

PACC OFFSHORE SERVICES HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200603185Z)

LETTER TO SHAREHOLDERS DATED 11 APRIL 2018

IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND

(2) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

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

Board of Directors:

Kuok Khoon Ean *(Chairman and Non-Executive Director)*
Seow Kang Hoe, Gerald *(Chief Executive Officer and Executive Director)*
Wu Long Peng *(Non-Executive Director)*
Jude Philomen Benny *(Lead Independent Director)*
Ma Kah Woh *(Independent Director)*
Ahmad Sufian @ Qurnain Bin Abdul Rashid *(Independent Director)*
Wee Joo Yeow *(Independent Director)*
Ivan Replumaz *(Independent Director)*

Registered Office:

1 Kim Seng Promenade
#07-02
Great World City
Singapore 237994

11 April 2018

To: The Shareholders of
PACC Offshore Services Holdings Ltd. (the "**Company**")

Dear Sir/Madam

1. INTRODUCTION

1.1 **Background.** We refer to:

(a) the Notice of Annual General Meeting ("**AGM**") of the Company dated 11 April 2018 (the "**Notice**"), accompanying the Annual Report for the financial year ended 31 December 2017, convening the 12th AGM of the Company to be held on 27 April 2018 (the "**2018 AGM**");

(b) Ordinary Resolution No. 10 relating to the proposed renewal of the Share Purchase Mandate (as defined in paragraph 2.1 below), as proposed in the Notice; and

(c) Ordinary Resolution No. 11 relating to the proposed renewal of the IPT Mandate (as defined in paragraph 3.1 below), as proposed in the Notice.

1.2 **Letter to Shareholders.** The purpose of this Letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution Nos. 10 and 11 proposed in the Notice (collectively, the "**Proposals**").

1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

1.4 **Advice to Shareholders.** Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Background.** Shareholders had approved a mandate (the "**Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire its issued ordinary shares ("**Shares**") at the AGM of the Company held on 27 April 2017 (the "**2017 AGM**"). The authority and limitations on the Share Purchase Mandate were set out in the Letter to Shareholders dated 10 April 2017 (the "**2017 Letter**") and the Ordinary Resolution set out in the Notice of the 2017 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of the Ordinary Resolution at the 2017 AGM and will expire on the date of the forthcoming 2018 AGM which is scheduled to be held on 27 April 2018. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2018 AGM.

2.2 **Rationale for the Share Purchase Mandate.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) in managing the business of the Company and its subsidiaries (collectively, the "**Group**"), management will strive to increase Shareholders' value by improving, amongst others, the return on equity ("**ROE**") of the Company. In addition to growth and expansion of the business, share purchases or acquisitions may be considered by the Company's board of directors ("**Board of Directors**") as one of the ways through which the ROE of the Company may be enhanced;

(b) the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;

(c) the Share Purchase Mandate will provide the Company greater flexibility to control, amongst others, the Company's share capital structure with a view to enhance the earnings per Share of the Company and give the directors of the Company ("**Directors**") the ability to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force; and

(d) repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes implemented by the Company. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken when the Directors are of the view that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit described in paragraph 2.3.1 below. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group as a whole.

2.3 **Authority and Limits of the Share Purchase Mandate.** The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2018 AGM, are the same as previously approved by Shareholders at the 2017 AGM. These are summarised below:

2.3.1 ***Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the 2018 AGM at which the proposed renewal of the Share Purchase Mandate is approved. Any Shares which are held as treasury shares and subsidiary holdings (as defined in the listing manual of the SGX-ST (the "**Listing Manual**")[1]) will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 1,813,640,400 Shares in issue as at 23 March 2018[2], being the latest practicable date prior to the printing of this Letter (the "**Latest Practicable Date**"), and disregarding 6,359,600 Shares held in treasury as at the Latest Practicable Date, and assuming that:

(a) no further Shares are issued;

(b) no further Shares are purchased or acquired by the Company and no Shares purchased or acquired by the Company are held as treasury shares; and

(c) no Shares are held as subsidiary holdings,

on or prior to the 2018 AGM, not more than 181,364,040 Shares (representing 10% of the total number of issued Shares (disregarding the 6,359,600 Shares held in treasury)) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire part of or the entire 10% of the total number of issued Shares. In particular, as further described in paragraph 2.9 below, the Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if such purchase or acquisition will result in the number of Shares remaining in the hands of the public to fall to such a level as to cause market illiquidity or to affect the listing status or orderly trading of the Shares on the SGX-ST.

