CIRCULAR DATED 23 AUGUST 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

If you have sold or transferred your Shares (as defined herein) held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as CDP will arrange for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred your Shares (as defined herein) which are not held through CDP, you should immediately hand this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, may not be used for the purpose of, and do not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorized, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

OTTO MARINE LIMITED

(Incorporated in Singapore)
(Company Registration No. 197902647M)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED VOLUNTARY DELISTING OF OTTO MARINE LIMITED PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

Independent Financial Adviser to the Independent Directors of Otto Marine Limited

STIRLING COLEMAN
施霖高诚

STIRLING COLEMAN CAPITAL LIMITED
(Incorporated in Singapore)
(Company Registration No. 200105040N)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	12 September 2016 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	14 September 2016 at 10.00 a.m.
Venue of Extraordinary General Meeting	:	Room 300-301 Suntec Singapore International Convention & Exhibition Centre 1 Raffles Boulevard Singapore 039593

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PROXY FORM

In this Circular, the following definitions apply throughout unless otherwise stated: -

"1Q2015"	:	The three months financial period ended 31 March 2015
"1Q2016"	:	The three months financial period ended 31 March 2016
"2016 Notes"	:	The S$70,000,000 Series 002 7.00% fixed rate notes issued by OMSPL, pursuant to the S$500 million Multicurrency Term Note Programme established by OMSPL in 2010, of which the Company is the guarantor and which were due on 1 August 2016
"2016 Notes Maturity Date"	:	The maturity date of the 2016 Notes
"Acceptance Forms"	:	The FAA and/or FAT, as the case may be
"Act"	:	The Companies Act (Chapter 50) of Singapore as amended, modified and supplemented from time to time
"BCI"	:	Business Companion Investments Limited (Company Registration Number: 1443139) of Offshore Incorporations Centre, P.O. Box 957, Road Town, Tortola, British Virgin Islands
"BCI Existing Shares"	:	Means 126,177,260 Shares, representing approximately 59.4% of the total number of issued Shares held by BCI as at the Joint Announcement Date
"BCI Share Charge"	:	Has the meaning ascribed to it in Section 3 of this Circular
"Board"	:	The board of Directors of the Company as at the date of this Circular
"CDP"	:	The Central Depository (Pte) Limited
"CEO"	:	CEO Technology Asia Limited (Company Registration Number: 682693) of OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, British Virgin Islands
"Circular"	:	This circular dated 23 August 2016 issued by the Company to Shareholders for the purposes of convening the EGM to obtain Shareholders' approval for the Delisting
"Closing Date"	:	5.30 p.m. (Singapore time) on 30 September 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer
"Code"	:	The Singapore Code on Take-overs and Mergers
"Company"	:	Otto Marine Limited (Company Registration No.: 197902647M), a company incorporated in and under the laws of the Republic of Singapore with registered office at 9 Temasek Boulevard, #33-01 Suntec Tower Two, Singapore 038989
"Concert Parties"	:	Parties acting or presumed to be acting in concert, as defined in the Code, with the Offeror in connection with the Exit Offer
"Consolidated NTA"	:	Consolidated net tangible assets

"Controlling Shareholder"	:	A person who (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company; or (b) in fact exercises control over the Company
"CPF"	:	Central Provident Fund
"CPF Agent Banks"	:	The banks approved by CPF to be its agent banks
"CPFIS Investors"	:	Investors who purchased Shares using their CPF savings under the Central Provident Fund (Investment Schemes) Regulations 2000
"Delisting"	:	The proposed voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual
"Delisting Proposal"	:	Proposal dated 6 June 2016 presented by the Offeror to the Board to seek the Delisting
"Delisting Proposal Conditions"	:	Has the meaning ascribed to it in Section 3 of this Circular
"Delisting Resolution"	:	Resolution to be proposed at the EGM, the text of which is set out in the Notice of EGM on page 111 of this Circular, to approve the voluntary delisting of the Company from the Official List of the SGX-ST
"Directors"	:	Directors of the Company as at the Latest Practicable Date
"Dissenting Shareholders"	:	Has the meaning ascribed to it in Section 7.2 of this Circular
"Distribution"	:	Any dividends, rights and other distributions declared, paid or made by the Company in respect of the Shares
"EGM"	:	Extraordinary general meeting of the Company to be held on 14 September 2016, notice of which is set out on page 111 of this Circular, or any adjournment thereof
"Encumbrances"	:	All liens, equities, charges, pledges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever
"Executive Chairman"	:	Yaw, the executive chairman of the Company
"Existing Shares"	:	All Shares held by the Undertaking Shareholders as at the Latest Practicable Date, being 129,960,353 Shares
"Exit Offer"	:	The voluntary cash offer made by RHBSEC, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions of the Exit Offer Letter and the Acceptance Forms
"Exit Offer Letter"	:	The letter dated 23 August 2016 issued by RHBSEC, for and on behalf of the Offeror to Shareholders, setting out the terms and conditions of the Exit Offer, as may be amended, revised, supplemented or updated from time to time, which is despatched to Shareholders together with this Circular
"Exit Offer Price"	:	Has the meaning as ascribed to it in Section 3 of this Circular

"Exit Offer Settlement Date"	:	In relation to any Offer Shares tendered in acceptance of the Exit Offer, the settlement date in respect of such Offer Shares
"Expiry Date"	:	The earlier of: (a) 5.00 p.m. (Singapore time) on 30 June 2016 if the Joint Announcement is not released on or before that date; (b) the date of the EGM if the Delisting Resolution is not approved at the EGM; or (c) the date when the Exit Offer (including any revised Exit Offer by or on behalf of the Offeror) is withdrawn, lapses or closes
"FAA"	:	Form of Acceptance and Authorisation for Offer Shares issued to Shareholders whose Offer Shares are deposited with CDP, and which forms part of the Exit Offer Letter
"FAT"	:	Form of Acceptance and Transfer for Offer Shares issued to Shareholders whose Offer Shares are registered in their own names in the Register of Members, and which forms part of the Exit Offer Letter
"FY"	:	Financial year of the Company ended or ending 31 December of a particular year as stated, as the case may be
"Group"	:	The Company, its subsidiaries and associated companies as at the Latest Practicable Date
"Holding Announcement"	:	The holding announcement dated 2 June 2016 released by the Company, in connection with the Delisting and the Exit Offer
"Holding Announcement Date"	:	2 June 2016, being the date of the Holding Announcement
"IFA"	:	Stirling Coleman Capital Limited, the independent financial adviser to the Independent Directors
"IFA Letter"	:	The letter from the IFA to the Independent Directors in relation to the Exit Offer, as set out in Appendix I of this Circular
"Independent Directors"	:	The Directors who are considered to be independent for the purposes of making the recommendations to Shareholders in relation to the Delisting Proposal and the Exit Offer, namely, See Kian Heng, Ng Quek Peng, and Craig Foster Pickett
"Independent Valuer"	:	AVA Associates Limited, the independent valuer engaged by the Company
"Interested Persons"	:	As defined in the Note on Rule 24.6 of the Code read with the Note on Rule 23.12 of the Code, is: (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;

