



OTTO MARINE LIMITED

(Incorporated in Singapore)
(Company Registration No. 197902647M)

COMMENCEMENT OF CONSENT SOLICITATION EXERCISE BY OTTO MARINE SERVICES PTE. LTD. (THE "ISSUER") IN CONNECTION WITH THE S\$70,000,000 7.00 PER CENT. FIXED RATE NOTES DUE 2016 (ISIN: SG6SC2000001) COMPRISED IN SERIES 002 (THE "SERIES 002 NOTES") ISSUED PURSUANT TO THE S\$500,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME ESTABLISHED ON 13 APRIL 2010, UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY OTTO MARINE LIMITED (THE "COMPANY")

1. INTRODUCTION

Reference is made to:

- (a) the Series 002 Notes;
- (b) the trust deed dated 13 April 2010 made between (1) the Issuer, as issuer, (2) the Company, as guarantor, and (3) British and Malayan Trustee Limited (the "**Notes Trustee**"), as trustee, as amended and supplemented by the supplemental trust deed dated 29 December 2011 and (in relation to the Series 002 Notes) the supplemental trust deed dated 18 December 2015, in each case, entered into between the same parties, and as further amended and supplemented from time to time (the "**Trust Deed**"); and
- (c) the pricing supplement dated 24 July 2014 relating to the Series 002 Notes (the "**Pricing Supplement**"); and
- (d) the joint announcement made by the Company and Ocean International Capital Limited on 8 June 2016 in relation to the voluntary delisting of the Company ("**Delisting**") from the Official List of the Singapore Exchange Securities Trading Limited.

Capitalised or other terms used but not defined herein shall, unless the context otherwise requires, have the meanings as set out in the consent solicitation statement dated 30 June 2016 (the "**Consent Solicitation Statement**") issued by the Issuer and the Company.

The Company wishes to announce that the Issuer, a wholly-owned subsidiary of the Company, has today commenced a consent solicitation exercise to seek the approval (the "**Consent Solicitation**") of the holders of the Series 002 Notes (the "**Noteholders**") by way of extraordinary resolution to approve various proposals only in respect of the Series 002 Notes.

2. BACKGROUND

2.1 Delisting Proposal

On 8 June 2016, the Company and Ocean International Capital Limited (the "**Offeror**") jointly announced (the "**Joint Announcement**") that the Offeror had on 6 June 2016 presented a proposal (the "**Delisting Proposal**") to seek the voluntary delisting of the Company (the "**Delisting**") from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the SGX-ST Listing Manual. The Offeror is a special purpose vehicle incorporated in the British Virgin Islands for the purposes of the delisting transaction. The Offeror is wholly-owned by Datuk Seri Yaw Chee Siew ("**YCS**"). YCS is also a controlling shareholder of the Company.

Under the Delisting Proposal, an offer in cash of S\$0.32 per share (the "**Exit Offer**") will be made on behalf of the Offeror for all the issued ordinary shares held by the shareholders of the Company other than the shares owned, controlled or agreed to be acquired by the Offeror.

A pre-condition (the "**Pre-Condition**") to the Company's application to the SGX-ST for approval of the Delisting is for the Issuer to convene a meeting of the Noteholders to obtain the consent of the Noteholders for the following:

- (a) to extend the maturity date of the Notes (being 1 August 2016) for a further period of six (6) months or until the date on which the delisting of the Company has been completed, whichever is earlier;
- (b) to waive compliance with the certain covenants which may be breached as a result of the Delisting exercise and Exit Offer; and
- (c) to agree not to exercise or to waive their option to put the Notes back to the Issuer upon delisting of the Company (as currently provided under Condition 5(j) of the Notes).

The satisfaction of the Pre-Condition is a condition to the Delisting Proposal and is not capable of being waived by the Company or the Offeror.

Contingent upon the satisfaction of the Pre-Condition, the Delisting and Exit Offer will be conditional on:

- (a) the approval of the SGX-ST for the Delisting being obtained; and
- (b) the resolution in respect the Delisting (the "**Delisting Resolution**") being approved by (excluding treasury shares) a majority of at least 75 per cent. of the total number of shares (and not being voted against by 10 per cent. or more of the total number of shares) held by the Company's shareholders present and voting, on a poll at the extraordinary general meeting of the Company to be held (the "**EGM**"),

(collectively, the "**Delisting Proposal Conditions**").

2.2 Financial Condition of the Group and Financial Covenants

2015 was a year of challenges and endurance as the market continued to be weak and competition became increasingly tough. The offshore marine industry conditions have unfortunately remained uncertain and volatile and as the market remains depressed in 2016, the Group continues to see challenging times. Increasingly, the Group is also facing slower collections from customers that are similarly hit by the weakened oil and gas industry prospects and in some cases, challenges in securing the funds necessary to finance operations.