2.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2018 AGM, at which the proposed renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied; or

(c) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

1 "Subsidiary holdings" is defined in the Listing Manual to mean Shares referred to in sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time (the "**Companies Act**").

2 As of the Latest Practicable Date, the Company had no subsidiary holdings.

2.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**") transacted on the SGX-ST through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**") in accordance with an equal access scheme effected pursuant to Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase in accordance with an equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same (except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements; and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares).

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

(I) the terms and conditions of the offer;

(II) the period and procedures for acceptances; and

(III) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.4 ***Maximum Purchase Price***

The purchase price to be paid for a Share as determined by the Directors (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) (the "**Maximum Price**") must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares.

For the above purposes and paragraph 2.7.3 below:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the rules of the Listing Manual for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Purchased or Acquired Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

2.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

2.5.1 ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed and any such shares so allotted shall be treated, for the purposes of the Companies Act, as if they were purchased by the Company at the time they were allotted, in circumstances in which Section 76H of the Companies Act applied. A subdivision or consolidation of any treasury share into treasury shares is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time but subject always to the Singapore Code on Take-overs and Mergers (the "**Take-over Code**"):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 **Sources of Funds.** The Company may purchase or acquire its own Shares out of the Company's capital, as well as from its profits, so long as the Company is solvent.

The Company may use internal resources and/or external borrowings to finance purchases or acquisitions of its Shares pursuant to the Share Purchase Mandate.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the financial position of the Group would be materially adversely affected.

2.7 **Financial Effects.** The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, amongst others, the number of Shares purchased or acquired and the price paid for such Shares. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2017, are based on the assumptions set out below:

2.7.1 ***Purchase or Acquisition out of Capital and/or Profits***

(a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (the "**Purchase Price**") and the amount available for the distribution of cash dividends by the Company will not be reduced;

(b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price and correspondingly reduce the amount available for the distribution of cash dividends by the Company; or

(c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

2.7.2 ***Number of Shares Purchased or Acquired***

Based on the number of issued and paid-up Shares as at the Latest Practicable Date (and disregarding the Shares held in treasury) and on the assumptions set out in paragraph 2.3.1 above, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 181,364,040 Shares.

2.7.3 ***Maximum Price Paid for Shares Purchased or Acquired***

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 181,364,040 Shares at the Maximum Price of S$0.400 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the Main Board of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 181,364,040 Shares is approximately S$72.5 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 181,364,040 Shares at the Maximum Price of S$0.419 for each Share (being the price equivalent to 110% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the Main Board of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 181,364,040 Shares is approximately S$76.0 million.

2.7.4 ***Illustrative Financial Effects***

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, amongst others, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7.2 and 2.7.3 above as well as the following:

(a) the Share Purchase Mandate had been effective on 1 January 2017;

(b) there was no issuance of Shares after the Latest Practicable Date;

(c) such Share purchases or acquisitions are funded solely by external borrowings; and

(d) the maximum amount of funds required for the purchase or acquisition of 181,364,040 Shares for Market Purchases and Off-Market Purchases is US$55.3 million and US$57.9 million respectively, based on an exchange rate of US$1.00 to S$1.3127;

the financial effects on the audited financial statements of the Company and the Group for the financial year ended 31 December 2017, based on a purchase or acquisition of Shares by the Company of up to 10% of the total number of issued Shares would have been as follows:

