



SWISSCO

SWISSCO HOLDINGS LIMITED

Company Registration Number: 200404711D
(Incorporated in the Republic of Singapore)

- A) ESTABLISHMENT OF A SPECIAL PURPOSE VEHICLE COMPANY
 - B) MANDATORY CONVERTIBLE LOAN AGREEMENT AND ISSUE OF CONVERSION SHARES
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A) ESTABLISHMENT OF A SPECIAL PURPOSE VEHICLE COMPANY

1. Introduction

The Board of Directors of Swissco Holdings Limited (the “**Company**”, and with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 23 March 2013, via its wholly-owned subsidiary, Seawell Drilling Pte. Ltd. (“**Subscriber**”) entered into a subscription and shareholders’ agreement (“**Shareholders’ Agreement**”) with Golden Arch Worldwide Offshore Ltd. (“**Golden Arch**”), and Pulau Investments Limited (“**Pulau**”). Under the terms of the Shareholders’ Agreement, the parties will subscribe for shares in Rockwood Asset Holdings Limited, a company incorporated in the British Virgin Islands (“**SPV**”) (“**Collaboration**”).

The SPV is formed as a special purpose vehicle primarily to enter into engineering, procurement and construction (“**EPC**”) contracts for oil rigs. In particular, the SPV will enter into an EPC contract (“**EPC Contract**”) with Jiangsu Rongsheng Heavy Industries Co., Ltd and Rongsheng Offshore & Marine Pte. Ltd. (collectively, “**Builders**”) for the construction of a rig by the Builders for the SPV (“**1st Rig**”), with an option (“**Option**”) to require the Builders to construct a second rig (“**2nd Rig**”) for the SPV.

The paid up capital of the SPV will be US\$18,330,000 divided into 18,330,000 ordinary shares (“**SPV Shares**”), and was arrived at after taking into account the requirements for the SPV’s working capital as well as the initial payments of the 1st Rig under the EPC Contract.

Pulau is an investment company incorporated in the British Virgin Islands. Mr. Geoffrey Yeoh Seng Huat, who is an independent director of the Company, is a shareholder and director of Pulau.

Golden Arch is an investment holding company incorporated in the British Virgin Islands. The sole shareholder and director of Golden Arch is Zhang Jiping. Mr Zhang is a private investor in businesses in the energy sector.

2. Collaboration as an Interested Person Transaction

As at the date of this announcement, Mr. Geoffrey Yeoh Seng Huat, who is an independent director of the Company, is also a shareholder and director of Pulau. As such, Pulau is considered an “interested person” within the meaning of Rule 904 of the listing manual (“**Listing Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and the Collaboration will constitute an “interested person transaction” pursuant to Chapter 9 of the Listing Rules.

Pursuant to Rule 906 of the Listing Rules, shareholders' approval would be required for a transaction with an interested person if the value of the transaction is equal to or exceeds:

- (a) 5% of the listed group's latest audited consolidated net tangible asset ("NTA"); or
- (b) 5% of the listed group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Rules) during the same financial year.

The Company's SPV Capital Contribution as compared to the latest audited NTA of the Group as at 31 December 2012 of S\$116.85 million is approximately 8.6%.

However, pursuant to Rule 916(2) of the Listing Rules, an investment in a joint venture with an interested person does not need to be subject to shareholders' approval if:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

Pulau had subscribed for its proportion of the SPV Shares simultaneously with the Subscriber, and Pulau was not an existing shareholder of the SPV, Pulau did not, and does not have an existing equity interest in the SPV prior to the participation of the Subscriber in the Collaboration.

The Audit Committee of the Company, comprising Mr. Lim How Teck and Mr. Tan Fuh Gih, have reviewed the terms of the Shareholders' Agreement, and is of the view that the risks and rewards of the Collaboration are in proportion to the equity of each of the Subscriber, Golden Arch and Pulau, and the terms of the Collaboration are not prejudicial to the interest of the Company and its minority shareholders. Mr. Geoffrey Yeoh Seng Huat, who is also a member of the Audit Committee of the Company, has abstained from opining on the terms of the Shareholders' Agreement by virtue of his interest as described above.