(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a substantial shareholder (being an individual) and his immediate family is a beneficiary;

(d) any company in which a director, the chief executive officer, or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% of more;

(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or

(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% of more

"Independent Shareholders"	:	All shareholders of the Company, other than the Undertaking Shareholders
"Irrevocable Undertakings"	:	The irrevocable written undertakings dated 6 June 2016 provided by each of the Undertaking Shareholders, namely Yaw, BCI and CEO and which expire on the Expiry Date
"Joint Announcement"	:	The joint announcement dated 8 June 2016 made by the Offeror and the Company, in connection with the Delisting Proposal and the Exit Offer
"Joint Announcement Date"	:	The date the Joint Announcement was released, being 8 June 2016
"Last Market Day"	:	Has the meaning ascribed to it in Section 5 of this Circular
"Latest Practicable Date"	:	15 August 2016, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Minimum Acceptance Condition"	:	Has the meaning ascribed to it in Section 3 of this Circular
"Noteholders"	:	Holders of the 2016 Notes
"Noteholders' Meeting"	:	Meeting of the Noteholders convened on 15 July 2016 to seek approval from Noteholders for matters set out in Section 2.1 of this Circular
"Notice of EGM"	:	The notice of EGM as set out on page 111 of this Circular
"NTA"	:	Net tangible assets
"Offer Shares"	:	All Shares held by Shareholders, other than those Shares already owned, controlled or agreed to be acquired by the Offeror, and all new Shares as may be issued prior to the Closing Date pursuant to the Otto Marine Share Award Scheme

"Offeror"	:	Ocean International Capital Limited (Company Registration Number: 1912975, a company incorporated in and under the laws of the British Virgin Islands)
"Offeror Director"	:	The sole director of the Offeror as at the Latest Practicable Date, being Yaw
"OMSPL"	:	Otto Marine Services Pte. Ltd. (Company Registration No.: 201005659N), a company incorporated in the Republic of Singapore and which is a wholly-owned subsidiary of the Company
"Otto Marine Share Award Scheme"	:	The employee share-based incentive scheme adopted by the Company on 2 September 2008
"Overseas Shareholders"	:	Has the meaning ascribed to it in Section 10.1 of this Circular
"Pre-Condition"	:	Has the meaning ascribed to it in Section 2.1 of this Circular
"Proposed Loan"	:	Has the meaning ascribed to it in Section 2.3 of this Circular
"Record Date"	:	In relation to any Distribution, the date on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such Distribution
"Register of Members"	:	The register of holders of Shares, as maintained by the Registrar
"Registrar"	:	M & C Services Private Limited, the share registrar of the Company
"Relevant Shares"	:	The Existing Shares and all additional Shares as may be howsoever acquired by the Undertaking Shareholders or issued or unconditionally allotted to them subsequent to the Latest Practicable Date
"Restricted Jurisdiction"	:	Has the meaning ascribed to it in Section 10.1 of this Circular
"RHB Bank"	:	RHB Bank Berhad, Singapore Branch
"RHBSEC"	:	RHB Securities Singapore Pte. Ltd., the financial adviser to the Offeror in connection with the Exit Offer
"Scripholders"	:	Shareholders who hold Offer Shares in scrip form and which are not deposited with CDP
"Securities Account"	:	Securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
"Securities and Futures Act"	:	The Securities and Futures Act (Chapter 289) of Singapore as amended, modified and supplemented from time to time
"SGX-ST"	:	The Singapore Exchange Securities Trading Limited
"Shares"	:	All the issued ordinary shares held by Shareholders in the capital of the Company
"Shareholders"	:	Persons who are registered as holders of Shares in the Register of Members and Depositors who have Shares entered against their names in the Depository Register

"SIC"	:	Securities Industry Council of Singapore
"SRS"	:	Supplementary Retirement Scheme
"SRS Agent Banks"	:	Agent banks included under the SRS
"SRS Investors"	:	Investors who have purchased Shares using their monies pursuant to the SRS
"Substantial Shareholder"	:	A person who holds directly or indirectly not less than 5% of the total number of issue shares (excluding treasury share)
"S$" or "SGD"	:	The lawful currency of the Republic of Singapore
"Undertaking Shareholders"	:	BCI, CEO and Yaw
"US$" or "USD"	:	The lawful currency of the United States of America
"Valuation Report"	:	The valuation report dated 23 August 2016 issued by the Independent Valuer
"Valuation Report Summary"	:	The summary of the Valuation Report
"VWAP"	:	Has the meaning ascribed to it in Section 5 of this Circular
"Yaw"	:	Datuk Seri Yaw Chee Siew
"%" or "per cent."	:	Per centum or percentage

References to **Exit Offer Letter** shall include the Acceptance Forms, unless the context otherwise requires.

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms "subsidiary" and "related corporations" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to the enactment as for the time being amended or re-enacted. Any word defined in the Act or the Code or any modification thereof and used in this Circular shall have the meaning assigned to it under the Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of the day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any differences between the amounts and the totals thereof are due to rounding and accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Any reference to **you**, **your** and **yours** in this Circular is, as the context so determines, to Shareholders.

