



**SWISSCO**

**SWISSCO HOLDINGS LIMITED**

Company Registration Number: 200404711D

(Incorporated in the Republic of Singapore)

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**PROPOSED DISPOSAL OF VESSEL KNOWN AS CORAL KNIGHT BY SWISSCO OFFSHORE (PTE.) LTD. (INTERIM JUDICIAL MANAGERS APPOINTED BY COURT)**

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**1. INTRODUCTION**

The Interim Judicial Managers (the "**IJMs**") of Swissco Holdings Limited (Interim Judicial Managers Appointed by Court) (the "**Company**", and together with its subsidiaries, the "**Group**") and its wholly-owned subsidiary, Swissco Offshore (Pte.) Ltd (Interim Judicial Managers Appointed by Court) ("**SOPL**") wish to announce that SOPL has on 12 April 2017 entered into a memorandum of agreement (the "**MOA**") with Australian Maritime Systems Asset Holdings Pty Ltd (the "**Purchaser**") in relation to the proposed disposal by SOPL of a vessel known as CORAL KNIGHT (IMO No. 9696280) registered under the flag of Singapore (the "**Vessel**") to the Purchaser (the "**Proposed Disposal**").

**2. INFORMATION ON THE VESSEL**

2.1 SOPL, which is in the business of building and repairing of ships, tankers and other ocean-going vessels (including conversion of ships into off-shore structures), is the owner of the Vessel, and the Vessel has been mortgaged in favour of Oversea-Chinese Banking Corporation Limited ("**OCBC**") as security for SOPL's obligations under certain banking facilities extended by OCBC to SOPL (the "**OCBC Facilities**").

2.2 The Vessel was built in 2014. The Vessel is currently bareboat chartered to the Purchaser up till 29 April 2017, or such other date mutually agreed by SOPL and the Purchaser.

**3. THE PROPOSED DISPOSAL**

3.1 The salient terms of the Proposed Disposal are as follows:-

- (a) The Vessel will be sold to the Purchaser on an "as-is-where-is" basis with the Purchaser having inspected and accepted the Vessel's classification records.
- (b) The consideration for the Proposed Disposal shall be US\$7.2 million (the "**Sale Price**"), comprising (i) a sales commission of US\$172,000 payable by the Purchaser to Pareto Securities Pte Ltd, and (ii) the balance of US\$7,028,000 payable by the Purchaser to SOPL (the "**SOPL Sale Proceeds**"), will be satisfied in cash. The Sale Price was arrived at on a willing-buyer willing-seller basis, based on, inter alia, the net book value of the Vessel of US\$5,018,478 as set out in the management accounts of SOPL as at 30 November 2016 and after taking into account an independent desktop valuation of the Vessel which was commissioned by SOPL, conducted by Ritchie & Bisset (Far East) Pte Ltd on 23 January 2017 (the "**Valuation**"). Based on the Valuation, the Vessel was valued at an indicative range of US\$5.0 million (being the forced sale value of the Vessel) to US\$10.0 million (being the fair market value of the Vessel) (the "**Valuation Range**").
- (c) As security for the fulfillment of the MOA, the Purchaser shall place a deposit of 10% of the Sale Price with an escrow agent.

- (d) In the event there are any specified claims that are valid and materialise in relation to the Vessel, SOPL will be liable for up to an amount of 5% of the Sale Price.
- (e) The Proposed Disposal is subject to and conditional upon approval by the shareholders of the Company (“**Shareholders**”) being obtained, unless the requirement for such Shareholders’ approval is waived by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

3.2 As the Vessel is currently mortgaged to OCBC, the proceeds from the Proposed Disposal will be used by the Group to pay down the amounts owing under the OCBC Facilities.

#### 4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the purposes of the interim judicial management, being, inter alia:

- (a) a more advantageous realisation of the Group’s assets than would be effected by a winding up;
- (b) the survival of the Group, or the whole or part of their undertaking, as a going concern; and
- (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.

Further, the IJMs are of the view that the Proposed Disposal will help to reduce the Group’s liabilities in view of the net cash inflow from the Proposed Disposal. In particular, the SOPL Sale Proceeds will be sufficient to pay down all of the amounts owing under the OCBC Facilities, and allow the discharge of the mortgage over another vessel owned by the Group known as SWISSCO SYNERGY which is also mortgaged to OCBC to secure the OCBC Facilities.

Accordingly, the Company considers that it would be appropriate to dispose of the Vessel to unlock the value of the Vessel at a price which is within the Valuation Range.

