
RESPONSE TO THE SGX QUERY IN RELATION TO THE UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FOURTH QUARTER ("4Q2015") AND FULL YEAR ENDED 31 DECEMBER 2015 ("FY2015")

The Board of Directors of the Company refers to the following query raised by the Singapore Exchange Securities Trading Limited ("SGX") in its email dated 18 March 2016 and would like to provide further information in relation to the Company's unaudited financial information for the fourth quarter and full year ended 31 December 2015.

SGX Query:

Please elaborate further a commentary in relation to the acquisition of the marine logistic business, of the competitive conditions of the industry and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Company's Response:

Pursuant to the Group's successful acquisition of approximately 49% of the issued share capital of PT Momentum Indonesia Investama as announced on 30 November 2015, the assets and liabilities of the target company were consolidated in the Group's statement of financial position as at 31 December 2015. The Company believes that the Profit Guarantee of approximately US\$6.0 million (49% of US\$12,244,898) over 24 months in relation to the acquisition will be beneficial to the Company's bottom line.

The newly acquired marine logistics business would be primarily serving the coal industry in Indonesia. Notwithstanding that Indonesia saw its coal production fall 14% on year to 392 million tonnes in 2015 due to falling demand from export markets like China and India, domestic coal demand could increase by around 22% from last year to as much as 110 million tonnes in 2016 as new capacity is brought on line, according to the President of the Indonesian Coal Mining Association, Pandu Sjahrir.¹

In addition, Indonesia's economy is projected to expand along with its power needs. The government is expecting to build more infrastructure and coal-fired power plants over the next couple of years as it targets a 5.5% GDP growth with an increase in the infrastructure budget of 8% in 2016.² As the domestic demand for coal increases, the Group expects demand for Marine Logistics services to grow alongside coal suppliers who would be supplying to such domestic power plants.

Taking into consideration the global slowdown in economic growth as well as the recent decline in oil prices, the Group will continue in its efforts to seek new opportunities in the Construction, Marine or Oil & Gas industries in its attempt to grow its operations on a cautious basis.

BY ORDER OF THE BOARD

Mark Zhou You Chuan
Chief Executive Officer

21 March 2016

¹ Source - <http://en.sxcoal.com/0/139694/DataShow.html>

² Source - <http://www.straitstimes.com/business/economy/indonesia-presents-2016-budget-plan-sees-gdp-growth-of-55-per-cent>