



SWISSCO

SWISSCO HOLDINGS LIMITED

Company Registration Number: 200404711D

(Incorporated in the Republic of Singapore)

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

1. INTRODUCTION

The Judicial Managers (the "**JMs**") of Swissco Holdings Limited (Judicial Managers Appointed by Court) (the "**Company**", and together with its subsidiaries, the "**Group**") and its wholly-owned subsidiary, Swissco Offshore (Pte.) Ltd (Judicial Managers Appointed by Court) ("**SOPL**") refer to the announcement dated 13 April 2017 (the "**13 April Announcement**") 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 Australian Maritime Systems Asset Holdings Pty Ltd (the "**Purchaser**") (the "**Proposed Disposal**"). All capitalised terms unless otherwise defined, shall have the same meaning ascribed to them in the 13 April Announcement.

2. RECEIPT OF SGX-ST'S WAIVER OF SHAREHOLDERS' APPROVAL IN RESPECT OF THE PROPOSED DISPOSAL

2.1 The Company had on 13 April 2017 submitted 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**").

2.2 The SGX-ST has on 5 May 2017 informed the Company that the SGX-ST has no objection to the Company's Waiver Application for the waiver from the requirement to obtain Shareholders' approval for the Proposed Disposal under Rule 1014(2) of the Listing Manual (the "**Waiver**"), subject to the following:

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and
- (b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the Constitution of the Company.

2.3 The Company had sought the Waiver 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 OCBC 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 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 Proposed Disposal, as the Group is currently in judicial management and its primary focus is on improving its financial position through the 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.

2.4 Pursuant to the condition for the Waiver as set out in paragraph 2.2(b) above, the Company has, on 8 May 2017, submitted to the SGX-ST the written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the Constitution of the Company.

3. COMPLETION

The Company will make further announcements to update its Shareholders on the status of the Proposed Disposal in due course.

Ee Meng Yen Angela
Joint and Several Judicial Manager
8 May 2017