The Group continues to be beset by downward revisions in both daily charter rates and utilisation rates. These difficult market conditions are further compounded by the influx of new build vessels which causes asset valuations to be challenged. As part of the Group's policy, the Group will re-assess the value of its assets as at 30 June 2016 and if necessary, impair or write them down as appropriate. Under the Delisting Proposal, RHB Securities Singapore Pte. Ltd., as the financial adviser to the Offeror, will make, for and on behalf of the Offeror, an offer in cash of S\$0.32 per share of the Guarantor. The net tangible asset per share of the Guarantor as at 31 December 2015 is S\$1.12 per share. The Guarantor has engaged an independent financial adviser to opine on the Exit Offer. Whilst the Guarantor does not offer any opinion or view as to whether this is a fair offer or reflection of the value of the Group's assets, the Guarantor is cognizant that this is one value placed on the Group, albeit by the Offeror.

Due to such circumstances, the Issuer is seeking the consent of the Noteholders, among other things, to waive compliance with certain financial covenants in relation to the Notes in respect of the period from 1 January 2016 to 30 June 2016 as well as in respect of the period from 1 July until all (and not some only) of the Notes are redeemed in accordance with the terms of the Series 002 Notes.

2.3 RHB Loan

As at the date of this Announcement, the Offeror has entered into a facility agreement dated 29 June 2016 with RHB Bank (the "**RHB Facility Agreement**") for a loan from RHB Bank in an aggregate principal amount of S\$73.0 million (the "**RHB Loan**").

It is intended that S\$70.0 million will be utilised from the RHB Loan for the redemption of all (and not some only) of the Series 002 Notes at their principal amount. One of the conditions to the utilisation of the RHB Loan is when the shares of the Guarantor are delisted from the Official List of the SGX-ST and as confirmed by the SGX-ST to the Guarantor (the "**Delisting Completion**").

2.4 Alternative Sources of Funding

In the event that the Delisting Proposal does not materialise, the Company and the Issuer will consider alternative sources of funding, including, but not limited to, undertaking a rights issue, seeking financing from banks and/or the sale of vessels (such sale being in the ordinary course of business of the Group).

2.5 Offeror/YCS Deed of Undertaking

In addition, YCS and the Offeror have entered into a deed of undertaking on 29 June 2016 in favour of the Notes Trustee for the benefit of the Noteholders (the "**Offeror/YCS Deed of Undertaking**").

In the Offeror/YCS Deed of Undertaking, YCS and the Offeror have confirmed to the Trustee as follows:

- (a) as at the date of the Offeror/YCS Deed of Undertaking, YCS is the sole shareholder and sole director of the Offeror;
- (b) the Offeror has entered into the RHB Facility Agreement for the RHB Loan;
- (c) the purpose of the RHB Loan is to utilise S\$70.0 million for the redemption of all (and not some only) of the Notes at their principal amount and the remaining S\$3.0 million for the payment of expenses in relation to the RHB Loan and thereafter for working capital purposes;
- (d) other than those conditions precedent customarily required by financial institutions for the drawdown of banking facilities and the Delisting Completion (the "**RHB Loan CPs**"), there is no other condition which has to be satisfied by the Offeror and/or YCS before the utilisation request (as more fully described in sub-paragraph (e) below) can be issued by the Offeror for the drawdown of the RHB Loan;
- (e) the Offeror will provide to RHB Bank an irrevocable utilisation request within 10 days from the Delisting Date to instruct RHB Bank to remit the proceeds from the RHB Loan directly into the account of the Issuing and Paying Agent for the Series 002 Notes for the redemption of all (and not some only) of the Series 002 Notes; and
- (f) subject to the satisfaction of the RHB Loan CPs, the Offeror has obtained all approvals required for it to receive the proceeds of the RHB Loan and for the remittance of the same to the Issuing and Paying Agent, as described in sub-paragraph (e) above.

The Offeror and YCS have also undertaken in the Offeror/YCS Deed of Undertaking in favour of the Trustee that:

- (i) neither of them shall take any step to terminate the RHB Facility Agreement or cause the RHB Facility Agreement to be terminated by RHB Bank or cause the disbursement of the RHB Loan to be disrupted in any way;
- (ii) the Offeror shall issue the utilisation request to RHB Bank for the disbursement of the RHB Loan in the manner described in sub-paragraph (e) above in respect of the confirmations provided by the Offeror and YCS under the Offeror/YCS Deed of Undertaking upon the completion of Delisting;
- (iii) YCS shall remain the sole shareholder and sole director of the Offer;
- (iv) each of the Offeror and YCS shall do and execute all such things and documents to satisfy the RHB Loan CPs (other than for the Delisting Completion) prior to the Delisting Completion; and
- (v) each of the Offeror and YCS shall use all reasonable endeavours to do and execute all such things and documents within their respective powers to implement and give full effect to the Offeror/YCS Deed of Undertaking as expeditiously as possible.