(1) Market Purchases

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
As at 31 December 2017	US$'000	Held as Treasury Shares US$'000	Cancelled US$'000	US$'000	Held as Treasury Shares US$'000	Cancelled US$'000
Share capital	827,201	827,201	771,936	827,201	827,201	771, 936
Accumulated losses	(373,205)	(374,914)	(374,914)	(340,788)	(342,497)	(342,497)
Other reserves	7,726	7,726	7,726	1,394	1,394	1,394
	461,722	460,013	404,748	487,807	486,098	430,833
Treasury shares	(1,447)	(56,712)	(1,447)	(1,447)	(56,712)	(1,447)
Total shareholders' equity [1]	460,275	403,301	403,301	486,360	429,386	429,386
Intangible assets	95	95	95	-	-	-
Net tangible assets [2]	460,116	403,142	403,142	486,360	429,386	429,386
Current assets	180,298	180,298	180,298	824,969	824,969	824,969
Current liabilities	368,677	425,651	425,651	220,748	277,722	277,722
Total borrowings [3]	768,925	825,899	825,899	456,400	513,374	513,374
Loss attributable to shareholders	(230,266)	(231,975)	(231,975)	(355,390)	(357,099)	(357,099)
Number of Shares (in '000)	1,813,640	1,632,276	1,632,276	1,813,640	1,632,276	1,632,276
Weighted average number of shares (in '000)	1,813,720	1,632,356	1,632,356	1,813,720	1,632,356	1,632,356
Financial Ratio						
Net tangible assets per Share (US cents)	25.37	24.70	24.70	26.82	26.31	26.31
Gearing [4] (times)	1.67	2.05	2.05	0.94	1.20	1.20
Current ratio (times)	0.49	0.42	0.42	3.74	2.97	2.97
EPS [5] (US cents)	(12.70)	(14.21)	(14.21)	(19.59)	(21.88)	(21.88)

(2) Off-Market Purchases

	Group			Company		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
As at 31 December 2017	US$'000	Held as Treasury Shares US$'000	Cancelled US$'000	US$'000	Held as Treasury Shares US$'000	Cancelled US$'000
Share capital	827,201	827,201	769,311	827,201	827,201	769,311
Accumulated losses	(373,205)	(374,996)	(374,996)	(340,788)	(342,579)	(342,579)
Other reserves	7,726	7,726	7,726	1,394	1,394	1,394
	461,722	459,931	402,041	487,807	486,016	428,126
Treasury shares	(1,447)	(59,337)	(1,447)	(1,447)	(59,337)	(1,447)
Total shareholders' equity[1]	460,275	400,594	400,594	486,360	426,679	426,679
Intangible assets	95	95	95	-	-	-
Net tangible assets[2]	460,116	400,435	400,435	486,360	426,679	426,679
Current assets	180,298	180,298	180,298	824,969	824,969	824,969
Current liabilities	368,677	428,358	428,358	220,748	280,429	280,429
Total borrowings[3]	768,925	828,606	828,606	456,400	516,081	516,081
Loss attributable to shareholders	(230,266)	(232,057)	(232,057)	(355,390)	(357,181)	(357,181)
Number of Shares (in '000)	1,813,640	1,632,276	1,632,276	1,813,640	1,632,276	1,632,276
Weighted average number of shares (in '000)	1,813,720	1,632,356	1,632,356	1,813,720	1,632,356	1,632,356
Financial Ratio						
Net tangible assets per Share (US cents)	25.37	24.53	24.53	26.82	26.14	26.14
Gearing[4] (times)	1.67	2.07	2.07	0.94	1.21	1.21
Current ratio (times)	0.49	0.42	0.42	3.74	2.94	2.94
EPS[5] (US cents)	(12.70)	(14.22)	(14.22)	(19.59)	(21.88)	(21.88)

Notes:

For the purposes of the above calculations:

(1) "Total shareholders' equity" means the aggregate amount of issued share capital, other reserves and retained profits/accumulated (losses) attributable to shareholders.

(2) "Net tangible assets" as disclosed above excludes intangible assets.

(3) "Total borrowings" means the aggregate borrowings from banks and financial institutions.

(4) "Gearing" represents the ratio of total borrowings to total shareholders' equity.

(5) "EPS" is calculated based on profit/(loss) attributable to shareholders and weighted average number of shares.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical numbers for the financial year ended 31 December 2017, and is not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire part of or the entire 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased in treasury.

