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

ANNOUNCEMENT ON LITIGATION

The Board of Directors ("**Board**") of PACC Offshore Services Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcements dated 21 March 2016, 6 April 2016, 13 December 2016, 7 February 2017 and 21 February 2017 in relation to, among other matters, the commencement of legal action by POSH Semco Pte. Ltd. ("**PSPL**"), a wholly-owned subsidiary of the Company, against Makamin Offshore Saudi Ltd ("**Makamin**") in the Kingdom of Saudi Arabia to recover certain sums due and owing by Makamin to PSPL, as well as Makamin's claims in Saudi Arabia legal proceedings against PSPL.

The Board wishes to announce that on 19 February 2017, PSPL increased the amount of its claim against Makamin from US$6.6 million to approximately US$11.3 million, arising principally from additional amounts of charter hire for three vessels owing by Makamin to PSPL.

The Group has also been informed by its Saudi Arabia counsel that Makamin has made certain counterclaims against PSPL which, as clarified after a hearing in the court of Saudi Arabia on 14 May 2017, comprise of: (i) approximately US$20 million for compensation for the alleged loss of the three contracts with Aramco; (ii) US$30 million for compensation for the alleged loss of future work with Aramco; (iii) US$10.2 million for payment of sums which PSPL has allegedly offered to pay Makamin against the three contracts; (iv) US$2,000 per day for payment of sums which PSPL is allegedly liable to pay to Makamin under a novation agreement; (v) an unspecified amount of compensation for any interruption of oil production as a result of withdrawing the vessels; and (vi) an unspecified amount of compensation for the alleged cost incurred for operating the vessels.

The Group is taking advice from its Saudi Arabia legal counsel and notes that certain counterclaims made by Makamin in (i), (ii) and (vi) above are duplicative in nature to claims made by Makamin against the Group that have already been rejected by the Saudi Arabia court, as previously announced by the Company on 21 February 2017. The Group intends to vigorously contest and defend itself against Makamin's allegations and counterclaims and will take all steps necessary to protect its reputation and interests, as well as the interests of its shareholders. Further announcements will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

Andy Soh
Company Secretary
15 May 2017