PACC OFFSHORE SERVICES HOLDINGS LTD.[1]
(Incorporated in the Republic of Singapore)
(Company Registration No. 200603185Z)

ANNOUNCEMENT ON LITIGATION

The Board of Directors of PACC Offshore Services Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, POSH Semco Pte. Ltd. ("**PSPL**"), has commenced legal action in the Kingdom of Saudi Arabia against and on 21 March 2016 initiated the process of serving the court papers on Makamin Offshore Saudi Ltd ("**Makamin**") to recover the total sum of approximately SAR24.4 million (approximately US$6.6 million) (the "**Outstanding Sum**") due and owing by Makamin to PSPL for, *inter alia*, the charter hire of three vessels owned by the Group (the "**Vessels**"), charges for meals and accommodation and interest charges on the amount owing in relation to the time charters (the "**Charter Parties**") of the Vessels. The Group has on 21 March 2016 also initiated the process of serving court papers on Makamin in relation to an application for a court order in the Kingdom of Saudi Arabia to compel Makamin to carry out their agreement to novate their sub-charters for two of the Vessels to the Group's nominee.

The Outstanding Sum represents approximately 0.8% of the Group's latest announced unaudited net tangible assets as at 31 December 2015. Based on the latest announced unaudited consolidated financial statements of the Group for the financial year ended 31 December 2015, the Group's loss per share for the financial year ended 31 December 2015 was US$0.072. Assuming the Group made a provision for such Outstanding Sum, the Group's loss per share would be US$0.076.

The Group has also served on Makamin a notice to withdraw one of the Vessels and will be suspending performance of that Charter Party pending withdrawal of the Vessel. The Company has the right to terminate the remaining Charter Parties.

Further announcements will be made by the Company as and when appropriate.

By Order of the Board

Lim Ka Bee
Company Secretary
21 March 2016

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[1] *The initial public offering of the Company was sponsored by DBS Bank Ltd., Merrill Lynch (Singapore) Pte. Ltd. and Oversea-Chinese Banking Corporation Limited (together, the "**Joint Issue Managers**"). The Joint Issue Managers assume no responsibility for the contents of this Announcement.*