



**SWISSCO**

**SWISSCO HOLDINGS LIMITED**

Company Registration Number: 200404711D

(Incorporated in the Republic of Singapore)

- 
- (1) **PROPOSED DISPOSAL OF (I) 50% INTEREST IN STRATEGIC OFFSHORE LIMITED, AND (II) GSP ATLAS, GSP ORIZONT AND GSP FORTUNA**
  - (2) **PROPOSED DISPOSAL OF 50% INTEREST IN STRATEGIC EXCELLENCE LIMITED**
- 

## 1. INTRODUCTION

The Interim Judicial Managers (the "**IJMs**") of Swissco Holdings Limited (Interim Judicial Managers Appointed by Court) (the "**Company**") and its subsidiary, Swissco Offshore (Pte.) Ltd (Interim Judicial Managers Appointed by Court) ("**SOPL**") wishes to announce the following:

- (a) Scott and English Energy Pte. Ltd. ("**S&E**"), a wholly-owned subsidiary of the Company, has on 27 March 2017 entered into a share purchase agreement ("**SOL SPA**") with Teras Cargo Logistics Limited ("**TCLL**"), pursuant to which S&E shall dispose of its 50% interest ("**SOL Sale Shares**") in Strategic Offshore Limited ("**SOL**") to TCLL for a consideration of S\$3.5 million in cash ("**SOL Consideration**") ("**SOL Disposal**"). In connection with the SOL SPA, it is proposed that S&E enters into a deed of settlement, waiver and release, the principal terms of which are set out in paragraph 2.4 below. Additionally, wholly-owned subsidiaries of SOL will also enter into sale and purchase agreements to dispose of GSP Atlas, GSP Orizont and GSP Fortuna, further details of which are set out in paragraph 2.3 below; and
- (b) S&E has on 27 March 2017 entered into a share purchase agreement ("**SEL SPA**") with TCLL, pursuant to which S&E shall dispose of its 50% interest ("**SEL Sale Shares**") in Strategic Excellence Limited ("**SEL**") to TCLL for a consideration of S\$1.5 million in cash (the "**SEL Consideration**") ("**SEL Disposal**"). In connection with the SEL SPA, S&E has on the same day entered into a deed of settlement, waiver and release ("**SEL Deed**") with Ezion Investments Pte Ltd ("**EIPL**"), SEL and Tera Harta Maritime Ltd ("**THML**"), pursuant to which S&E may potentially receive up to an additional US\$5.75 million in cash subject to the terms of the deed,

(collectively, the "**Transactions**").

## 2. THE SOL DISPOSAL

### 2.1. Information on SOL

SOL is a joint venture company incorporated in Malta on 14 November 2012 by S&E and EIPL pursuant to a joint venture agreement dated 5 November 2012 (as amended and supplemented by a supplemental joint venture agreement dated 31 July 2013) entered into between S&E, EIPL and Mr. Tan Fuh Gih ("**TFG**"), the Executive Director and Chief Executive Officer of the Company. The principal business activity of SOL is investment holding.

SOL has an issued share capital of US\$10,000, comprising 10,000 ordinary shares. Each of S&E and EIPL holds 5,000 shares representing 50% of the issued shares in SOL.

SOL in turn owns the entire issued share capital of GSP Atlas Limited (“**GAL**”), GSP Orizont Limited (“**GOL**”) and Strategic Fortuna Limited (“**SFL**”) (collectively, the “**GSP Entities**”). The GSP Entities currently own the following vessels:

- (a) a vessel known as “GSP Atlas” (IMO No. 8767616) registered under the flag of Malta;
- (b) a vessel known as “GSP Orizont” (IMO No. 7806934) registered under the flag of Malta; and
- (c) a vessel known as “GSP Fortuna” (IMO No. 7806934) registered under the flag of Vanuatu,

(collectively, the “**Vessels**”).

## 2.2. Information on TCLL

TCLL is a company incorporated in British Virgin Islands and is a wholly-owned subsidiary of Ezion.

