



SWISSCO
SWISSCO HOLDINGS LIMITED
(JUDICIAL MANAGERS APPOINTED BY COURT)
Company Registration Number: 200404711D
(Incorporated in the Republic of Singapore)

RECEIPT OF SGX-ST'S WAIVER IN RELATION TO RULES 1005 AND 1014(2) OF THE SGX-ST LISTING MANUAL IN RESPECT OF THE PROPOSED DISPOSAL OF CERTAIN ASSETS

1. INTRODUCTION

- 1.1. The Judicial Managers (the "**Judicial Managers**") of Swissco Holdings Limited (Judicial Managers Appointed by Court) (the "**Company**", together with its subsidiaries, the "**Group**") wish to announce that the Company had on 13 September 2018 submitted an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to seek the following confirmation and/or waiver from the SGX-ST:
- (a) a confirmation that any disposal of the Group's Assets (as defined below) by the Judicial Managers (either directly or through entities holding such assets), whether in whole or in part and in one or more transactions (the "**Proposed Disposals**") will not be aggregated with any of the previously completed disposals by the Group pursuant to Rule 1005 of the Listing Manual of the SGX-ST (the "**Listing Manual**"); and
 - (b) a waiver of the requirement under Rule 1014(2) of the Listing Manual to obtain the approval of the shareholders of the Company (the "**Shareholders**") in respect of the Proposed Disposals, on an aggregated basis or otherwise.
- 1.2. The SGX-ST had on 8 October 2018 informed the Company that the SGX-ST has no objection to the Company's application for a waiver with regard to compliance with Rule 1014(2) of the Listing Manual, regardless of whether the transactions are aggregated for the purpose of Rule 1005 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;
 - (b) the 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 (the "**Written Confirmation**"); and
 - (c) disclosure via SGXNet of the Proposed Disposals pursuant to Rule 1010 of the Listing Manual.
- The Company will be submitting the Written Confirmation to the SGX-ST.
- 1.3. The SGX-ST has also advised that (a) the Judicial Managers shall make an announcement via SGXNet immediately upon signing any agreement in respect of any disposal of the Assets (as defined below), providing the information required under Rule 1010 of the Listing Manual in each case; and (b) in the event that the Proposed Disposal constitutes an "interested person transaction" as defined under Chapter 9 of the Listing Manual, such disposal will be subject to the requirements under Chapter 9 of the Listing Manual, including being subject to

aggregation with other transactions with the same group of interested persons undertaken during the same financial year.

2. THE DISPOSAL MANDATE AND THE ASSETS

- 2.1. In the application, the Judicial Managers sought the SGX-ST's permission for the Assets (either directly or through the entities holding such Assets) to be disposed of, in one or more transactions, at the sole discretion of the Judicial Managers without seeking specific approval from Shareholders for such disposals under Chapter 10 of the Listing Manual (the "**Disposal Mandate**").
- 2.2. The Group's assets under the Disposal Mandate comprise of:
- (a) certain vessels owned by the Group, some of which are mortgaged (the "**Mortgaged Vessels**"), further details of which are set out in Appendix A to this announcement (collectively, the "**Vessels**");
 - (b) leaseholds granted by JTC Corporation to Swissco Offshore (Pte.) Ltd. (Judicial Managers Appointed by Court) ("**SOPL**"), a wholly-owned subsidiary of the Company, over the properties at 58/60 Penjuru Lane, Singapore 609214 and 21 Tuas Road, Singapore 638489 (each, a "**JTC Property**" and collectively, the "**JTC Properties**"), which are mortgaged in favour of United Overseas Bank Limited; and
 - (c) Singapore Marine Logistics Pte. Ltd. ("**SM Log**"), a wholly-owned subsidiary of the Company, which provides certain vessel maintenance and repair services at a JTC Property (together with the JTC Properties and the Vessels, the "**Assets**").

3. RATIONALE FOR THE PROPOSED DISPOSALS AND THE DISPOSAL MANDATE

- 3.1. During the course of the judicial management of the Company, the Judicial Managers may undertake the Proposed Disposals.
- 3.2. The Proposed Disposals are in line with the purposes of the judicial management, being, *inter alia*, (i) a more advantageous realisation of the Group's assets than would be effected by a winding up; (ii) the survival of the Group, or the whole or part of their undertaking, as a going concern; and (iii) 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 the Group.
- 3.3. The Proposed Disposals will be beneficial to the Group for, *inter alia*, the following reasons (i) the Vessels by nature are depreciating and aging assets and delaying their disposal may further reduce their value to the Group; (ii) there are reactivations costs for Vessels which are unemployed, which in aggregate would be substantial to the Group; (iii) there is uncertainty as to the conditions of the Vessels as, *inter alia*, the Judicial Managers do not have visibility on the conditions of Vessels which have been on charter and certain Vessels have been laid-up and have not been employed for the last 12-24 months, and the Group is not in a position to incur additional costs to repair and restore the Vessels in view of the current financial situation of the Group; and (iv) in respect of Vessels which port of redelivery are overseas, the Group would have to incur additional costs for their redelivery to Singapore, and as the Group is not in a position to incur such additional costs, the Vessels would likely be unutilised and will remain idle at the overseas port, incurring port fees and maintenance costs, which will be charged at higher rates than in the Group's Singapore shipyards.
- 3.4. Accordingly, the Judicial Managers consider that it would be appropriate to dispose of the Assets to unlock the value of the Assets.