INDICATIVE TIMETABLE

Date of despatch of the Exit Offer Letter and this Circular	:	23 August 2016
Last date and time for lodgement of proxy form for the EGM[(1)]	:	12 September 2016 at 10.00 a.m.
Date and time of the EGM	:	14 September 2016 at 10.00 a.m.
Expected date and time of the suspension of trading of the Shares by SGX-ST	:	To be announced by on or behalf of the Company
Expected Closing Date and time of the Exit Offer	:	30 September 2016 at 5.30 p.m. or such later date(s) as may be announced by or on behalf of the Offeror, being the last day and time for the lodgement of acceptances of the Exit Offer
Expected date for the delisting of the Shares	:	Approximately four (4) to six (6) weeks after the Closing Date or such other date and time as may be announced from time to time by the Company
Expected date for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	Within seven (7) business days: (i) after the Exit Offer becomes or is declared unconditional in all respects (where valid acceptances of the Exit Offer are tendered on or prior to the date the Exit Offer becomes or is declared unconditional in all respects); or (ii) after the date of receipt of valid acceptances of the Exit Offer (where such acceptances are tendered after the Exit Offer becomes or is declared unconditional in all respects)

(1) Proxy forms should be duly completed and deposited at the registered office of the Company's share registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902, not less than 48 hours before the time appointed for the EGM. Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the EGM in place of his proxy.

SHAREHOLDERS SHOULD NOTE THAT, SAVE FOR THE DATE OF DESPATCH OF THE EXIT OFFER LETTER AND THIS CIRCULAR, THE LAST DATE AND TIME FOR LODGEMENT OF PROXY FORMS FOR THE EGM, THE DATE AND TIME OF THE EGM AND THE DATE OF COMMENCEMENT OF THE EXIT OFFER, THE ABOVE TIMETABLE IS INDICATIVE ONLY AND MAY BE SUBJECT TO CHANGE. FOR EVENTS LISTED ABOVE WHICH ARE DESCRIBED AS "EXPECTED", PLEASE REFER TO FUTURE ANNOUNCEMENT(S) BY OR ON BEHALF OF THE COMPANY AND/OR THE OFFEROR VIA SGXNET FOR THE EXACT DATES AND TIMES OF SUCH EVENTS.

PLEASE NOTE THAT THE DELISTING IS CONDITIONAL UPON THE DELISTING PROPOSAL CONDITIONS BEING SATISFIED. IF ANY OF THE DELISTING PROPOSAL CONDITIONS IS NOT SATISFIED, THE DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE OFFICIAL LIST OF THE SGX-ST.

THE EXIT OFFER IS CONDITIONAL UPON THE DELISTING PROPOSAL CONDITIONS AND THE MINIMUM ACCEPTANCE CONDITION BEING SATISFIED. IF ANY OF THESE CONDITIONS IS NOT SATISFIED, THE EXIT OFFER WILL LAPSE AND ALL ACCEPTANCES OF THE EXIT OFFER WILL BE RETURNED.

PLEASE ALSO NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO APPENDIX I TO THE EXIT OFFER LETTER WHICH SETS OUT THE PROCEDURES FOR ACCEPTANCE OF THE EXIT OFFER IF YOU WISH TO ACCEPT THE EXIT OFFER.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, may not be used for the purpose of, and do not constitute, a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstances in which such a notice or proposal or advertisement or such offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

OTTO MARINE LIMITED

(Incorporated in Singapore)
(Company Registration No.: 197902647M)

Directors

Datuk Seri Yaw Chee Siew *(Executive Chairman)*
See Kian Heng *(Group Chief Executive Officer and Group Executive Director)*
Ng Quek Peng *(Lead Independent and Non-Executive Director)*
Chin Yoong Kheong *(Independent and Non-Executive Director)*
Craig Foster Pickett *(Non-Independent and Non-Executive Director)*

Registered Office

9 Temasek Boulevard
#33-01
Suntec Tower 2
Singapore 038989

23 August 2016

To: The Shareholders of the Company

Dear Sir / Madam

PROPOSED VOLUNTARY DELISTING OF OTTO MARINE LIMITED UNDER RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

1.1 On 8 June 2016, the Company and the Offeror jointly announced that the Offeror had presented the Delisting Proposal to the Company to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. Under the terms of the Delisting Proposal, RHBSEC, for and on behalf of the Offeror, will make a cash Exit Offer to acquire the Offer Shares.

1.2 A copy of the Joint Announcement is available on the website of the SGX-ST at http://www.sgx.com.

1.3 The satisfaction of the Pre-Condition is a condition to the Delisting Proposal. In connection with this, a Noteholders' Meeting was convened on 15 July 2016 to obtain the approvals of the Noteholders of the 2016 Notes. Further details of the satisfaction of the Pre-Condition are set out in Section 2.1 of this Circular.

1.4 Having reviewed the Delisting Proposal, the Board has resolved, *inter alia*, to: (a) make an application to the SGX-ST for approval of the Delisting; and (b) subject to the approval of the SGX-ST, convene an EGM to seek the approval of the Shareholders in respect of the resolution for the Delisting.

1.5 The purpose of this Circular is to provide Shareholders with information pertaining to the Delisting Proposal and Exit Offer and to seek Shareholders' approval for the same, at the EGM to be held on 14 September 2016.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, RHBSEC, as the financial adviser to the Offeror, will make, for and on behalf of the Offeror, an Exit Offer to acquire the Offer Shares. The Delisting Proposal, if approved by Shareholders at the EGM in accordance with Rule 1307 of the Listing Manual, will result in the Delisting.

2.1 Satisfaction of the Pre-Condition

2.1.1 A condition to the Delisting Proposal is that a Noteholders' Meeting be convened to obtain the consent of the Noteholders of the 2016 Notes ("Pre-Condition") for the following:

(a) to extend the 2016 Notes Maturity Date, being 1 August 2016, for a further period of six (6) months or until the date on which the delisting of the Company has been completed, whichever is earlier;

(b) to waive compliance with the covenant set out in Clause 16.1(z) of the trust deed dated 13 April 2010 between the Company (as guarantor), OMSPL (as issuer for the Notes) and British and Malayan Trustees Limited (as trustee) ("**Trust Deed**") and to consent to each of OMSPL and the Company to undertake or permit any re-organisation, amalgamation, reconstruction, take-over, merger or consolidation with any other company or person or any other schemes of compromise or arrangement affecting its present constitution, including the Delisting Proposal and/or the Exit Offer, without the prior consent of the trustee of the 2016 Notes or the Noteholders by way of extraordinary resolution passed in accordance with the terms of the Trust Deed; and

(c) to agree not to exercise or to waive their option under condition 5(j) of the terms and conditions of the 2016 Notes which states that in the event that the shares of the Company cease to be traded on the SGX-ST or trading in the shares of the Company is suspended for a continuous period of more than 14 market days (other than by reason of holiday, statutory or otherwise and excluding days on which traded on the SGX-ST is suspended generally), OMSPL, being the issuer of the 2016 Notes, shall at the option of the Noteholders, redeem the principal outstanding on the 2016 Notes together with interest thereon.