## 2.3. Salient Terms of the SOL Disposal and the GSP Sale Assets

- (a) **SOL Consideration.** The SOL Consideration of S\$3.5 million will be satisfied in cash. The SOL Consideration was arrived at on a willing-buyer willing-seller basis, having regard to, *inter alia*, other transactions with Ezion, including the sale of the Vessels to entities held by Ezion and the current financial circumstances of the Company and its subsidiaries (together, the “**Group**”).
- (b) **Closing.** The closing is currently contemplated to take place on the 16<sup>th</sup> day after the completion of the disposal of the Vessels held by the GSP Entities (as further described below).

In connection with the foregoing, the GSP Entities intend to dispose of the Vessels, the charterparties in respect of the Vessels, and the payment guarantees provided by Commerzbank in favour of each of GAL and GOL (US\$ 1,937,500 each) (collectively, the “**GSP Sale Assets**”), to wholly-owned subsidiaries of Ezion, in consideration for the loan outstanding owed to the lender of the various GSP Entities (the “**GSP Lender**”). Payments of principal under bank loans from the GSP Entities to the GSP Lender have been overdue. As at 31 December 2016, the GSP Entities have amounts outstanding to the GSP Lender of approximately US\$60.2 million.

As indicated above, it is expected that the sale of the GSP Sale Assets by the GSP Entities will be completed prior to the completion of the SOL Disposal.

## 2.4. Deed of Settlement, Waiver and Release

In connection with the SOL SPA, S&E proposes to enter into a deed of settlement, waiver and release (“**SOL Deed**”) with, *inter alia*, EIPL and the GSP Entities. Under the terms of the SOL Deed, with effect from the date of completion of delivery and transfer of the SOL Sale Shares there will be a termination of existing agreements between, *inter alia*, EIPL and S&E in relation to the joint venture business of the GSP Entities and all claims thereunder shall be fully and finally settled, waived and discharged.

## 2.5. Accounts Receivables in respect of GSP Charterhires

The Vessels are currently chartered to Grup Servicii Petroliere (“**Grup**”) under various bareboat charters which are still ongoing. However, Grup has stopped paying charterhire to the GSP Entities since October 2015. As at 31 December 2016, the accounts receivables from Grup to the GSP Entities were as follows:

	<b>Amount of Receivables (US\$)</b>
GAL	24,691,732
GOL	28,446,602
SFL	32,156,913
<b>Total outstanding receivables</b>	<b>85,295,247</b>

As at 30 September 2016, the Group had made a provision in respect of the foregoing based on its investment in the JV (in relation to its 50% share in SOL).

### 3. THE SEL DISPOSAL

#### 3.1. Information on SEL

SEL is a joint venture company incorporated in the Bahamas on 9 September 2013 by S&E and EIPL pursuant to a joint venture agreement dated 30 August 2013 (as amended and supplemented by an addendum dated 30 August 2013) entered into between S&E and EIPL. The principal business activity of SEL is rig owning and chartering.

Each of S&E and EIPL holds 25,000 shares representing 50% of the issued shares in SEL.

#### 3.2. Information on Strategic Excellence

SEL is the owner of a vessel known as “Strategic Excellence” (IMO No. 8754889) registered under the flag of Vanuatu (“**Strategic Excellence**”), which has been mortgaged in favour of its lender (the “**SEL Lender**”) as security for a bank loan to SEL.

Strategic Excellence was built in 1982 and is currently chartered to THML by way of a bareboat charter dated 30 August 2013 between SEL as owner and THML as charterer (as amended and supplemented by addendums dated 12 May 2014, 8 January 2015 and 5 January 2016, the “**Strategic Excellence Charterparty**”). Strategic Excellence was in turn sub-chartered by THML to Union International Energy FZE (“**UIE**”). UIE further chartered Strategic Excellence to Delta Al Muhitat Shipping De Mexico S. De R.L. C.V. (“**Delta**”) and the ultimate sub-charterer of Strategic Excellence is Petróleos Mexicanos S.A. de C.V. (“**PEMEX**”).

The Strategic Excellence Charterparty is still ongoing and will only expire on 1 April 2019, unless further extended. The remaining charter contract value for Strategic Excellence is approximately US\$22.7 million. THML has stopped paying charterhire to SEL since April 2015 in respect of Strategic Excellence and, as at 31 December 2016, the accounts receivables from THML amounted to approximately US\$19.3 million.