#### 5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE PROPOSED DISPOSAL

5.1 Based on the SOPL Sale Proceeds of US\$7.028 million, the relative figures computed on the basis of Rule 1006 of the Listing Manual in respect of the Proposed Disposal based on the latest announced unaudited consolidated financial statements of the Group for the nine (9) months ended 30 September 2016 (being the latest announced consolidated accounts of the Group) (“**9M2016**”), are as follows:

Rule	Bases of computation	Proposed Disposal (US\$’ million)	Group (US\$’ million)	Relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group’s net asset value <sup>(1)</sup>	2.3	(24.3)	(9.4)%
1006(b)	Net profits/(loss) attributable to the assets disposed of, compared with the Group’s net profits/(loss) <sup>(2)</sup>	1.2	(300.0)	(0.4) <sup>(2)</sup>

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>	7.0	26.5	26.5%
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.

**Notes:**

(1) Based on the net book value of the Vessel of approximately US\$5.1 million as of 30 September 2016 (after impairment of approximately US\$4.8 million as of 30 September 2016 based on offers made by potential buyers over the past months and due to the overall down turn in the offshore support vessel market as a result of weak oil prices, decreasing charter rates, delayed or cancelled projects, global market developments as well as the reduced demand for offshore support vessels following the oversupply of such vessels in the market), and after taking into account the outstanding loan balance in respect of the Vessel of approximately US\$2.8 million as of 30 September 2016.

(2) Based on the net profit attributable to the Vessel of approximately US\$1.2 million and the Group's net loss after tax of US\$300.0 million as of 30 September 2016.

(3) Based on the SOPL Sale Proceeds of US\$7.028 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 7 October 2016, being the last full market day preceding the suspension of trading of the Company's shares on the SGX-ST (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 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, unless the requirement for such Shareholders' approval is waived by SGX-ST.

## 6. APPLICATION TO SGX-ST FOR WAIVER OF THE REQUIREMENT TO OBTAIN SHAREHOLDERS' APPROVAL IN RESPECT OF THE PROPOSED DISPOSAL

6.1 The Company will be submitting an application to the SGX-ST for a waiver of the requirement under Rule 1014(2) of the Listing Manual for the Company to obtain approval of the Shareholders for the Proposed Disposal (the "**Waiver Application**"), on the following grounds:-

(a) The Vessel may otherwise be subject to a mortgagee sale

The Vessel is currently mortgaged in favour of OCBC as security for the Company's obligations under the OCBC Facilities. Upon the declaration of an event of default under the OCBC Facilities and with the leave of the court, OCBC may have the right to enforce the mortgage over the Vessel and to take possession of and/or unilaterally dispose of the Vessel, and to apply the proceeds of such disposal to, *inter alia*, discharge SOPL's obligations and liabilities under the DBS Facilities (the "**Mortgagee Sale**").

In light of a potential Mortgagee Sale, the Proposed Disposal is proposed as a favourable alternative with certain advantages over the Mortgagee Sale, including the possibility of the Mortgagee Sale being carried out at a price lower than the Sale Price offered by the Purchaser, or on any other less favourable terms than those set out under the MOA. In this regard, it is noted that based on the Valuation, the Sale Price falls within the Valuation Range and is considerably higher than the forced sale value of US\$5.0 million.

It is also be noted that in the event that the Proposed Disposal requires the approval of the Shareholders, and such approval of the Shareholders is not granted for any reason at an extraordinary general meeting to be convened by the Company, OCBC nonetheless still has the right to exercise its rights to effect the Mortgagee Sale notwithstanding that such Shareholders' approval is not granted for the Proposed Disposal.

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

The Company is of the opinion that there will not be any material change in the risk profile of the Group arising from the Disposal, as the Group is currently in interim judicial management and its primary focus is on improving its financial position through the interim judicial management and/or judicial management of the Company.

(c) Recent significant drop in market capitalisation of the Company

Whilst the relative figure for the market capitalisation test under Rule 1006(c) of the Listing Manual exceeds 20%, the Company's market capitalisation has decreased significantly in the past few years due to a combination of weak oil prices, decreasing charter rates, delayed or cancelled projects and global market developments, as well as an oversupply of offshore support vessels in the market coupled with a decrease in demand for such vessels, which have adversely impacted the share price performance of the Company and a number of companies listed on the SGX-ST.