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

2.8 **Tax Implications.** Shareholders who are in doubt as to their respective tax positions or the tax implications of share repurchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 **Listing Rules.** The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a market purchase, on the market day following the day of purchase or acquisition of any of its shares and (b) in the case of an off-market purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price paid or payable per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis) and expressed as a percentage of the listed company's issued shares (excluding treasury shares and subsidiary holdings), the number of issued shares excluding treasury shares and subsidiary holdings, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced.

In particular, in conformity with the best practices on dealing with securities under the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of two weeks immediately preceding the announcement of the Company's results for each of the first three quarters of the financial year, and during the period of one month immediately preceding the announcement of the Company's annual results.

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders at all times. As at the Latest Practicable Date, approximately 16.71% of the issued Shares (excluding Shares held in treasury) is held by public Shareholders. Assuming that the Company purchases or acquires through Market Purchases 181,364,040 Shares, being 10% of its issued Shares (excluding Shares held in treasury) as at the Latest Practicable Date, 7.45% of the issued Shares (excluding Shares held in treasury) will be held by public Shareholders. Accordingly, the purchases or acquisitions by the Company of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate may result in the number of issued Shares held by public Shareholders to fall below 10%. In view of the foregoing, the Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if such purchase or acquisition will result in the number of Shares remaining in the hands of the public to fall to such a level as to cause market illiquidity or to affect the listing status or orderly trading of the Shares on the SGX-ST.

2.10 **Previous Purchases.** As at the Latest Practicable Date, the Company had purchased or acquired an aggregate of 179,700 Shares by way of Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2017 AGM. The price paid was S$0.293 per Share. The total consideration (excluding goods and services tax) paid for all of the purchases was S$0.05 million.

2.11 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.11.1 ***Obligation to Make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.11.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, that the following individuals and companies will be presumed to be persons acting in concert with each other:

(a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(b) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.11.3 ***Effect of Rule 14 and Appendix 2 of the Take-over Code***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, the Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of Ordinary Resolution No. 10 relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2018 AGM.

Based on Substantial Shareholder notifications received by the Company under Division 1, Part VII of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") as at the Latest Practicable Date as set out in paragraph 4 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases or acquisitions by the Company.

3. THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 **Background.** At the 2017 AGM, Shareholders had approved the renewal of the general mandate for interested person transactions (the "**IPT Mandate**"). The terms of the IPT Mandate were set out in the 2017 Letter.

The IPT Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (the "**Entity at Risk Group**"), to enter in the ordinary course of business into any of the mandated transactions with specified classes of the Company's interested persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.2 **Annual Renewal of the IPT Mandate.** The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the 2018 AGM which is scheduled to be held on 27 April 2018. Accordingly, the Directors propose that the IPT Mandate be renewed at the 2018 AGM, to take effect until the conclusion of the next AGM of the Company.

3.3 **Particulars of the IPT Mandate to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in paragraph 3.6 of this Letter.

3.4 **Audit Committee's Confirmation.** Pursuant to Rule 920(1)(c) of the Listing Manual, the audit committee of the Company ("**Audit Committee**"), comprising Ma Kah Woh, Wee Joo Yeow, Ahmad Sufian @ Qurnain Bin Abdul Rashid, Jude Philomen Benny and Ivan Replumaz, confirms (with Ahmad Sufian @ Qurnain Bin Abdul Rashid abstaining) that:

(a) the methods or procedures for determining the transaction prices have not changed since the 2017 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the mandated transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.5 **Chapter 9 of the Listing Manual**

3.5.1 Chapter 9 of the Listing Manual governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be "at risk", with the listed company's interested persons.

3.5.2 Except for any transaction which is below S$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated net tangible assets ("**NTA**")), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for the transaction. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the "same interested person" (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017, the consolidated NTA of the Group was US$460.1 million. Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Group for the financial year ending 31 December 2018 are published, 5% of the Group's latest audited consolidated NTA would be US$23.0 million.

3.5.3 Chapter 9 of the Listing Manual, however, allows the Company to seek a mandate from its Shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of the Company's day-to-day operations.