As at 31 December 2016, the outstanding bank loan from SEL to the SEL Lender is approximately US\$25.7 million and is also overdue.

#### 3.3. Salient Terms of the SEL Disposal

- (a) **SEL Consideration.** The SEL Consideration of S\$1.5 million will be satisfied in cash. The SEL Consideration was arrived at on a willing-buyer willing-seller basis, having regard to, *inter alia*, the outstanding bank loan to the SEL Lender, where Strategic Excellence is mortgaged to the SEL Lender, and the current financial circumstances of the Group. As part of the settlement for the SEL Disposal (as further detailed in Appendix 1), S&E may potentially receive further sums (over and above the S\$1.5 million cash consideration) if recovery is made from UIE as to the outstanding unpaid charterhire for the period from 1 April 2015 to 31 December 2016.
- (b) **Closing.** The closing is currently contemplated to take place concurrently with the completion of the SOL SPA.

#### 3.4. Deed of Settlement, Waiver and Release

In connection with the SEL SPA, S&E proposes to enter into a deed of settlement, waiver and release (“**SEL Deed**”) with EIPL, SEL and THML. Under the terms of the SEL Deed, with effect

from the date of completion of delivery and transfer of the SEL Sale Shares from S&E to TCLL, any recovery from UIE in respect of the charter of Strategic Excellence for the period 1 April 2015 to 31 December 2016 (whether received by SEL or THML) (“**UIE Recovery**”) shall be applied in accordance with the formula set out in Appendix 1 to this announcement up to and until S&E receives US\$5.75 million. Save in respect of the above UIE Recovery, there will be a termination of existing agreements between, *inter alia*, EIPL and S&E in relation to the joint venture business of SEL and all claims thereunder shall be fully and finally settled, waived and discharged.

#### **4. RATIONALE FOR THE TRANSACTIONS**

The Transactions are in line with the purposes of the interim judicial management, being, *inter alia*:

- (a) a more advantageous realisation of the Company’s assets than would be effected by a winding up;
- (b) the survival of the Company, or the whole or part of their undertaking, as a going concern;
- (c) engaging with creditors, potential investor and other stakeholders, identifying and safeguarding assets, working to realise and dispose such assets, negotiating on ongoing projects and managing claims against the Company and SOPL; and
- (d) the streamlining of the Group’s operations in order to preserve its limited funds.

Further, the IJMs are of the view that the Transactions will help to reduce the Group’s liabilities in view of the net cash inflow from the Transactions.

In view of (i) the loan and other liabilities in the SOL, the GSP Entities and SEL, (ii) the non-payment under the various charters in respect of both the GSP Entities and SEL, it would not have been feasible for S&E to consider selling its 50% interests in SOL and SEL to a third party who would have been willing to inherit the debt and other liabilities (including tax liabilities and third party liabilities). In addition, from S&E’s point of view, it was not clear if the receivables from the charterers of the Vessels and the Strategic Excellence would have been collectible as they have been long outstanding. From S&E’s point of view, if the receivables remain uncollectible, then the ability of the GSP Entities and SEL to satisfy the overdue payments to the GSP Lender and the SEL Lender respectively continue to be uncertain. Lastly, in relation to the sale of any shares in SOL and SEL, S&E would have to first offer these its joint venture partner under the terms of the joint venture agreement between the parties.

Additionally, the IJMs considered various scenarios, including the possible sale of Vessels and the Strategic Excellence. Based on scrap values / forced sale values provided to the IJMs which may be depressed in view of current market conditions, and working on several prudent recovery analysis scenarios of the outstanding receivables, any amounts received may not have been sufficient to pay down the existing outstanding loans of the GSP Entities and SEL which are overdue. Further, to sell the Vessels and the Strategic Excellence, S&E’s joint venture partner’s approval would also have been required.

The IJMs had also consulted the Creditors for their views on, *inter alia*, the Transactions at an informal Creditors’ meeting held on 13 March 2017, at which more than 90% in value of the Creditors present and voting, either in person or by proxy, had voted in support of the Transactions.

