US\$1,400,000 (the “**Consideration**”), subject to the fulfilment of specified terms and conditions set forth in the SPA (the “**Proposed Acquisition**”).

Upon completion of the Proposed Acquisition, SOPL will become a direct wholly-owned subsidiary of the Company.

2. Information on SOPL

SOPL is a private limited company incorporated in Singapore. As at the date of this announcement, SOPL owns the leasehold granted by JTC Corporation over the following properties:

- (i) 58 Penjuru Lane, Singapore 609207 and 60 Penjuru Lane, Singapore 609214 (the “**Penjuru Properties**”); and
- (ii) 21 Tuas Road, Singapore 638489 (the “**Tuas Property**”).

SOPL does not own any other material assets.

3. Rationale for and benefits of the Proposed Acquisition

The Company is purchasing the Sale Shares with the understanding that as at the date of completion of the Proposed Acquisition, SOPL will be the lessee of the Tuas Property only and will no longer be the lessee of the Penjuru Properties. In connection with the Proposed Acquisition, JTC Corporation has agreed to grant a 20-year lease renewal for the Tuas Property conditional, among other things, on the completion of the Proposed Acquisition.

As the Company's lease of its present premises at 18 Tuas Basin Link will be expiring in end 2021, the Board is of the view that the Proposed Acquisition presents an opportunity for the Company to lease a suitable replacement waterfront property for its growing shipbuilding and repair activities over the long term.

With an estimated land area of 26,000 sqm and a 100 m waterfront, the Tuas Property is about 120% larger than the Company's present premises.

With the Proposed Acquisition, Penguin plans to develop a dedicated one-stop aluminium shipbuilding hub that will design, build and maintain larger and more complex vessels for a growing local and international client base.

4. Details of the SPA

Completion of the SPA is conditional upon satisfaction of certain conditions precedent as at the date of completion of the Proposed Acquisition, which includes among others the following:

- (a) Both parties obtaining documentary evidence that the leases on the Penjuru Properties have been transferred out from SOPL such that SOPL is no longer the lessee of the Penjuru Properties;
- (b) The Company obtaining documentary evidence that the mortgages currently registered to United Overseas Bank on the Tuas Property have been discharged, and the Company obtaining documentary evidence to its satisfaction that there are no other mortgages, charges or other encumbrances over the Tuas Property;
- (c) The Company being satisfied with the results of due diligence into SOPL;
- (d) Each party's representations and warranties made under or pursuant to the SPA being true, accurate and not misleading as at the date of completion;
- (e) Each party's covenants and undertakings under the SPA having been complied with as at the date of completion; and
- (f) All approvals, consents, licences, permits, waivers and exemptions for the sale and purchase of the Sale Shares and its completion and the transactions contemplated under the SPA being granted by the relevant third parties, including all legislative, executive, regulatory, judicial or other authorities in Singapore, and where any of them are subject to conditions, such conditions being acceptable to the Company, and if such conditions are required to be fulfilled before the date of completion, such conditions being so fulfilled, and such approvals remaining in full force and effect as at completion.

5. Financial Effects of the Proposed Acquisition

The Consideration of US\$1,400,000 for the Sale Shares was agreed on a willing-buyer willing-seller basis and on arm's length commercial terms, taking into account the value of the Tuas Property and the benefits of the Proposed Acquisition as set out in Section 3 of this announcement.

The Proposed Acquisition is treated as an acquisition of an asset or a group of assets (in accordance with FRS 116) and it does not constitute a business combination.

As such, the Consideration shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase, and will not give rise to any goodwill.

The Consideration shall be fully satisfied in cash and will be funded by internal resources.

The Proposed Acquisition is accordingly not expected to result in any gain or loss, nor have any material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Company for the financial year ending 31 December 2020.

6. Disclosure of interests

None of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the above matter other than through their shareholding interests in the Company (if any).

7. Documents available for inspection

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 18 Tuas Basin Link, Singapore 638784 for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD

James Tham Tuck Choong
Managing Director
9 April 2020