3.5.4 For the purposes of Chapter 9 of the Listing Manual:

(a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9 of the Listing Manual;

(b) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(c) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(d) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "listed group"), or the listed group and its interested person(s), has control over the associated company;

(e) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person;

(g) a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether or not entered into directly or indirectly; and

(h) in interpreting the term "**same interested person**" for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Listing Manual, the following applies:

(i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and

(ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

3.6 **Renewal of the IPT Mandate**

3.6.1 ***Introduction***

The Company anticipates that the Entity at Risk Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Listing Manual and/or in accordance with the directions of the SGX-ST), including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions, it would be advantageous for the Company to obtain a Shareholders' mandate to enter into certain interested person transactions in the Entity at Risk Group's normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.

The IPT Mandate will take effect from the passing of Ordinary Resolution No. 11, being the Ordinary Resolution relating thereto, and will continue in force until the conclusion of the next AGM of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the Mandated Transactions (as defined below).

3.6.2 ***Entities at Risk***

For the purposes of the IPT Mandate, an "Entity At Risk" means:

(a) the Company;

(b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Company and its interested person(s), have control over the associated company.

3.6.3 ***Classes of Mandated Interested Persons***

The IPT Mandate will apply to the transactions that are carried out with the following persons (the "**Mandated Interested Persons**"):

(a) the Company's Controlling Shareholders (as such term is defined in the Listing Manual), namely, Kuok (Singapore) Limited ("**KSL**") and Malaysian Bulk Carriers Berhad ("**MBC**"), and the associates of KSL (including Pacific Carriers Limited ("**PCL**")) and MBC; and

(b) Raffles Bunkering Pte. Ltd., an associated company of Wilmar International Limited in which various members of the Kuok Group (comprising KSL, Kerry Holdings Limited and Kuok Brothers Sdn Bhd, together with their related companies) own, directly or indirectly, interests aggregating to more than 30%.

3.6.4 ***Categories of Mandated Interested Person Transactions***

The types of transactions to which the IPT Mandate will apply (the "**Mandated Transactions**") are set out below:

(a) the provision of shipbuilding (together with the provision of related refundment guarantees in favour of the Entity at Risk Group), ship repair, ship conversion and maintenance and dry-docking services, to the Entity at Risk Group;

(b) the provision of management services relating to vessels including inspection of vessels, periodic drydocking supervision, routine and casualty repairs, engagement and provision of crew, to and/or by the Entity at Risk Group;

(c) the sale and/or purchase of vessel parts, equipment, bunkers, consumables and such other vessel supplies required by the vessels (including the provision of services for the sale and/or purchase of such vessel supplies), to and/or by the Entity at Risk Group;

(d) the provision of:

(i) services as crewing agents for vessels to recruit and provide crew for employment on the vessels and ancillary services; and

(ii) manning services including acting as crew manager, dealing with engagement and provision of crew for the vessels, attending to all matters pertaining to discipline, labour relations, welfare and amenities of such crew and ensuring that such crew are suitably qualified,

to and/or by the Entity at Risk Group;

(e) the provision and/or obtaining of vessel chartering services (including vessel chartering services relating to harbour towage operations and marine salvage operations), to and/or by the Entity at Risk Group;

(f) the provision of shipping agency services, to the Entity at Risk Group;

(g) the provision of shared services, including the following services, to the Entity at Risk Group (other than as envisaged in any agreement in force between the Entity at Risk Group and the Mandated Interested Persons):

(i) strategic and commercial management services;

(ii) human resources and personnel administration services;

(iii) office administration services;

(iv) legal and corporate secretarial services;

(v) treasury services;

(vi) back office processes;

(vii) information technology services;

(viii) internal audit;

(ix) insurance services; and

(x) bunker procurement services;

(h) the leasing and/or rental for the use of properties; and

(i) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (a) to (h) above.

3.6.5 ***Rationale for and Benefits of the IPT Mandate***

The IPT Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with a specific class of Mandated Interested Persons arise, thereby substantially reducing administrative time and expenses in convening such meetings, without compromising the corporate objectives or any strategic advantage and adversely affecting the business opportunities available to the Entity at Risk Group. These transactions may be constrained by their time-sensitive and confidential nature, and it may be impractical to seek Shareholders' approval on a case-by-case basis before entering into them.

