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

ANNOUNCEMENT REGARDING JOINT VENTURE

Further to the announcement on 19 September 2019, the Board of Directors ("**Board**") of PACC Offshore Services Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the event of default under a loan facility granted to the Company's 50% owned joint venture, POSH Terasea Pte. Ltd. ("**PTPL**") as announced on 19 September 2019 had resulted in a cross-default under a second loan facility granted to PTPL by another financial institution (the "**Second Lender**"). PTPL is 50% owned by the Company and 50% owned by Terasea Pte. Ltd., which is in turn a joint venture between Ezion Holdings Limited and Seabridge Marine Services Ltd.

The second loan facility comprises ship financing loans and a short term facility. The Second Lender is one of the only two financial institutions who have extended facilities to PTPL.

The outstanding amount of the facility from the Second Lender was approximately US$7.1 million as at 19 September 2019. The loan from the Second Lender to PTPL is solely secured by mortgages over two anchor handling tugs owned by PTPL and its subsidiaries, namely, Terasea Falcon and Terasea Hawk. The Second Lender has declared that an event of default has occurred and should such event of default be continuing after five calendar days from 20 September 2019, it will exercise its rights to appoint a receiver for the two anchor handling tugs.

As at the date of this announcement, the extent of the financial impact to the Group arising from the above development cannot be fully ascertained. However, taking into consideration the Company's announcement on 19 September 2019 and the latest announcement today, the Group expects no change to the potential maximum financial impact of up to US$42.0 million which was disclosed in the Company's announcement on 19 September 2019. That remains the potential maximum financial impact to the Group arising from the above development and the development mentioned in the Company's announcement on 19 September 2019.

Based on the unaudited consolidated financial statements of the Group for the first six months ended 30 June 2019, the Group generated positive EBITDA of approximately US$24.5 million. PTPL is not a contributor to such EBITDA. As at 30 June 2019, the Group (including joint ventures) operated a combined fleet of 122 vessels (of which nine vessels were operated by PTPL and its subsidiaries) and has a debt headroom of approximately US$90.4 million. The Group does not expect the above development to have any impact on its operating cash flow.

The Company will continue to monitor the situation. Further announcements will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

Ooi Pooi Teng
Company Secretary
21 September 2019