2.1.2 At the Noteholders' Meeting convened on 15 July 2016, the following approvals of the Noteholders were obtained:

(a) the postponement of the 2016 Notes Maturity Date from 1 August 2016 to 1 February 2017 and that accrued interest will continue to be payable on 1 August 2016 and the outstanding principal amount of the 2016 Notes together with accrued interest will be payable on 1 February 2017;

(b) the following amendments/waivers arising from the Delisting Proposal and Exit Offer:

(i) waiver of breaches and/or amendments to the terms of the 2016 Notes and the Trust Deed as a result of the Exit Offer;

(ii) deletion of the option of Noteholders to put the 2016 Notes back to OMSPL upon delisting of the Company (as provided under condition 5(j) of the 2016 Notes); and

(iii) the insertion of a new mandatory redemption event for the redemption of the 2016 Notes within 14 days from the delisting of the Shares;

(c) the following amendments/waivers arising from the financial condition of the Group:

(i) the waiver of any non-compliance or potential non-compliance with certain of the financial covenants set out in the 2016 Notes (relating to covenants in connection with minimum total net equity and gearing); and

(ii) waiver of breaches to the terms of the 2016 Notes and the Trust Deed solely as a result of non-compliance with the above financial covenants; and

(d) amendments to be made to the terms of the 2016 Notes and the account charge relating to the interest reserve account to allow for the desired utilisation of funds from the interest reserve account towards payment of interest and consent fees on the date of redemption of the 2016 Notes.

Following this, the Pre-Condition which is a condition to the Delisting Proposal has been satisfied.

2.2 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the SGX-ST if:

(a) the Company convenes a general meeting to obtain Shareholders' approval of the Delisting Resolution;

(b) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the Directors and Controlling Shareholder need not abstain from voting on the Delisting Resolution); and

(c) the Delisting Resolution is not voted against by 10% or more in the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, Rule 1309 of the Listing Manual requires that:

(a) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and

(b) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.3 Code Requirements and Exemptions from SIC

2.3.1 Information relating to the application made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Code applied to the Exit Offer and the SIC's ruling on the application has been extracted from Paragraph 7 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

"7. RULINGS FROM THE SIC

7.1 An application was made by the Offeror to the SIC on 27 April 2016 to seek clarification regarding the extent to which the provisions of the Code applied to the Exit Offer. The SIC ruled and confirmed on 3 June 2016, inter alia, that:

(a) the Exit Offer is exempted from compliance with the following provisions of the Code:

(i) Rule 20.1 to keep offer open for 14 days after it is revised;

(ii) Rule 22 on offer timetable;

(iii) Rule 28 on acceptances; and

(iv) Rule 29 on the right of acceptors to withdraw their acceptances,

subject to:

(A) the Exit Offer remaining open for at least:

(I) 21 days after the date of the despatch of the Exit Offer Letter to Shareholders if the Exit Offer Letter is despatched after Shareholders' approval for the Delisting has been obtained; or

(II) 14 days after the date of the announcement of Shareholders' approval of the Delisting if the Exit Offer Letter is despatched on the same date as the Circular; and

(B) disclosure in the Circular of:

(I) the Consolidated NTA per share of the Group based on the latest published accounts prior to the date of the Circular; and

(II) particulars of all known material changes as of the latest practicable date which may affect the Consolidated NTA per share referred to in the paragraph above or a statement that there are no such known material changes;

(b) the Irrevocable Undertakings contemplated therein to be provided to the Offeror do not constitute "special deals" under Rule 10 of the Code; and

(c) Yaw, who is the Offeror Director and the Executive Chairman of the Company, is exempted from the requirement to make a recommendation on the Exit Offer to Shareholders. Yaw, however, must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer."

2.3.2 Proposed Loan and exemption of Mr Chin Yoong Kheong

(a) Information relating to the Proposed Loan (as defined below) has been extracted from paragraph 8.2 of Appendix II to the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

*"As at the Latest Practicable Date, the Offeror has entered into a facility agreement dated 29 June 2016 (**Facility Agreement**) with RHB Bank for a loan from RHB Bank in an aggregate principal amount of S$73.0 million (**Proposed Loan**) for the purposes of redeeming the 2016 Notes, payment of expenses in relation to the Proposed Loan and working capital subject to the successful completion of the Delisting. In addition, the Offeror and Yaw, in his capacity as the sole shareholder of the Offeror, have executed a deed of undertaking dated 29 June 2016 in favour of British and Malayan Trustees Limited (as trustee of the 2016 Notes) to undertake that, amongst others, neither the Offeror nor Yaw shall take any step to terminate the Facility Agreement or cause the Facility Agreement to be terminated by RHB Bank or cause the disbursement of the Proposed Loan to be disrupted in any way and each of the Offeror and Yaw shall do and execute all such things and documents to satisfy the condition precedents of the Proposed Loan (other than for the completion of the Delisting) prior to the completion of the Delisting. The Offeror intends to create a charge over all the Shares once acquired by the Offeror pursuant to the Exit Offer, as security for the Proposed Loan in favour of RHB Bank after the completion of the Delisting, if applicable (**Offeror Share Charge**)."*

(b) The Proposed Loan is made between RHB Bank and the Offeror. Mr Chin Yoong Kheong, an independent and non-executive director of the Company, has notified the Company that as a result of his involvement in the RHB group of companies, he is of the view that he faces an irreconcilable conflict of interests. An application was made by the Company to the SIC to seek consent for Mr Chin Yoong Kheong to be exempted from making a recommendation to Shareholders on the Exit Offer. The SIC ruled on 18 July 2016 that Mr Chin Yoong Kheong is exempted from the requirement to make a recommendation on the Exit Offer to Shareholders. Mr Chin Yoong Kheong, however, must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

2.4 Application to the SGX-ST

An application was made by the Company to the SGX-ST on 8 July 2016 to delist the Company from the Official List of the SGX-ST. The SGX-ST has in its letter dated 12 August 2016 advised that it has no objection to the Delisting, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual. The aforesaid decision of the SGX-ST is not to be taken as an indication of the merits of the Delisting.

2.5 Exit Offer Letter

The Exit Offer Letter (including the Acceptance Forms) have been despatched, together with this Circular, to Shareholders with Singapore addresses as shown in the Register of Members of the Company or as the case may be, in the Depository Register.