The Entity at Risk Group should have access to all available markets, products and services with Mandated Interested Persons and other parties. The Entity at Risk Group benefits from the Mandated Transactions through the synergies that are derived from the Mandated Interested Persons' global network and expertise. Transacting with the Mandated Interested Persons enhances the Entity at Risk Group's ability to explore beneficial business opportunities. As such, the IPT Mandate is important to the success and viability of the Entity at Risk Group.

The IPT Mandate is intended to facilitate transactions in the normal course of the Entity at Risk Group's business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on the Entity at Risk Group's normal commercial terms and are not prejudicial to the Company and its minority Shareholders.

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will: (a) disclose in the Company's annual report the aggregate value of (i) shipbuilding and ship conversion services ("**Shipbuilding and Ship Conversion Services**"), and (ii) transactions (other than Shipbuilding and Ship Conversion Services) ("**Other Mandated Transactions**"), conducted with Mandated Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT Mandate continues to be in force). Such disclosure will be in the form set out in Rule 907 of the Listing Manual; and (b) announce the aggregate value of (i) Shipbuilding and Ship Conversion Services; and (ii) Other Mandated Transactions, conducted with Mandated Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report. Such disclosure will also be in the form set out in Rule 907 of the Listing Manual. The Company will also provide background information on the relevant number and type of vessels with respect to Shipbuilding and Ship Conversion Services provided to the Entity at Risk Group.

3.6.6 ***Review Procedures for Mandated Transactions with Mandated Interested Persons***

The Company has an internal control system in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on normal commercial terms and consistent with the Entity at Risk Group's usual policies and practices.

In particular, the following review procedures have been implemented:

(a) The employees of the Entity at Risk Group will be notified of the identities of the Mandated Interested Persons and will be required, prior to entering into such transactions, to ensure that all the Mandated Transactions are consistent with the Entity at Risk Group's normal business practices and policies, and (in the case of services provided by the Entity at Risk Group) on terms not more favourable to the Mandated Interested Persons than those generally available to the public or (in the case of services provided by the Mandated Interested Persons) on terms not less favourable to the Entity at Risk Group than those generally available to the public, as the case may be, and are not detrimental to the minority shareholders.

(b) The transaction prices and terms will be determined as follows:

Shipbuilding and Ship Conversion Services

The transaction prices and terms will be determined based on the prevailing market rates which will, in turn, be determined by market forces, demand and supply, specifications and other relevant factors. These factors will include, but will not be limited, to the ability of the relevant shipyard to construct vessels of required specifications, to accept orders and to deliver on time, the quality of the vessels constructed by the relevant shipyard, and the financial capability of the relevant shipyard. The transaction price will also be determined based on benchmarking information. Such information may be based on available market intelligence on vessels with comparable specifications. Generally, benchmarking will be made by comparing publicly-available information including industry databases operated by independent third parties and transaction prices for other similar transactions by unrelated third parties, to the extent that such prices have been announced or are publicly available, or against previous similar transactions that the Entity at Risk Group has entered into in the past. The transaction price and terms will be no less favourable to the relevant Entity At Risk than what is available in the market, having regard to all relevant factors. The transaction price and terms will be subject to the prior approval of the Audit Committee (unless the transaction is of a value of less than US$1,000,000 as further described below). In assessing and considering the proposed transaction, the Audit Committee may request for additional information. For instance, if the relevant benchmarking information is not publicly available, the Audit Committee may request for market benchmarking information from subscription-based industry databases or valuation guidance from independent third party brokers or valuers.

Other Mandated Transactions

The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, specifications and other relevant factors. Where practical and feasible, quotations may be obtained from unrelated third parties for similar or substantially similar transactions, products or services to determine whether the price and terms offered to/by the Mandated Interested Persons are fair and reasonable. The transaction price and terms will be no more favourable to the relevant Mandated Interested Person (where products or services are provided to the Mandated Interested Person) or, as the case may be, no less favourable to the relevant Entity At Risk (where products or services are obtained from the Mandated Interested Person) than what is available in the market, having regard to all relevant factors. Where it is impracticable or unfeasible for quotes to be obtained from unrelated third parties, the transaction price will be based on prevailing market rates agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms to ensure that the transaction is not detrimental to the Entity at Risk Group.