A conformed copy of the executed Offeror/YCS Deed of Undertaking is appended to the Consent Solicitation Statement.

2.6 Utilisation of Funds in the Interest Reserve Account on the Final Notes Payment Date

In connection with the issue of the Series 002 Notes, a credit enhancement feature was introduced in the form of an interest reserve account (the "**Interest Reserve Account**"). The funds credited into the Interest Reserve Account serves as security for the payment of the interest and principal amounts under the terms of the Series 002 Notes. Currently, the amount standing to the credit of the Interest Reserve Account is S\$ S\$4,949,713.84 (such amount being equivalent to at least the two (2) interest payments for the Notes).

As part of the Consent Solicitation, it is proposed that it be permitted to withdraw any amount standing to the credit of the Interest Reserve Account for the purpose of making the payments for accrued interest due for the period commencing from 1 August 2016 and ending on the date of actual redemption of all (and not some only) of the Series 002 Notes and the remainder towards payment of all consent fees payable to approving Noteholders under the Consent Solicitation exercise.

3. **CONSENT SOLICITATION**

For the reasons stated in paragraph 2 above, the approval of the Noteholders is being sought by way of extraordinary resolution to approve for following proposals (the "**Proposal**"), only in respect of the Series 002 Notes:

- (a) the postponement of the maturity date of the Series 002 Notes from 1 August 2016 to 1 February 2017 and that accrued interest will continue to be payable on 1 August 2016 and the outstanding principal amount of the Series 002 Notes together with accrued interest will be payable on 1 February 2017;
- (b) the following amendments/waivers arising from the Delisting Proposal and Exit Offer:
 - (i) waiver of breaches and/or amendments to the terms of the Series 002 Notes and the Trust Deed solely as the result of the Exit Offer;
 - (ii) deletion of the option of Noteholders to put the Series 002 Notes back to the Issuer upon delisting of the Company (as provided under Condition 5(j) of the Series 002 Notes);
 - (iii) the insertion of a new mandatory redemption event for the redemption of the Notes within 14 days from the delisting of the shares of the Company;
- (c) the following amendments/waivers arising from the financial condition of the Group:
 - (i) the waiver of any non-compliance or potential non-compliance with certain of the financial covenants set out in the Series 002 Notes (relating to covenants in connection with minimum total net equity and gearing);
 - (ii) waiver of breaches to the terms of the Series 002 Notes and the Trust Deed solely as a result of non-compliance with the above financial covenants; and
- (d) amendments to be made to the terms of the Series 002 Notes and the account charge relating to the Interest Reserve Account to allow for the desired utilisation of funds from the Interest Reserve Account towards payment of interest and consent fees on the date of redemption of the Series 002 Notes.

Apart from the Consent Solicitation Statement, the Issuer and the Company has also prepared a disclosure memorandum dated 30 June 2016 (the "**Disclosure Memorandum**") which accompanies the Consent Solicitation Statement and which has to be read in

conjunction with the Consent Solicitation Statement. The Disclosure Memorandum sets out, among other things, the current business conditions and financial position of the Group, details relating to the Delisting Proposal and the Exit Offer as well as risk factors relating to the Proposal.

Prior to making a decision on whether to approve the Proposal, Noteholders should carefully consider all of the information set forth in the Consent Solicitation Statement and the Disclosure Memorandum. In particular, Noteholders should also carefully consider the risk factors set out in the Disclosure Memorandum including, without limited, those set out under the sub-section therein titled "Risk Factors – Risks Associated with the Proposal and the Delisting Proposal" (including the risk factors in relation to "The Extraordinary Resolution, if passed, will be binding upon all Noteholders", "Restrictions on the transfer of the Notes will apply during the Earmarking Period", "The Proposal entails the Noteholders holding on to the Notes for an extended period and with amended terms to the Conditions", "There is no assurance that the Delisting Proposal will materialise", "There is no assurance that the RHB Loan, a substantial portion of which will be applied towards the redemption of the Notes upon the Delisting Completion, can be successfully drawdown" and "Continued dependence on the Controlling Shareholder for financing").

4. Expected Timetable

Set out below is the current indicated summary timetable for the Consent Solicitation, including the expected date for the notice of results from the Consent Solicitation. Please also refer to the "Expected Timetable" section of the Consent Solicitation Statement.