2.6 Acceptance Procedures

You can accept the Exit Offer at any time during the period commencing from the date of despatch of the Exit Offer Letter and ending at 5.30 p.m. on the Closing Date.

If you decide to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form. Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in Appendix I to the Exit Offer Letter.

Acceptance of the Exit Offer does not mean that you have voted in favour of the Delisting Resolution. To vote in favour of the Delisting Resolution, you may wish to attend the EGM, or if you are unable to attend in person, you may wish to appoint a proxy to attend and vote on your behalf in accordance with Section 16.1 of this Circular.

Shareholders should note that in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror will be entitled to exercise the right of compulsory acquisition under Section 215(1) of the Act, to acquire all the Shares of the Dissenting Shareholders at a price equal to the Exit Offer Price. It is the intention of the Offeror to exercise such right of compulsory acquisition if the Offeror should acquire sufficient Offer Shares to be entitled to such right. It should be noted that the Dissenting Shareholders would have a corresponding right, under and subject to Section 215(3) of the Act, to require the Offeror to acquire their Shares at the Exit Offer Price by serving notice requiring the Offeror to do so, in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with any other Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total issued Shares excluding treasury shares.

Shareholders should also note that if any of the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM) and the Minimum Acceptance Condition is not satisfied, the conditions to the Exit Offer will not be fulfilled. In such event, those Shares in respect of which acceptances have been received shall be transferred to the "Free Balance" of the relevant Shareholder's Securities Account in accordance with the terms set out in the Acceptance Forms.

In the event that the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM) are satisfied and you take no action, the Company will be delisted from the Official List of the SGX-ST, and you will continue to hold unquoted Shares of the Company (as an unlisted company). If you hold Shares that are deposited with CDP, a share certificate representing your delisted Shares that are deposited with CDP will be sent, by ordinary post and at your own risk, to your mailing address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST. The implications of the Delisting for Shareholders are set out in Section 7.1 of this Circular.

2.7 CPFIS INVESTORS

CPFIS Investors should refer to the separate letter from their respective CPF Agent Banks for information on how to accept or reject the Exit Offer under CPFIS. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. Additional information pertaining to CPFIS Investors is set out in Paragraph 12.1 of the Exit Offer Letter.

2.8 SRS INVESTORS

SRS Investors should refer to the separate letter from their respective SRS Agent Banks for information on how to accept or reject the Exit Offer under SRS. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. Additional information pertaining to SRS Investors is set out in Paragraph 12.2 of the Exit Offer Letter.

3. THE EXIT OFFER AND IRREVOCABLE UNDERTAKINGS

Information relating to the Exit Offer and the Irrevocable Undertakings has been extracted from Paragraph 2 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

"2. THE EXIT OFFER

For and on behalf of the Offeror, RHBSEC hereby makes the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in this Exit Offer Letter (including the Acceptance Forms), and on the following basis:

2.1 Exit Offer Price

The offer price for each Offer Share is S$0.32 in cash.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer.

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. For illustration purposes, each Shareholder who accepts the Exit Offer will receive S$32 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

2.2 No revision of Exit Offer Price

AS ANNOUNCED IN THE JOINT ANNOUNCEMENT, THE OFFEROR DOES NOT INTEND TO REVISE THE EXIT OFFER PRICE. ACCORDINGLY, THE EXIT OFFER PRICE WILL NOT BE REVISED UNDER ANY CIRCUMSTANCES.

2.3 No encumbrances

The Offer Shares will be acquired fully paid, free from Encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter (including but not limited to the right to receive and retain all Distributions, if any, which may be declared, the Record Date for which falls on or after the Joint Announcement Date).

2.4 New Shares

The Exit Offer will also be extended, on the same terms and conditions, to all new Shares as may be unconditionally issued prior to the close of the Exit Offer pursuant to the Otto Marine Share Award Scheme.

2.5 Adjustments for Distributions

Without prejudice to the generality of the foregoing, the Exit Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions, the Record Date for which falls on or after the Joint Announcement Date. In the event of any such Distributions, the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Distributions as follows, depending on when the Exit Offer Settlement Date falls:

(a) if the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Exit Offer Price of S$0.32 in cash for each Offer Share, as the Offeror will receive the Distributions in respect of such Offer Share from the Company;

(b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered in acceptance shall be reduced by an amount which is equal to the Distributions in respect of such Offer Shares, as the Offeror will not receive such Distributions from the Company.

2.6 Conditions

The satisfaction of the Pre-Condition is a condition to the Delisting Proposal. As disclosed in Paragraph 1.2 above, the Pre-Condition has been satisfied.

In addition, the Delisting Proposal and the Exit Offer will be conditional on:

(a) the approval of the SGX-ST for the Delisting;

(b) the Delisting Resolution being approved by a majority of at least 75% of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (for the avoidance of doubt, Directors and the Controlling Shareholder need not abstain from voting on the Delisting Resolution); and

(c) the Delisting Resolution not being voted against by 10% or more of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM,

*(collectively, **Delisting Proposal Conditions**).*

*The Exit Offer will also be conditional on the receipt by the Offeror, by the close of the Exit Offer, of valid acceptances in respect of such number of Shares which will result in the Offeror holding more than 50% of the Shares as at the close of the Exit Offer (**Minimum Acceptance Condition**).*

Save for the Delisting Proposal Conditions and the Minimum Acceptance Condition, the Delisting and Exit Offer will each be unconditional in all respects.

Shareholders are to note that the Delisting is conditional upon the Delisting Proposal Conditions being satisfied. If any of the Delisting Proposal Conditions is not satisfied, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST.

Shareholders should note that the Exit Offer is conditional upon the Delisting Proposal Conditions and the Minimum Acceptance Condition being satisfied. If any of these conditions is not satisfied, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned.

An application was made by the Company to the SGX-ST on 8 July 2016 to delist the Company from the Official List of the SGX-ST. The SGX-ST has in its letter dated 12 August 2016 advised that it has no objection to the Delisting, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual. However, the aforesaid decision of the SGX-ST is not an indication of the merits of the Delisting.