As an illustration, where services are provided by the Entity at Risk Group, it may be impracticable or unfeasible to obtain quotations from unrelated third parties if the prevailing market rates or prices are not available due to the nature of the services to be provided or due to the prevailing business conditions. Also as an illustration, where services or products are provided to the Entity at Risk Group, it may be impracticable or unfeasible to obtain quotations from unrelated third parties if there are no unrelated third party vendors of similar services or products, if the service or product is proprietary, if there are confidentiality issues or timing constraints over the provision of services or products by unrelated third party vendors, or if the prevailing market rates or prices are not available due to the nature of the services or products to be provided or due to the prevailing business conditions. For instance, in the case of shared services, there may be cases where there are no unrelated third party vendors who can provide a one-stop range of required shared services.

(c) All transactions will be reviewed and approved according to the Entity at Risk Group's prevailing internal financial authority limit. In particular, any transaction of a value of up to US$1,000,000 will be subject to the prior approval of the Chief Financial Officer of the Company and any transaction of a value exceeding US$1,000,000 will be subject to the prior approval of the Audit Committee. All transactions will also be reviewed monthly by the Company's finance department to identify the Mandated Transactions and ensure that they are within the IPT Mandate. If any person has an interest in a transaction, he will abstain from any deliberation and decision-making in respect of the said transaction.

(d) The annual internal audit plan will incorporate a quarterly review of the Mandated Transactions entered into pursuant to the IPT Mandate to ensure that the review procedures in respect of the Mandated Transactions are adhered to.

(e) The Audit Committee will review the report on Mandated Transactions prepared on a quarterly basis by the Company's finance department to ascertain that relevant procedures, guidelines and policies established to monitor the Mandated Transactions have been complied with.

(f) The Board of Directors and the Audit Committee will have the overall responsibility for the determination of the review procedures, including any addition or variation thereto, where applicable. The Board of Directors and the Audit Committee may also appoint individuals or committees within the Company to examine the Mandated Transactions as they deem appropriate. If a member of the Board of Directors or the Audit Committee has an interest in a transaction, he will abstain from any deliberation and decision-making by the Board of Directors or the Audit Committee in respect of the said transaction.

(g) A register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis, including quotations (if available) or, in the case of Shipbuilding and Ship Conversion Services, benchmarking information or such other additional information as may be requested by the Audit Committee (such as market benchmarking information or valuation guidance) (as further described above) obtained to support such basis, on which they are entered into) will be maintained by the Company's finance department to capture, on a monthly basis, all Mandated Transactions which are entered into pursuant to the IPT Mandate.

(h) Disclosure will be made in the quarterly announcements and the annual report of the Company in respect of the Mandated Transactions in accordance with Chapter 9 of the Listing Manual.

If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group, its joint ventures or the Mandated Interested Persons are conducted, or the review procedures for Mandated Transactions are not sufficient to ensure that the Mandated Transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to Shareholders for a fresh general mandate based on new review procedures so that Mandated Transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings and the interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below.

	Direct Interest		Deemed Interest	
Name	**Number of Shares**	**%[1]**	**Number of Shares**	**%[1]**
Directors				
Kuok Khoon Ean	-	-	1,725,000[2]	0.095
Seow Kang Hoe, Gerald	8,078,043	0.445	3,750,000[3]	0.207
Wu Long Peng	5,626,542	0.310	2,812,500[4]	0.155
Jude Philomen Benny	250,000	0.014	38,000[5]	0.002
Ma Kah Woh	200,000	0.011	-	-
Ahmad Sufian @ Qurnain Bin Abdul Rashid	1,020,000	0.056	-	-
Wee Joo Yeow	500,000	0.028	-	-
Ivan Replumaz	-	-	-	-
Substantial Shareholders				
KSL	1,084,184,065	59.779	399,625,645[6]	22.034
PCL	-	-	386,385,645[7]	21.304
MBC	-	-	386,385,645[8]	21.304
Lightwell Shipping Inc.	386,385,645	21.304	-	-

Notes:

(1) Based on the issued and paid-up share capital of the Company comprising 1,813,640,400 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Kuok Khoon Ean is deemed to have an interest in the 1,725,000 Shares held by his associate, Balkane Investment Pte Ltd.

