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

ANNOUNCEMENT REGARDING JOINT VENTURE

The Board of Directors ("**Board**") of PACC Offshore Services Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that an event of default has occurred under a loan facility granted to the Company's 50% owned joint venture, POSH Terasea Pte. Ltd. ("**PTPL**"). The loan facility (comprising ship financing loans and a revolving credit facility) is extended by a financial institution (the "**Lender**").

The outstanding amount of the facility from the Lender is approximately US$27.6 million as at 17 September 2019. 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 loan from the Lender to PTPL is secured solely by five anchor handling tugs owned by PTPL and its subsidiaries, namely, Salvanguard, Salviscount, Salveritas, Salviceroy and Salvigilant.

The Lender has declared that all of the relevant outstanding amounts (including accrued interest) under the loan to be payable. As at the date of this announcement, while the extent of the financial impact to the Group arising from the above development cannot be fully ascertained, the maximum financial impact to the Group would be impairment in the form of the Company's interest in PTPL in the Company's books and any amount due from PTPL to the Company. As at 30 June 2019, the value of the Company's interest in PTPL in the Company's books was approximately US$27.6 million and the amount due from PTPL to the Company (which is on an unsecured basis) was approximately US$14.4 million.

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 and therefore, 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
19 September 2019