(d) Time-sensitive nature of the Proposed Disposal

If Shareholders' approval is required to be obtained for the Proposed Disposal:

- (a) completion of the Proposed 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 its Vessel in consideration of the SOPL Sale Proceeds, which the Company views to be a more favourable alternative to a Mortgagee Sale; and
- (b) the Company is of the view that it is to the benefit of the Company to undertake the Proposed Disposal generally, and to complete the Proposed Disposal expeditiously so as to take advantage of the opportunities in the market and minimise transaction and/or enforcement risks.

(e) Costs of holding an extra-ordinary general meeting

It is in the interests of the Company and the Shareholders to avoid incurring unnecessary costs and expenses in convening a Shareholders' meeting to vote on the Proposed Disposal. In addition, given that the Company is in a state of insolvency, the Company is required to take the interests of its creditors into account and in this regard, the Company seeks to ensure that its available funds are not unnecessarily dissipated to the prejudice of the creditors.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 7.1 Net tangible assets (“NTA”) per share and earnings per share (“EPS”)

*The proforma financial effects of the Proposed Disposal on the NTA per share and the 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 Disposal 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 9M2016 and the following assumptions:

- (a) in respect of (i) above, that the Disposal 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 Disposal had been completed on 30 September 2016 for the purposes of the financial effect on the NTA per share of the Group;
- (c) in respect of (i) above, that the Disposal 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 Disposal had been completed on 1 January 2016 for the purposes of the financial effect on the EPS of the Group.

#### NTA and EPS

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

	Before the Disposal	After the Disposal
<b>NTA (US\$’000)</b>	275,484	272,110 <sup>(1)</sup>
<b>Number of issued shares</b>	672,448,704	672,448,704
<b>NTA per share (US\$)</b>	0.410	0.405

##### (b) NTA per share (as at end of 9M2016)

	Before the Disposal	After the Disposal
<b>NTA (US\$’000)</b>	(24,347)	(22,420) <sup>(2)</sup>
<b>Number of issued shares</b>	675,050,104	675,050,104
<b>NTA per share (US\$)</b>	(0.036)	(0.033)

#### Notes:

- (1) This is computed based on the NTA of the Group of approximately US\$275.5 million as at 31 December 2015 less the NTA of the Vessel of approximately US\$6.1 million as at 31 December 2015, plus net proceeds of the Disposal of approximately US\$2.7 million as at 31 December 2015.

(2) This is computed based on the NTA of the Group of approximately -US\$24.3 million as at 30 September 2016 less the NTA of the Vessel of approximately US\$2.3 million as at 30 September 2016, plus net proceeds of the Disposal of approximately US\$4.2 million) as at 30 September 2016.

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

	<b>Before the Disposal</b>	<b>After the Disposal</b>
<b>Net profit/(loss) after tax (US\$'000)<sup>(1)</sup></b>	31,169	25,444 <sup>(2)</sup>
<b>Weighted average number of issued shares</b>	672,448,704	672,448,704
<b>EPS (US\$)</b>	0.046	0.038

(d) **EPS (based on 9M2016)**

	<b>Before the Disposal</b>	<b>After the Disposal</b>
<b>Net profit/(loss) after tax (US\$'000)<sup>(3)</sup></b>	(300,021)	(299,259) <sup>(4)</sup>
<b>Weighted average number of issued shares</b>	675,050,104	675,050,104
<b>EPS (US\$)</b>	(0.444)	(0.443)

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 net book value of the Vessel as at 31 December 2015 of approximately US\$10.4 million and the SOPL Sale Proceeds of US\$7.028 million.

(3) Net profit/(loss) after tax is calculated based on the net profit/(loss) for 9M2016 attributable to owners of the Company.

(4) This is computed based on the net book value of the Vessel as at 30 September 2016 of approximately US\$5.1 million (after impairment of approximately US\$4.8 million as of 30 September 2016) and the SOPL Sale Proceeds of US\$7.028 million.

7.2 **Gain on Disposal**

For illustrative purposes, based on the net book value of the Vessel as at 30 September 2016 of approximately US\$5.1 million (after impairment of approximately US\$4.8 million as at 30 September 2016) and the SOPL Sale Proceeds of US\$7.028 million, it is expected that the Proposed Disposal will result in an estimated net gain of approximately US\$1.9 million .

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

To the best of the knowledge of the IJMs, none of the directors or controlling shareholders of the Company have any direct or indirect interest in the Proposed Disposal, save for their shareholdings in the Company.

**9. 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.

**10. INSPECTION OF DOCUMENTS**

A copy of the MOA 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.

Ee Meng Yen Angela  
Joint and Several Interim Judicial Manager  
13 April 2017