Event	Date and Time
Launch	30 June 2016.
Early Consent Fee Deadline	5.00 p.m. (Singapore time) on 11 July 2016
Expiration Time	5.00 p.m. (Singapore time) on 13 July 2016
Time and date of the Meeting.	5.00 p.m. (Singapore time) on 15 July 2016.
Notice of results of Meeting	As soon as reasonably practicable and, in any event, not later than 14 days following the Meeting (or, if applicable, any adjourned Meeting).
(If the Extraordinary Resolution is duly passed at the Meeting or, if applicable, any adjourned Meeting) the date for the entry into of the Third Supplemental Trust Deed and the Supplemental Series 2 Account Charge.	As soon as reasonably practicable, on or after the date of the Meeting or, if applicable, any adjourned Meeting.
(Subject to the fulfilment of the Settlement Conditions) the date(s) for the payment of the Early Consent Fee or (as the case may be) the Normal Consent Fee to the Noteholders eligible to receive such fee.	The earliest of (a) 1 February 2017, (b) the Delisting Redemption Date, and (c) such other date on which the Notes become due and payable.

5. EARLY CONSENT FEE AND NORMAL CONSENT FEE

Subject to the fulfilment of the conditions stated in the Consent Solicitation Statement, Noteholders who duly voted in favour of the Proposal by way of extraordinary resolution shall be entitled to either an early consent fee or a normal consent fee.

The early consent fee shall be a one-time fee of 0.50 per cent. of the principal amount of the Series 002 Notes in respect of which such votes were cast (being S\$1,250 per S\$250,000 in principal amount of the Series 002 Notes) less any bank charges. Noteholders who deliver the valid voting instructions in accordance with the instructions in the Consent Solicitation Statement prior to 5.00 p.m. (Singapore time) on 11 July 2016, or such other later time and date as the Issuer may determine shall be entitled to the early consent fee.

The normal consent fee shall be a one-time fee of 0.30 per cent. of the principal amount of the Series 002 Notes in respect of which such votes were cast (being S\$750 per S\$250,000 in principal amount of the Series 002 Notes) less any bank charges. Noteholders who deliver the valid voting instructions in accordance with the instructions in the Consent Solicitation Statement prior to 5.00 p.m. (Singapore time) on 13 July 2016, or such other later time and date as the Issuer may determine shall be entitled to the normal consent fee.

Please note that the relevant consent fees are only payable on the earliest of (a) 1 February 2017, (b) the date of redemption of the Series 002 Notes due to the delisting of the shares of the Company, and (c) such other date on which the Series 002 Notes become due and payable. Further, please note that if a Noteholder was to vote in favour of the Proposal and the extraordinary resolution is passed, such a Noteholder will not be able to dispose its holdings in the Series 002 Notes until the final redemption of such Series 002 Notes, as such Series 002 Notes will be subject to earmarking.

6. SOLICITATION AGENTS

DBS Bank Ltd. and Overseas-Chinese Bank Corporation Limited have been appointed as the joint solicitation agents in connection with the Consent Solicitation.

7. NOTICE OF MEETING

For further details on the Consent Solicitation, Noteholders are advised to refer to the notice of meeting published in The Business Times and announced by the Issuer via SGXNET on 30 June 2016.

8. DESPATCH TO NOTEHOLDERS

A copy of the Consent Solicitation Statement and the Disclosure Memorandum will be mailed to the Noteholders with an address in Singapore as reflected in the list of Noteholders maintained by The Central Depository (Pte) Limited. In order to avoid any violation of laws applicable in countries other than Singapore, the Consent Solicitation Statement and the Disclosure Memorandum have not been and will not be mailed to Noteholders who do not presently have an address in Singapore ("**Foreign Noteholders**"). Foreign Noteholders who wish to obtain a copy of the Consent Solicitation Statement and the Disclosure Memorandum should provide in writing such address in Singapore to Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), as meeting agent in connection with the Consent Solicitation, not later than five (5) days before the Expiration Time (as defined in the Consent Solicitation Statement).

In addition, Noteholders may collect copies of the Consent Solicitation Statement and the Disclosure Memorandum from the office of Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), at 80 Robinson Road, #11-02, Singapore 068898 from 1 July 2016, between 9.00 a.m. to 6.00 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 5.00 p.m. (Singapore time) on 13 July 2016.

Shareholders of the Company who are not otherwise Noteholders will not be eligible to attend or vote at the meeting of the Noteholders either in person or proxy.

BY ORDER OF THE BOARD
OTTO MARINE LIMITED

SEE KIAN HENG
Group Chief Executive Officer & Group Executive Director
30 June 2016

NOTE: This announcement does not constitute an invitation to participate in the Consent Solicitation. No offer or invitation to issue or redeem any securities is being made pursuant to this release. This announcement must be read in conjunction with the Consent Solicitation Statement. This announcement does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of the Company or any other entity.