2.7 Undertakings

The Undertaking Shareholders have provided Irrevocable Undertakings to the Offeror that during the period commencing on the date of the respective deeds of undertaking and ending on the Expiry Date to, inter alia,

(a) vote and procure the voting of all Relevant Shares at the EGM to approve the Delisting Resolution and any other matter necessary or proposed to implement the Delisting;

(b) accept and procure the acceptance of the Exit Offer in respect of all the Relevant Shares; and

(c) waive receipt of payment of the consideration by the Offeror in respect of all the Relevant Shares tendered in acceptance of the Exit Offer, notwithstanding the provisions of the Code in relation to the time period in which payment should be made.

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate 129,960,353 Shares, representing approximately 61.14% of the total issued share capital of the Company. The respective shareholdings of each of the Undertaking Shareholders are set out in Paragraph 3.2 of this Exit Offer Letter.

Save as disclosed in this Exit Offer Letter, as at the Latest Practicable Date, neither the Offeror nor its Concert Parties has received any irrevocable undertaking from any party to (a) vote for or against the Delisting Resolution, and (b) accept or reject the Exit Offer.

In view of the Irrevocable Undertakings, the Offeror would be able to receive acceptances of at least 61.14% of the Offer Shares. As such, once the Offeror receives acceptances from the Undertaking Shareholders in respect of their Existing Shares, the Minimum Acceptance Condition will be satisfied. In addition, the aggregate shareholding which will vote in favour of the Delisting Resolution at the EGM will be at least 61.14% of the total issued share capital of the Company.

2.8 Charge on BCI's Existing Shares

*Prior to the Joint Announcement Date, BCI has charged all the BCI Existing Shares to Standard Chartered Bank, Singapore Branch (**SCB**), RHBSEC and RHB Bank as collaterals. On 23 June 2016, the charge in favour of SCB was discharged. As at the Latest Practicable Date, BCI has charged all the BCI Existing Shares to RHBSEC and RHB Bank as collaterals (**BCI Share Charge**).*

BCI has unconditionally and irrevocably undertaken to the Offeror and RHBSEC that it shall do all necessary acts and execute all necessary documents to discharge the BCI Share Charge such that all the BCI Existing Shares shall be free from any Encumbrances before they are tendered in acceptance of the Exit Offer.

After the Delisting Resolution has been obtained, the Controlling Shareholder who owns both the entire issued share capital in BCI and in the Offeror, will create a charge over all the shares in the capital of the Offeror in favour of RHB Bank to secure a term loan for the purpose of discharging the BCI Share Charge.

2.9 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Share in respect of which the Exit Offer is accepted is sold by him, as or on behalf of, the beneficial owner(s) thereof, fully paid and free of all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

2.10 Acceptances, duration and closing date

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. For illustration purposes, each Shareholder who accepts the Exit Offer will receive S$32 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

Shareholders may choose to submit the relevant Acceptance Form(s) to accept the Exit Offer before the EGM. However, please note that such acceptance is conditional upon the Delisting Proposal Conditions and Minimum Acceptance Condition being satisfied. In the event that any of the Delisting Proposal Conditions or the Minimum Acceptance Condition is not satisfied, the Exit Offer will lapse and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

If the Delisting Resolution is approved by Shareholders at the EGM, the Exit Offer will be open for acceptance by Shareholders for a period of at least 14 days after the date of the announcement of Shareholder's approval.

Although no extension of the Closing Date is currently contemplated by the Offeror, if the Closing Date is extended, an announcement on the same will be made, and the Exit Offer will remain open for acceptance for such period as may be announced. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of their Shares will be entitled to tender additional Offer Shares in acceptance of the Exit Offer.

Accordingly, the Exit Offer will close at 5.30 p.m. (Singapore time) on 30 September 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.11 Procedures for acceptance

A Shareholder can, in relation to all or part of his Offer Shares, either:

(a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with the procedures set out in Appendix I to this Exit Offer Letter; or

(b) take no action and let the Exit Offer lapse or close, as the case may be, in respect of his Offer Shares.

In the event that all the Delisting Proposal Conditions are satisfied, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding unquoted Shares in an unlisted company.

Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in Appendix I to this Exit Offer Letter."

4. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES AND THE COMPANY

4.1 Information on the Offeror and its Concert Parties has been extracted from Paragraph 3 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated. Additional information on the Offeror and its Concert Parties is set out in Appendix II of this Circular.

"3. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

3.1 The Offeror

The Offeror is a special purpose vehicle incorporated in the British Virgin Islands for the purposes of making the Exit Offer. It is a private company and does not have any published audited accounts. Its principal activities include investment holding. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of one (1) share, which is held by Yaw. Yaw, who is the Executive Chairman of the Company, is the Offeror Director.

As at the Latest Practicable Date, the Offeror does not hold any Shares.

3.2 Concert Parties of the Offeror

The parties who are deemed to be acting in concert with the Offeror in relation to the Exit Offer are as follows:

(a) Yaw, who is the Offeror Director and the Executive Chairman of the Company;

(b) BCI, a company which is wholly-owned by Yaw; and

(c) CEO, a company which is wholly-owned by Yaw.

As at the Latest Practicable Date, the shareholdings of the Concert Parties in the Company are as follows:

Name	Shareholding Interest					
	Direct Interest (Number of Shares)	%(1)	Deemed Interest (Number of Shares)	%(1)	Total Interest (Number of Shares)	%(1)
Yaw	539,835	0.25	129,420,518(2)(3)	60.88	129,960,353	61.14
BCI(4)	126,177,260	59.36	–	–	126,177,260	59.36
CEO(4)	3,243,258	1.53	–	–	3,243,258	1.53

Notes:

(1) The percentage shareholding interest is based on the issued share capital of 212,568,322 Shares as at the Latest Practicable Date.

(2) RHB Securities Singapore Pte. Ltd. (100,498,630 Shares) and RHB Bank Nominees Pte Ltd (25,678,630 Shares) are bare trustees for BCI. As BCI is wholly-owned by Yaw, Yaw is deemed to have interest in Shares held by BCI.

(3) CEO owns 3,243,258 Shares. As CEO is wholly-owned by Yaw, Yaw is deemed to have interest in shares held by CEO.

(4) BCI and CEO are companies controlled by Yaw, a director of the Offeror, and are therefore deemed to be parties acting in concert with the Offeror.

3.3 Additional information

Additional information on the Offeror and its Concert Parties can be found in Appendix II to this Exit Offer Letter."