#### **5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL**

The relative figures for the Transactions computed on the applicable bases set out in Rule 1006 of the Listing Manual, based on the latest announced unaudited consolidated financial statements of the Group for the nine (9) months ended 30 September 2016 (“**9MFY2016**”) (being the latest announced consolidated accounts of the Group), are set out below for SGX-ST’s information:

## 5.1. The SOL Disposal

Rule	Bases of computation	Relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value <sup>(1)</sup>	-15.22%
1006(b)	Net profits/(loss) attributable to the assets disposed of, compared with the Group's net profits/(loss) <sup>(2)</sup>	-3.04%
1006(c)	Aggregate value of consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares <sup>(3)</sup>	9.62%
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
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's provide and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

### Notes:

- (1) Based on a 50% share of the net asset value of SOL (adjusted at Group level for impairments) of approximately US\$3.7 million and the Group's net liability value of approximately US\$24.3 million as of 30 September 2016.
- (2) Based on the net profit attributable to the SOL Sale Shares of approximately US\$9.1 million and the Group's net loss after tax of US\$300.0 million as of 30 September 2016.
- (3) Based on the SOL Consideration of S\$3.5 million and the market capitalisation of the Company of approximately S\$36.4 million (which is equivalent to approximately US\$26.5 million based on the exchange rate of US\$1:S\$1.374) as at the Last Full Trading Day. The market capitalisation is determined by multiplying the 675,050,104 issued shares in the Company by S\$0.0539, being the weighted average price of the Company's shares transacted on the Last Full Trading Day.

## 5.2. The SEL Disposal

Rule	Bases of computation	Relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value <sup>(1)</sup>	-66.66%
1006(b)	Net profits/(loss) attributable to the assets disposed of, compared with the Group's net profits/(loss) <sup>(2)</sup>	-0.97%
1006(c)	Aggregate value of consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares <sup>(3)</sup>	4.12%
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
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's provide and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a	Not applicable

	mineral, oil and gas company, but not to an acquisition of such assets	
--	--	--

Notes:

- (1) Based on a 50% share of the net asset value of SEL of approximately US\$16.2 million and the Group's net liability value of approximately US\$24.3 million as of 30 September 2016. No impairment has been made on SEL's receivables at Group level. In addition, the Strategic Excellence has not been revalued since January 2014 and given the current circumstances and market conditions, it is possible that there may be a reduction in book value of the Strategic Excellence.
- (2) Based on the net profit attributable to the SEL Sale Shares of approximately US\$2.9 million and the Group's net loss after tax of US\$300.0 million as of 30 September 2016.
- (3) Based on the SEL Consideration of S\$1.5 million and the market capitalisation of the Company of approximately S\$36.4 million (which is equivalent to approximately US\$26.5 million based on the exchange rate of US\$1:S\$1.374) as at the Last Full Trading Day. The market capitalisation is determined by multiplying the 675,050,104 issued shares in the Company by S\$0.0539, being the weighted average price of the Company's shares transacted on the Last Full Trading Day.

## 6. FINANCIAL EFFECTS OF THE TRANSACTIONS

The proforma financial effects of the Transactions set out below are for illustrative purposes only and are presented based on both (i) the Company's consolidated audited financial statements for the financial year ended 31 December 2015 ("FY2015"), and (ii) the Company's consolidated unaudited financial statements for 9MFY2016 and the following assumptions:

- (a) in respect of (i) above, that the Transactions had been completed on 31 December 2015 for the purposes of the financial effect on the net tangible asset ("NTA") per share of the Group;
- (b) in respect of (ii) above, that the Transactions had been completed on 30 September 2016 for the purposes of the financial effect on the net tangible asset ("NTA") per share of the Group;
- (c) in respect of (i) above, that the Transactions had been completed on 1 January 2015 for the purposes of the financial effect on the earnings per shares ("EPS") of the Group; and
- (d) in respect of (ii) above, that the Transactions had been completed on 1 January 2016 for the purposes of the financial effect on the earnings per shares ("EPS") of the Group.