In view of the above, no shareholders' approval will be sought for the Collaboration.

3. Material Terms of the Shareholders' Agreement

(a) *Conditions Precedent*

The subscription of the SPV Shares by each of Golden Arch, the Subscriber and Pulau and other obligations of the parties under the Shareholders' Agreement shall be conditional upon:

- (i) the execution by Golden Arch and the Company of the Convertible Loan Agreement (defined below) and the disbursement by Golden Arch, and receipt by the Company, of the Loan (defined below); and
- (ii) the execution of the EPC Contract by the SPV and the Builders.

If any of the conditions precedent to the Shareholders' Agreement is not satisfied or waived on or before 19 April 2013, unless otherwise agreed between the parties, the Shareholders' Agreement shall cease and determine and all the parties shall be released from their obligations under the Shareholders' Agreement and none of the parties shall have any claim against each other for costs, damages, compensation or otherwise.

(b) *Subscription and shareholding proportion*

Each of the Subscriber, Golden Arch and Pulau will contribute approximately US\$8,248,500, US\$8,311,500 and US\$1,770,000 respectively (each a “**SPV Capital Contribution**”) to the initial capital of the SPV. Immediately after completion of the issuance and allotment of the SPV Shares, Pulau shall transfer 265,000 SPV Shares to the Subscriber for a nominal consideration of US\$1.00 (“**Pulau Transfer**”).

The shareholding proportion of the parties in the SPV on completion of the initial subscription and the Pulau Transfer will be as follows:

NAME	NUMBER OF SHARES	SHAREHOLDING PERCENTAGE
Subscriber	8,513,500	46.5%
Golden Arch	8,311,500	45.3%
Pulau	1,505,000	8.2%
TOTAL	18,330,000	100%

The SPV Capital Contribution by the Subscriber will be paid in cash and funded through the Loan (as defined below).

4. Rationale

The transaction is in line with the Group's strategy to invest for growth in the longer term with fleet diversification to provide new value-added services. Oil prices at current levels are expected to drive oil and gas activities, and the fundamentals for offshore drilling are expected to remain strong. The initial investment outlay is funded by the Loan, which is convertible into the Conversion Shares, therefore allowing the Group to preserve cash for its fleet expansion.

B) MANDATORY CONVERTIBLE LOAN AGREEMENT AND ISSUE OF CONVERSION SHARES

1. Introduction

The Board of Directors of the Company further wishes to announce that the Company had on 23 March 2013 entered into a mandatory convertible loan agreement (“**Convertible Loan Agreement**”) with Golden Arch pursuant to which Golden Arch shall grant to the Company, upon the terms and conditions thereof, a loan of an aggregate sum of up to US\$8,248,500.00 (approximately S\$10,082,966) (“**Loan**”).

2. Salient terms of the Convertible Loan Agreement

(a) *Purpose of the Loan*

The Company shall invest the loan into the SPV through the Subscriber in exchange for such number of SPV Shares amounting to 45% of the share capital of the SPV (the “**Company's SPV Shares**”).

(b) *Conditions Precedent*

The grant of the Loan by Golden Arch, and the drawdown of the Loan by the Company, shall be conditional upon:

- (i) the approval for the listing and quotation of the Conversion Shares (defined below) on the Official List of the SGX-ST (“**Listing Approval**”) having been obtained from the SGX-ST on terms and conditions acceptable to the Company and such Listing Approval not being revoked or amended; and

- (ii) any conditions attached to the Listing Approval having been fulfilled on or before the Longstop Date (defined below) to the satisfaction of the SGX-ST or waived by the SGX-ST.

If any of the conditions precedent are not satisfied on or before 19 April 2013 (or such later date as the Parties may agree in writing), the Company or Golden Arch shall thereupon be entitled to terminate the Convertible Loan Agreement and in such event the parties shall be released and discharged from their respective obligations under the Convertible Loan Agreement.