4.2 The Company

The Company was incorporated in Singapore and has been listed on the Mainboard of the SGX-ST since 2008. The Company and its subsidiaries are principally engaged in vessel construction, repair and conversion, fabrication, chartering, management and leasing of vessels as well as subsea activities.

As at the Latest Practicable Date, the Company has an issued and paid up share capital of S$500,564,646 comprising 212,568,322 Shares and there are no Shares held in treasury.

Additional information on the Company and the Group, including a summary of the Group's financial performance for FY2013, FY2014, FY2015 and 1Q2016 is set out in Appendix III of this Circular.

Since crude oil prices started plunging in 2014, there have been significant fluctuations to oil prices in 2015 and 2016. Such fluctuations, together with the deterioration in the global economic situation, have resulted in oil and gas majors pulling back upstream capital expenditure plans, which in turn, has impacted service providers, including those in the offshore marine industry in which the Group operates.

Oil and gas majors have been cutting their capital expenditure plans since crude oil prices fell in 2014. Similarly, the offshore marine industry has persistently been beset by downward revisions in both daily charter and utilisation rates. These difficult market conditions are further compounded by the influx of newbuild vessels, (a product of speculative builds in the better days) which continue to pressure asset valuations downwards.

For the Group, FY2015 was a year of challenges and endurance as the market continued to be weak and competition became increasingly tough. Revenue fell 31.3% in FY2015 due to the Group's external chartering and subsea segment revenues being impacted by charter rates and utilization reduction, and the Group's shipyard segment facing lower newbuilding orders and repair and maintenance work from the oil and gas industry. This resulted in a loss after tax of about US$60 million in FY2015.

The offshore marine industry conditions have, unfortunately, remained uncertain and volatile and as the market remains depressed in FY2016, the Group continues to see challenging times. In 1Q2016 the Group's revenue fell by 35.9%, compared to 1Q2015, an indication that there is still heightened uncertainty in the Group's business prospects.

The Group is currently operating under extremely tight financial conditions. With the current market downturn, the Group's business has been negatively affected by market conditions in the oil and gas sector. Reduced trading volumes and charter rates have affected its operating cash flow. The Group is also encountering more cases of indebtedness from customers that are similarly affected by the weakened oil and gas industry prospects and, in some cases, challenges in securing the funds necessary to finance their own respective operations. As a result of the slower collection and the negative market conditions, the Group in turn faced increasing pressure from its stakeholders including but not limited to receiving debt recovery letters, threats of court actions or letters of demand.

Overall, the general economic conditions and outlook for the oil and gas industry and for the Group remain challenging.

5. RATIONALE FOR THE DELISTING AND EXIT OFFER

Rationale for the Delisting and the Offeror's intentions for the Group have been extracted from Paragraph 4 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"4. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS

4.1 Opportunity for Shareholders to realise their investment in the Shares at a premium

Through this Delisting Proposal and Exit Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the last transacted price on the Last Market Day and the VWAP (in respect of the one-month, three-month and six-month periods as show below), without incurring any brokerage and other trading costs.

The following table benchmarks the Exit Offer Price against the last transacted price on the Last Market Day and the respective VWAP of the Shares, on a consolidated basis:

	Description	***Share Price (S$)[1]***	***Premium / (Discount) of Exit Offer Price over / to Share Price[2]***
(a)	*Last transacted price per Share on 1 June 2016 (being the Last Market Day)*	*0.230*	*39.13%*
(b)	*VWAP[3] for the one-month period prior to and including the Last Market Day*	*0.221*	*44.80%*
(c)	*VWAP for the three-month period prior to and including the Last Market Day*	*0.223*	*43.50%*
(d)	*VWAP for the six-month period prior to and including the Last Market Day*	*0.224*	*42.86%*
(e)	*VWAP for the 12-month period prior to and including the Last Market Day*	*0.370*	*(13.51%)*

Source: Bloomberg L.P.

Notes:

(1) The historical market prices and the corresponding premium and discount are computed based on data extracted from Bloomberg L.P..

(2) Computed based on the shares prices which were rounded to the nearest three (3) decimal places.

(3) The VWAP is calculated based on the daily VWAP turnover divided by VWAP volume of the Shares as extracted from Bloomberg L.P..

4.2 Low trading volume of the Shares

The trading volume of the Shares on the SGX-ST in the past 12 months has generally been low. The average daily trading volume of the Shares for the one-month, three-month, six-month and twelve-month periods prior to and including the Last Market Day are as follows:

Period prior to and including the Last Market Day	Average daily trading volume[(1)]	Approximate percentage of total number of free float Shares[(2)]
(a) Last one (1) month	139,322	0.18%
(b) Last three (3) months	257,853	0.34%
(c) Last six (6) months	139,805	0.18%
(d) Last twelve (12) months	131,591	0.17%

Source: Bloomberg L.P.

Notes:

(1) The average daily trading volume is computed based on the total trading volume of the Shares for all Market Days for the relevant periods immediately prior to and including the Last Market Day, divided by the total number of Market Days during the respective periods.

(2) Based on 76,258,368 Shares, being the total number of free float Shares as at 5 May 2016, as extracted from the Company's 2015 annual report.

In view of the low trading volume, during the periods prior to and including the Last Market Day, the Exit Offer represents an opportunity for Shareholders (without incurring any brokerage and other trading costs) to realise their investments in the Shares at a price which may not otherwise be readily available.

4.3 Greater management flexibility

The Offeror believes that the Delisting of the Company would provide the management of the Company with greater flexibility to manage and develop the existing businesses of the Company while exploring opportunities without the attendant costs, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

4.4 Compliance costs of maintaining listing

The Company incurs additional compliance and associated costs in maintaining the Company's listing status. As a non-listed entity, the Company will be able to achieve cost savings by dispensing with costs associated with complying with SGX-ST listing requirements and other regulatory requirements as well as management's time and human resources that have to be committed for such compliance.

4.5 Offeror's intentions

As at the Latest Practicable Date, the Offeror has no current intention of (a) making material changes to the Group's existing business, (b) re-deploying of the Group's fixed assets, or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company.

Following the close of the Exit Offer, the Offeror will undertake a comprehensive review of the businesses and fixed assets of the Group. This review will help the Offeror determine the optimal business strategy for the Group."