### 6.1. The SOL Disposal

(a) **NTA per share (as at end of FY2015)**

	<b>Before the SOL Disposal</b>	<b>After the SOL Disposal</b>
<b>NTA (US\$'000)</b>	275,484	287,066 <sup>(1)</sup>
<b>Number of issued shares</b>	672,448,704	672,448,704
<b>NTA per share (US\$)</b>	0.410	0.427

(b) **NTA per share (as at end of 9MFY2016)**

	<b>Before the SOL Disposal</b>	<b>After the SOL Disposal</b>
<b>NTA (US\$'000)</b>	(24,347)	(12,765) <sup>(2)</sup>
<b>Number of issued shares</b>	675,050,104	675,050,104

shares

**NTA per share (US\$)** (0.036) (0.019)

Notes:

- (1) This is computed based on NTA of the Swissco Group as at 31 December 2015 less 50% SOL's NAV (after taking into account the sale of the GSP Sale Assets) as at 30 September 2016.
- (2) This is computed based on NTA of the Swissco Group as at 30 September 2016 less 50% SOL's NAV (after taking into account the sale of the GSP Sale Assets) as at 30 September 2016.

(c) **EPS (based on FY2015)**

	<b>Before the SOL Disposal</b>	<b>After the SOL Disposal</b>
<b>Net profit/(loss) after tax (US\$'000)<sup>(1)</sup></b>	31,169	22,063 <sup>(2)</sup>
<b>Weighted average number of issued shares</b>	672,448,704	672,448,704
<b>EPS (US cents)</b>	4.635	3.281

(d) **EPS (based on 9MFY2016)**

	<b>Before the SOL Disposal</b>	<b>After the SOL Disposal</b>
<b>Net profit/(loss) after tax (US\$'000)<sup>(3)</sup></b>	(300,021)	(309,127) <sup>(4)</sup>
<b>Weighted average number of issued shares</b>	675,050,104	675,050,104
<b>EPS (US cents)</b>	(44.444)	(45.793)

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 computed based on net profit/(loss) after tax less share of profits attributable from SOL after tax for FY 2015.
- (3) Net profit/(loss) after tax is calculated based on the net profit/(loss) for 9MFY2016 attributable to owners of the Company.
- (4) This computed based on net profit/(loss) after tax less share of profits attributable from SOL after tax for 9MFY2016.

## 6.2. The SEL Disposal

(a) **NTA per share (as at end of FY2015)**

	<b>Before the SEL Disposal</b>	<b>After the SEL Disposal</b>
<b>NTA (US\$'000)</b>	275,484	269,579 <sup>(1)</sup>
<b>Number of issued</b>	672,448,704	672,448,704

shares

NTA per share (US\$) 0.410 0.401

(b) **NTA per share (as at end of 9MFY2016)**

	<b>Before the SEL Disposal</b>	<b>After the SEL Disposal</b>
<b>NTA (US\$'000)</b>	(24,347)	(30,252) <sup>(2)</sup>
<b>Number of issued shares</b>	675,050,104	675,050,104
<b>NTA per share (US\$)</b>	(0.036)	(0.045)

Notes:

- (1) This is computed based on NTA of the Swissco Group as at 31 December 2015 less 50% SEL's NAV as at 30 September 2016.  
(2) This is computed based on NTA of the Swissco Group as at 30 September 2016 less 50% SEL's NAV as at 30 September 2016.

(c) **EPS (based on FY2015)**

	<b>Before the SEL Disposal</b>	<b>After the SEL Disposal</b>
<b>Net profit/(loss) after tax (US\$'000)<sup>(1)</sup></b>	31,169	28,260 <sup>(2)</sup>
<b>Weighted average number of issued shares</b>	672,448,704	672,448,704
<b>EPS (US cents)</b>	4.635	4.203

(d) **EPS (based on 9MFY2016)**

	<b>Before the SEL Disposal</b>	<b>After the SEL Disposal</b>
<b>Net profit/(loss) after tax (US\$'000)<sup>(3)</sup></b>	(300,021)	(302,930) <sup>(4)</sup>
<b>Weighted average number of issued shares</b>	675,050,104	675,050,104
<b>EPS (US cents)</b>	(44.444)	(44.875)

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 computed based on net profit/(loss) after tax less share of profits attributable from SEL after tax for FY 2015.  
(3) Net profit/(loss) after tax is calculated based on the net profit/(loss) for 9MFY2016 attributable to owners of the Company.  
(4) This computed based on net profit/(loss) after tax less share of profits attributable from SEL after tax for 9MFY2016.

