PACC OFFSHORE SERVICES HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200603185Z)

ANNOUNCEMENT ON LITIGATION

The Board of Directors of PACC Offshore Services Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement dated 3 September 2015 in relation to the writ of summons and statement of claim (the "**Claim**") served by Kensteel Engineering Pte Ltd (the "**Claimant**").

The Company had in, January 2015, entered into a sale and purchase agreement (the "**SPA**") with the Claimant for the acquisition by the Company of a property in Singapore (the "**Acquisition**"). Under the terms of the SPA, the Acquisition was subject to the Claimant obtaining approval from Jurong Town Corporation ("**JTC**"). The application by the Claimant for such approval was rejected by JTC, and the Company sought a refund of the deposit paid under the SPA from the Claimant.

In its original Claim, the Claimant had sought a declaration that it is entitled to forfeit the deposit (including goods and services tax). At that time, the Claimant had also claimed for damages of approximately S$3.3 million, which it alleged that it suffered as a result of the sale of the property not having been completed. The total sum of the deposit (S$3.8 million) and the claim for damages (approximately S$3.3 million) at that time was approximately S$7.1 million. By way of an amendment to the Claim on or around 5 September 2016, the Claimant reduced its claim for damages of approximately S$3.3 million to S$2.219 million. The Company counterclaimed for the return of the deposit by the Claimant as well as interest and costs.

The Company wishes to announce that the Claimant has obtained leave to amend its Claim to include the difference in price between the original price for the Acquisition under the SPA, and the price at which the Claimant has agreed to sell the property to a third party (the "**Third Party**") pursuant to an option to purchase (the "**OTP**") issued by the Claimant on 21 March 2017 and accepted by the Third Party on 4 April 2017. In this regard, the additional amount claimed by the Claimant under the amended Claim is S$24.5 million, which the Claimant had claimed further or alternatively to its forfeiture of the deposit. Further, the Claimant has maintained its claim for damages of S$2.219 million as an alternative claim to its claim for S$24.5million.

The total claim amount is S$30.519 million and represents approximately 5.91% of the Group's audited net loss after tax for the financial year ended 31 December 2016 and 3.48% of the Group's audited net tangible assets as at 31 December 2016.

The Company understands that the terms of the OTP provide that the sale of the property to the Third Party is subject to the written approval of JTC and any other relevant government authorities. To the best of the Company's knowledge, such approval has not, as at the time of this Announcement, been obtained and therefore the sale has not been completed. As at the time of this Announcement, the Singapore courts have granted leave to the Claimant to serve the amended Claim on the Company by 6pm, 5 May 2017, together with particulars including the circumstances of the sale of the property to the Third Party, the status of the requisite application to JTC and how the property came to be offered to be sold to the Third Party.

The Company intends to defend the amended Claim vigorously and is taking legal advice.

Further announcements will be made by the Company as and when appropriate.

By Order of the Board
Lim Ka Bee
Company Secretary

3 May 2017