4. REASONS FOR SEEKING THE WAIVER

- 4.1. The Company sought the Waiver on the following grounds:

(a) The Mortgaged Assets may otherwise be subject to a Mortgagee Sale

The Mortgaged Vessels and the JTC Properties (collectively, the “**Mortgaged Assets**”) are currently mortgaged in favour of various third-party lenders. Such third party-lenders have the right to enforce the mortgages over the Mortgaged Assets and to take possession of and/or unilaterally dispose of the Mortgaged Assets, and to apply for the proceeds of such disposal to, *inter alia*, discharge the obligations and liabilities due and owing by the Group to them (the “**Mortgagee Sale**”).

The Proposed Disposals are intended to be an orderly disposal of assets of the Group with the ultimate aim of achieving a successful scheme of arrangement under the Companies Act (Chapter 50) of Singapore for the Company.

In the event that the Proposed Disposals require the approval of the Shareholders, and such approval of the Shareholder is not granted for any reason at an extraordinary general meeting (“**EGM**”) to be convened by the Company, the various third-party lenders will nonetheless still have the right to exercise its rights to effect the Mortgagee Sale notwithstanding that such Shareholders' approval is not granted for the Proposed Disposals. Any exercise of such rights may lead to a disorderly realisation of the Group's assets and may have an impact on the overall restructuring of the Group.

(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 Disposals, as the Group is currently in judicial management and its primary focus on improving its financial position through the judicial management of the Company.

(c) Substantial liabilities attaching to the Assets and interests of creditors take precedence

The total liabilities attaching to the Assets and entities holding the Assets as at 30 June 2018 is in excess of US\$75 million (excluding inter-company liabilities within the Group). Accordingly, the proceeds from the Proposed Disposals will go towards partially discharging liabilities secured by the Assets, including any applicable fees and expenses incurred in respect of those Assets. The Company is likely to remain in a net liability position and thus technically insolvent.

Given the above, the interests of creditors would generally take precedence over the Shareholders.

(d) The Group is loss-making and has a negative asset value

Rule 1007 of the Listing Manual provides that if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST, and the Company should consult the SGX-ST.

As the Group has a negative net asset value as at 30 September 2016 (being the latest announced unaudited financial statements of the Group) and net loss (after tax) of US\$300.0 million for the 9-month period ending 30 September 2016, the relative figures computed based on Rules 1006(a) and (b) of the Listing Manual will be negative for any Proposed Disposal, thereby necessitating a consultation with the SGX-ST and/or specific Shareholders' approval.

(e) Time-sensitive nature of the Proposed Disposals

If Shareholders' approval at an EGM is required to be obtained for the Proposed Disposals, the implementation and/or completion of such Proposed Disposals is likely to be delayed, giving rise to adverse transactional risks and uncertainties, and the Group would be at risk of losing an opportunity to dispose of its Assets at a consideration

higher than valuation or impaired net book values, and particularly in the case of the Mortgaged Assets, at a consideration higher than their respective forced sale values.

Additionally, it is important for the Judicial Managers to have the flexibility to sell certain individual assets separately if necessary (with the aim of a more advantageous realization and survival of the Group) as this would allow the Judicial Managers to structure and explore more potential and suitable opportunities and facilitate negotiations with the various different stakeholders, particularly the mortgagee banks, so as to conclude transactions in a more time-efficient manner.

In addition, the Company is of the view that it is to the benefit of the Company to complete the Proposed Disposals expeditiously so as to take advantage of the opportunities in the market and minimise transaction and/or enforcement risks.

(f) Costs of holding an EGM

In view of the foregoing factors, if an EGM 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 Proposed Disposals in the present case, especially given the current financial position of the Company.

(g) The Proposed Disposals do not fall within the policy intent of Rule 1005 of the Listing Manual

Rule 1005 of the Listing Manual enables the SGX-ST to aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction, which seeks to address the situation where a listed issuer may "break up" transactions so as to avoid having to announce the transaction and/or to obtain shareholders' approval in respect of the same.

In this case, Rule 1005 of the Listing Manual should not apply where an issuer is in judicial management, given that disposals of assets are being made or will be made with the primary purpose of settling claims and improving the financial position of the Group.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments on this matter.

Ee Meng Yen Angela
Joint and Several Judicial Manager
9 October 2018

APPENDIX A

Details of the Vessels

Vessel Owner	Vessel Name	Vessel Type
Mortgaged Vessels		
Swissco Asia Pte. Ltd. (" SAPL ")	Swissco Superior	AHT
SAPL	Swissco Sapphire	AHT
Swissco Maritime Pte. Ltd. (" SMPL ")	Swissco Searcher	Utility tug
SMPL	Swissco Server	Utility tug
SOPL	Swissco Onyx	AHTS
SOPL	Swissco Panther	Crew boat
SOPL	Swissco Topaz	AHT
SOPL	Swissco 48	Workboat
SOPL	Swissco Neptune	Workboat
Swissco Ship Services Pte. Ltd. (" SSSPL ")	Swissco Jupiter 1	Workboat
SSSPL	Swissco Singapore	AHT
SSSPL	Swissco Supporter	Workboat
SSSPL	Swissco Pearl (f.k.a VM Pioneer)	AHTS
SSSPL	Swissco Ruby	AHTS
SSSPL	Swissco Sunrise	Shallow water multicat
Unencumbered Vessels		
SAPL	Swissco 55	Barge
SAPL	Swissco Sentosa	Utility tug
SAPL	Swissco Swift	AHT
SOPL	Swissco 282	Barge
SOPL	Swissco Garnet	AHT
SOPL	Swissco Supplier	AHT
SOPL	Swissco Seal	Crew boat
SOPL	Swissco Surf	Utility tug
SOPL	Swissco Synergy	MPV
SM Log	SMLog 180	Barge