(d) *Repayment*

Pursuant to the terms of the Convertible Loan Agreement, the whole but not part of the Loan and any interest and other sums payable under the Convertible Loan Agreement will automatically be converted into ordinary shares ("**Shares**") of the Company ("**Conversion**") upon:

- (aa) the Builders serving on the SPV a notice of targeted or anticipated delivery date of the 1st Rig in accordance with the EPC Contract; or
- (bb) delivery of a notice in writing by Golden Arch or the Company of the occurrence of an event of default under the Convertible Loan Agreement.

Upon Conversion, the whole but not part of the Loan and any interest and other sums payable under this Agreement shall be automatically converted into 35,566,020 Shares ("**Conversion Shares**"), based on the issue price per Conversion Shares of S\$0.2835. The issue price represents a premium of 10% the weighted average price for trades done on 22 March 2013, being the full market day immediately preceding the date the Convertible Loan Agreement was signed.

The Conversion Shares, upon allotment and issuance, will represent 8.22% and 7.59% of the existing and enlarged issued share capital of the Company, respectively. Upon issuance of the Conversion Shares, the Company's issued share capital will increase from 432,898,365 Shares to 468,464,385 Shares.

Separately, in the event the Builders fail to deliver the 1st Rig to the SPV in accordance with the EPC Contract, or is otherwise in breach of the EPC Contract, or the EPC Contract is terminated for any reason whatsoever, the Company may, but shall not be obliged to, at any time require Golden Arch to exchange the whole but not part of the Loan and any interest and other sums payable under the Convertible Loan Agreement into the Company's SPV Shares by serving on Golden Arch a notice in writing to this effect ("**Exchange**").

Upon completion of the Conversion or Exchange (as the case may be), the Loan (including any interest) and any other sums payable under this Agreement shall be deemed fully repaid by the Company.

Save where the Loan has been subject to the Conversion or the Exchange, the Company may at any time elect to repay the Loan together with interest calculated at the rate of 8% per annum for the period from the drawdown of the Loan to the actual repayment date.

3. Mandate for issuance of the Conversion Shares

The Conversion Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 30 April 2012 for the Company to issue shares and convertible securities.

Golden Arch is not a person in the categories set out in Rule 812(1) of the Listing Rules.

4. Financial Effects

Strictly for illustration purposes only, the proforma financial effects of the issue of the Conversion Shares (excluding transaction costs), based on the last published unaudited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at 31 December 2012, are tabulated as follows:-

(i) Share capital of the Company

	Number of Shares
Issued and paid-up ordinary shares as at 31 December 2012	432,898,365
Number of new shares to be issued upon conversion of Conversion Shares	35,566,020
Issued and paid-up ordinary shares after conversion of Conversion Shares	468,464,385

(ii) Net tangible assets ("NTA") & Earnings per share ("EPS")

	Before drawdown of loan	drawdown of convertible loan	If after drawdown and converted into Conversion Shares	OR If after drawdown and repaid within 2 years with interest of 8% p.a.⁽¹⁾
NTA (S\$'000)	116,851		126,934	115,238
Number of shares	432,898,365		468,464,385	432,898,365
NTA per shares (cents)	27.0		27.1	26.6
NPAT (S\$'000)	16,387		16,387	14,774
Number of shares	432,898,365		468,464,385	432,898,365
EPS (cents)	3.8		3.5	3.4

Note⁽¹⁾: Assuming an estimated loan period of 2 years.

5. Use of Proceeds

As set out above, the entire amount of the Loan will be utilised to fund the subscription of the Subscriber's portion of the SPV Shares.

6. General

Save as disclosed above, none of the Directors have any interest, direct or indirect in the Conversion Shares. Save as disclosed above, the Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Conversion Shares and have not received any notification of any interest in this transaction from any substantial shareholder.

The Company will be making an application to the SGX-ST for the listing and quotation of the Conversion Shares on the Main Board of the SGX-ST in due course and would make the necessary announcements once the listing and quotation notice is received from SGX-ST.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

BY ORDER OF THE BOARD

Tan Ching Chek
Company Secretary
25 March 2013