(3) Seow Kang Hoe, Gerald has been granted options by PCL to acquire Shares held by PCL during a period commencing from 5 August 2015 and ending on 4 August 2018, which options were subsequently novated by PCL to KSL. Accordingly, Seow Kang Hoe, Gerald is deemed to have an interest in 3,750,000 Shares held by KSL.

(4) Wu Long Peng has been granted options by PCL to acquire Shares held by PCL during a period commencing from 5 August 2015 and ending on 4 August 2018, which options were subsequently novated by PCL to KSL. Accordingly, Wu Long Peng is deemed to have an interest in 2,812,500 Shares held by KSL.

(5) Jude Philomen Benny is deemed to have an interest in the 38,000 Shares held by his spouse.

(6) KSL holds the entire issued share capital of PCL and Camsward Pte Ltd ("**Camsward**"). Accordingly, KSL is deemed to have an interest in:

(i) the 13,240,000 Shares held by Camsward directly; and

(ii) the 386,385,645 Shares that PCL is deemed interested in.

(7) PCL holds more than 20% of the entire issued share capital of MBC. Accordingly, PCL is deemed to have an interest in the 386,385,645 Shares held by MBC's subsidiary, Lightwell Shipping Inc.

(8) MBC owns the entire issued share capital of Lightwell Shipping Inc. Accordingly, MBC is deemed to have an interest in the 386,385,645 Shares held by Lightwell Shipping Inc.

5. ABSTENTION FROM VOTING

Kuok Khoon Ean, Seow Kang Hoe, Gerald, Wu Long Peng and Ahmad Sufian @ Qurnain Bin Abdul Rashid, who hold directorships and/or executive positions in the Mandated Interested Persons, will abstain from voting their shareholdings, if any, in respect of Ordinary Resolution No. 11, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2018 AGM. Each such Director will also decline to accept appointment as proxy for any Shareholder to vote in respect of Ordinary Resolution No. 11 unless that Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of Ordinary Resolution No. 11.

Lightwell Shipping Inc., MBC, PCL and KSL, being Mandated Interested Persons, will also abstain from voting, whether in person or by representative or proxy, and will procure that their respective associates will abstain from voting, their respective shareholdings, if any, in respect of Ordinary Resolution No. 11.

6. DIRECTORS' RECOMMENDATIONS

6.1 **Proposed Renewal of the Share Purchase Mandate.** The Directors, having carefully considered the terms and rationale of the Share Purchase Mandate, are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 10, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2018 AGM.

6.2 **Proposed Renewal of the General Mandate for Interested Person Transactions.** The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate are Ma Kah Woh, Jude Philomen Benny, Wee Joo Yeow and Ivan Replumaz. They are of the opinion that the entry by the Entity at Risk Group into the Mandated Transactions with the Mandated Interested Persons in the ordinary course of business will enhance the efficiency of the Entity at Risk Group, and is in the interests of the Company. For the reasons set out in paragraphs 3.6.1 and 3.6.5 above, they recommend that minority Shareholders vote in favour of Ordinary Resolution No. 11, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2018 AGM.

7. RESPONSIBILITY STATEMENT BY DIRECTORS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 1 Kim Seng Promenade, #07-02 Great World City, Singapore 237994 during normal business hours from the date of this Letter up to and including the date of the 2018 AGM:

(a) the annual report of the Company for the financial year ended 31 December 2017;

(b) the 2017 Letter; and

(c) the Constitution of the Company.

Yours faithfully
For and on behalf of the
Board of Directors

Seow Kang Hoe, Gerald
Chief Executive Officer and Executive Director