## 7. USE OF PROCEEDS AND LOSS/GAINS ON THE TRANSACTIONS

### 7.1. Use of Proceeds and Loss on SOL Disposal

For illustrative purposes, based on the net book value of SOL Sale Shares as at 30 September 2016 of US\$3.7 million and proceeds of the SOL Disposal of S\$3.5 million (approximately US\$2.6 million equivalent), it is expected that the SOL Disposal will result in an estimated net loss of approximately US\$1.1 million. The net proceeds after deducting estimated preferential liabilities and liquidation costs of S&E will be distributed the creditors of S&E including the Company.

### 7.2. Use of Proceeds and Loss on SEL Disposal

For illustrative purposes, based on the net book value of SEL Sale Shares as at 30 September 2016 of US\$16.2 million and proceeds of the SEL Disposal of up to S\$1.5 million (not having considered the UIE Recovery), it is expected that the SEL Disposal will result in an estimated net loss of approximately US\$15.1 million. The net proceeds after deducting estimated preferential liabilities and liquidation costs of S&E will be distributed the creditors of S&E including the Company.

## 8. RECEIPT OF SGX-ST'S WAIVER OF SHAREHOLDERS' APPROVAL IN RESPECT OF THE SOL DISPOSAL AND SEL DISPOSAL

8.1. The IJMs had submitted an application to the SGX-ST to seek the following waivers from the SGX-ST:

- (a) a waiver of the requirement under Rule 1014(2) of the Listing Manual for the Company to obtain approval of the Shareholders for the SOL Disposal and the disposal of the GSP Sale Assets ("**SOL Waiver**"); and
- (b) a waiver of the requirement under Rule 1014(2) of the Listing Manual for the Company to obtain approval of the Shareholders for the SEL Disposal ("**SEL Waiver**").

8.2. The SGX-ST has on 24 March 2017 informed the Company that the SGX-ST has no objection to the Company's SOL Waiver and SEL Waiver, subject to the following:

- (a) the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions as required under Listing Rule 107;
- (b) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company; and
- (c) disclosure via SGXNET of the Transactions pursuant to Listing Rule 1010 of the Listing Manual.

## 9. REASONS FOR SEEKING THE SOL WAIVER

9.1. The Company had sought the SOL Waiver for the following reasons:

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

As mentioned above, the Vessels are currently mortgaged in favour of the GSP Lender. Payments in respect of loans from the GSP Lender is overdue and the GSP Lender has the right to enforce the mortgages over the Vessels and to take possession of and/or unilaterally dispose of Vessels, and to apply the proceeds of such disposal to, *inter alia*, discharge the obligations and liabilities due and owing by the GSP Entities to the GSP Lender (the "**Mortgagee Sale**").

Given the current depressed market conditions, the proceeds of the Mortgagee Sale may not be sufficient to discharge the debt owing by the GSP Entities to the GSP Lender. In addition, after the Mortgagee Sale, there would be no material assets left in the GSP Entities apart from the payment guarantees from Commerzbank in favour of GAL and GOL as set out in paragraph 2.3 above (aggregate of US\$3.875 million) and the accounts receivables for which collection is doubtful and provision has already been made at the Group level. Even if the payment guarantees were enforced and part of the accounts receivables were collected, there are other liabilities in the GSP Entities and SOL which may have resulted in minimal or no return to S&E. Therefore, the SOL Disposal and the sale of the GSP Sale Assets was proposed as a favourable alternative with certain advantages over the Mortgagee Sale. Additionally, S&E will receive S\$3.5 million from the SOL Disposal.

In the event that the SOL Disposal and GSP Sale Assets required the approval of the Shareholders, and such approval of the Shareholders was not granted for any reason at an extraordinary general meeting convened by the Company, the GSP Lender would nonetheless still have had the right to exercise its rights to effect the Mortgagee Sale.

(b) No material change in the risk profile of the Group

As the Company is currently in interim judicial management, the primary focus of the IJMs was on improving the financial position through the interim judicial management and/or judicial management of the Company. Accordingly, having considered matters such as the long overdue receivables and the impairment of these receivables at Group level, non-payment of charter, overdue and outstanding bank loans, there would have not been any material change in the risk profile of the Group arising from the SOL Disposal.

(c) Time-sensitive nature of the SOL Disposal and the GSP Sale Assets

The board of directors of S&E (in consultation with the IJMs) believed that it was beneficial for S&E to undertake the SOL Disposal and the GSP Sale Assets generally, and to complete the SOL Disposal and the GSP Sale Assets expeditiously so as to take advantage of the opportunities in the market and minimise transaction and/or enforcement risks. Additionally, there would have been no commercial reason for S&E to continue holding shares in SOL if the mortgages were enforced against the GSP Entities as there would be no material assets in the entities held by SOL, and winding-up may entail additional costs to the Group.

(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 SOL Disposal and the sale of the GSP Sale Assets, especially given the current financial position of the Company.

## 10. REASONS FOR SEEKING THE SEL WAIVER

10.1. The Company had sought the SEL Waiver for the following reasons:

(a) Strategic Excellence may otherwise be subject to a mortgagee sale

As mentioned above, Strategic Excellence is currently mortgaged in favour of the SEL Lender. Payments in respect of the loan from the SEL Lender is overdue and the SEL Lender has the right to enforce the mortgage over Strategic Excellence and to take possession of and/or unilaterally dispose of Strategic Excellence, and to apply the proceeds of such disposal to, *inter alia*, discharge the Company's obligations and liabilities due and owing to the SEL Lender (the "**Mortgagee Sale**").

Given the current depressed market conditions, the proceeds of the Mortgagee Sale may not be sufficient to discharge the debt owing by SEL to the SEL Lender. The SEL Disposal was therefore proposed as a favourable alternative with certain advantages over the Mortgagee Sale, as following completion of the SEL Disposal, TCELL would assume all the rights and liabilities of SEL, including the debt owing by SEL to the SEL Lender.

In the event that the SEL Disposal required the approval of the Shareholders, and such approval of the Shareholders was not granted for any reason at an extraordinary general meeting to be convened by the Company, the SEL Lender would nonetheless still have had the right to exercise its rights to effect the Mortgagee Sale.

(b) No material change in the risk profile of the Group

As the Company is currently in interim judicial management, the primary focus of the IJMs was on improving the financial position through the interim judicial management and/or judicial management of the Company. Accordingly, having considered matters such as the long overdue receivables, non-payment of charter, overdue and outstanding bank loans, there would have not been any material change in the risk profile of the Group arising from the SEL Disposal.

(c) Time-sensitive nature of the SEL Disposal

The SEL Lender, which is the mortgagee of the Vessels, may exercise its power of sale over the Vessels. If Shareholders' approval at an extraordinary general meeting is required to be obtained for the SEL Disposal:

- (i) completion of the SEL Disposal is likely to be delayed, giving rise to adverse transactional risks and the Group would be at grave risk of foregoing an opportunity to be able to dispose of non-core asset at the SEL Consideration, which the board of directors of S&E (in consultation with the IJMs) viewed to be a more favourable alternative to the mortgagee sale by the bank; and
- (ii) the board of directors of S&E (in consultation with the IJMs) believed that it was beneficial for S&E to undertake the SEL Disposal generally, and to complete the SEL Disposal expeditiously 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 SEL Disposal and the sale of the GSP Sale Assets, especially given the current financial position of the Company.

## 11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the directors or controlling shareholders of the Company have any direct or indirect interest in the Transactions.

## 12. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Transactions. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

## 13. INSPECTION OF DOCUMENTS

Copies of the following documents will be made available for inspection during normal business hours at the Company's registered office at 21 Tuas Road, Singapore 638489 for a period of three (3) months from the date of this announcement:

- (a) the SOL SPA;
- (b) the SOL Deed;
- (c) the SEL SPA;
- (d) the SEL Deed;
- (e) the sale and purchase agreement dated 27 March 2017 entered into between GAL and Teras Atlas Limited for the sale of GSP Atlas;
- (f) the sale and purchase agreement dated 27 March 2017 entered into between GOL and Teras Orizont Limited for the sale of GSP Orizont; and
- (g) the sale and purchase agreement dated 27 March 2017 entered into between SFL and Teras Fortuna Limited for the sale of GSP Fortuna.

Ee Meng Yen Angela  
Joint and Several Interim Judicial Manager  
27 March 2017

## APPENDIX 1

- (1) The first US\$4,500,000 of the UIE Recovery shall be split equally between S&E and EIPL; and
- (2) Further UIE Recovery (in excess of the first US\$4,500,000 at (1) shall be applied in the following order, up to and until S&E receives an aggregate sum capped at US\$3,500,000 pursuant to this order of application (in particular, at 2(f)(iii) (“**S&E US\$3.5M Cap**”). For the avoidance of doubt, upon the S&E US\$3.5M Cap being reached, the order of application below does not apply and any UIE Recovery shall be utilised by SEL or THML in any manner at its sole discretion.
  - (a) First, reimburse EHL or retained by SEL in respect of the DBS loan interest paid by EHL and/or due from SEL from August 2016 to Closing (“**Closing Interest**”).
  - (b) Second, SEL shall retain a sum equal to the liabilities of SEL as at Closing (excluding the EIPL Shareholder Loans, the S&E Shareholder Loans and loan interest and/or loan principal due and owing from SEL under the DBS Facility as at Closing) (“**Closing Liabilities**”).
  - (c) Third, pay or reimburse, on an indemnity basis, all costs and expenses incurred, whether reasonably or unreasonably, by SEL, EIPL and/or THML (including legal fees) as a result of or in connection with the enforcement of or preservation of any rights under any contracts with UIE or pursuit of recovery from UIE, PEMEX Exploración Y Producción, Delta Al Muhitat Shipping de México, S. de R.L. de C.V., Delta Al Muhitat Shipping LLC, Proyectos y Cimentaciones Industriales, S.A. de C.V., and/or GQA Guaranty Quality Aliment, S.A. de C.V. (“**Indemnity**”).
  - (d) Fourth, repayment by SEL of part of the EIPL Shareholder Loans, up to an aggregate amount capped at US\$1,050,000 (“**US\$1.05M Repayment**”).
  - (e) Fifth, the following amount shall be retained by SEL:
    - (i)  $\frac{\text{Balance}^*}{\text{US\$1,000,000}}$  (rounded down to the nearest whole number)  $\times$  US\$600,000 (“**SEL Part A**”); and  
  
(\*In 2(e)(i) and from hereon, “**Balance**” means the UIE Recovery less Closing Interest, Closing Liabilities, Indemnity and US\$1.05M Repayment.)
    - (ii) If  $\text{Balance less } \left[ \frac{\text{Balance}}{\text{US\$1,000,000}} \right]$  (rounded down to the nearest whole number)  $\times$  US\$1,000,000] is:  
  
more than US\$600,000, US\$600,000.  
  
less than US\$600,000, the entire sum of  
  
 $\text{Balance less } \left[ \frac{\text{Balance}}{\text{US\$1,000,000}} \right]$  (rounded down to the nearest whole number)  $\times$  US\$1,000,000].  
  
(either (i) or (ii) above, as the case may be, shall be referred to as “**SEL Part B**”)
  - (f) Sixth, the Balance less SEL Part A and less SEL Part B shall be distributed in the following proportion:

- (i)  $\frac{1}{15}$ , to THML;
  - (ii)  $\frac{7}{15}$ , to SEL; and
  - (iii)  $\frac{7}{15}$ , to S&E, subject always to the S&E US\$3.5M Cap.
- (g) Seventh, any amount at (2)(f)(iii) in excess of the S&E US\$3.5M Cap shall be paid to or retained by SEL.