6. FINANCIAL ASPECTS OF THE EXIT OFFER

6.1 The financial aspects of the Exit Offer have been extracted from Paragraph 6 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"6. FINANCIAL ASPECTS OF THE EXIT OFFER

6.1 Closing prices of the Shares

The table below sets out the (a) closing prices of the Shares on the SGX-ST on the Last Market Day (on which there were trades in respect of the Shares) on a monthly basis from December 2015 to May 2016 (being six (6) calendar months prior to the Holding Announcement Date and the aggregate trading volume of the Shares for the respective months; (b) closing price and aggregate trading volume of the Shares on 1 June 2016, being the Last Market Day; and (c) closing price and aggregate trading volume of the Shares on the Latest Practicable Date.

Month	***Last closing price (S$)***	***Total trading volume***
December 2015	*0.285*	*325,700*
January 2016	*0.260*	*399,900*
February 2016	*0.200*	*302,300*
March 2016	*0.196*	*11,684,300*
April 2016	*0.195*	*1,613,900*
May 2016	*0.225*	*2,612,500*
1 June 2016, being the Last Market Day	*0.230*	*591,900*
15 August 2016, being the Latest Practicable Date	*0.310*	*220,600*

Source: Bloomberg L.P.

6.2 Highest and lowest prices of the Shares

As reported by Bloomberg L.P., the highest and lowest closing prices of the Shares on the SGX-ST during the period commencing six (6) calendar months prior to the Holding Announcement Date and ending on the Latest Practicable Date (being 2 December 2015 to 15 August 2016 (both dates inclusive)) are as follows:

	Price (S$)	***Date(s) transacted***
Highest closing price	*0.315*	*9 June 2016, 10 June 2016, 13 June 2016, 24 June 2016, 27 June 2016, 28 June 2016*
Lowest closing price	*0.19*	*24 May 2016*

Source: Bloomberg L.P."

6.2 Revalued NAV

In connection with the Exit Offer, the Group has commissioned the Independent Valuer to conduct an independent valuation of selected balance sheet items (the "**Revalued Items**") to calculate the revalued net asset value of the Group (the "**RNAV**") as at 31 March 2016 (the "**Valuation Date**"). The Revalued Items were selected after discussions between the Independent Valuer and the Company in relation to the materiality of the balance sheet items to the overall transaction, meaning, the Delisting and the Exit Offer. The remaining balance sheet items not included as Revalued Items make up about 15% of the Company's total assets, and they include items such as cash, fixed deposits and finance lease receivables. These items have been covered in the audited consolidated financial statements of the Group for FY2015. The Directors are satisfied with the selection of the Revalued Items in respect of the Valuation Report.

The Valuation Report Summary is set out in Appendix V of this Circular. The RNAV as set out in the Valuation Report Summary was calculated based on the valuation date of 31 March 2016. The Independent Valuer has confirmed that the RNAV of the Revalued Items would not be materially different if the valuation was conducted on the Latest Practicable Date.

"Fair Value" has been defined in the Valuation Report as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Based on the Valuation Report, the RNAV of the Group, incorporating the fair value of the Revalued Items, is calculated to be between US$55 million and US$61 million. The difference between the RNAV of US$55 million and US$61 million is the result of a write-down of the goodwill of US$5.4 million associated with the Company's subsidiary, GO Marine Group Pty Ltd ("**GO Marine**"). The write-down is computed after considering the future cash-flows from GO Marine, and after factoring in the challenging market conditions in which GO Marine operates in. Please refer to the Valuation Report Summary set out in Appendix V of this Circular for more details.

Having regard to (a) the Independent Valuer's assessment of the fair value of the RNAV; and (b) the Group not having immediate plans for a material disposal of its assets, no potential tax liability (arising from an asset sale at the amount of the valuation) would be crystallised in respect of the Group's assets.

7. IMPLICATIONS OF COMPULSORY ACQUISITION AND PROPOSED DELISTING FOR SHAREHOLDERS

7.1 Implications of Delisting for Shareholders

Shareholders should note that shares of unquoted companies are generally valued at a discount to the shares of comparable listed companies due to the lack of marketability. Following a delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for the Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would be likely to receive a lower price as compared with the market prices of comparable listed companies or as compared with the Exit Offer Price. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any of the Concert Parties may, within six (6) months of the Closing Date, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, it will no longer be obliged to comply with the listing requirements of the SGX-ST. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Act and the interests of Shareholders who do not accept the Exit Offer will be protected to the extent provided for by the Act, which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

If the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with the CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares held. The Company's Registrar will arrange to forward the share certificates to such Shareholders (who are not CPFIS Investors), by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP for their physical safekeeping. The share certificates belonging to CPFIS/SRS Investors will be forwarded to their respective CPF/SRS Agent Banks for their safe-keeping.

Shareholders who are in doubt of their position should seek independent legal advice.

7.2 Implications of Compulsory Acquisition of Shares by the Offeror

Information relating to the compulsory acquisition of Shares by the Offeror and listing status of the Company have been extracted from Paragraph 5 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"5. COMPULSORY ACQUISITION

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), it will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer (**Dissenting Shareholders**) at the Exit Offer Price.*

The Offeror intends to make the Company its wholly owned subsidiary. ***Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act.***

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total issued Shares (excluding treasury shares).

Subject always to Paragraph 2.6 of this Exit Offer Letter, the Delisting is not conditional on the Offeror obtaining not less than 90% of the total issued Shares and is not conditional on the Offeror being entitled to exercise its rights of compulsory acquisition.

Dissenting Shareholders who wish to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

In the event that the Delisting Proposal Conditions and the Minimum Acceptance Condition are satisfied, but (a) the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act; or (b) Dissenting Shareholders are not entitled to require the Offeror to acquire their Shares at the Exit Offer Price under Section 215(3) of the Companies Act, the Company will be delisted, and Shareholders who do not accept the Exit Offer will be left holding unquoted Shares in an unlisted company."

Shareholders should read carefully Section 7 of the Circular entitled "Implications of Compulsory Acquisition and Proposed Delisting For Shareholders".

8. CONFIRMATION OF FINANCIAL RESOURCES

The confirmation of financial resources has been extracted from Paragraph 8 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"8. CONFIRMATION OF FINANCIAL RESOURCES

RHBSEC, the Offeror's financial adviser in respect of the Exit Offer, has confirmed that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Exit Offer for the Offer Shares at the Exit Offer Price (excluding the Relevant Shares in view of the Irrevocable Undertakings)."

9. NO COMPETING OFFER RECEIVED

As at the Latest Practicable Date, no competing offer has been received by the Company.

10. OVERSEAS SHAREHOLDERS

10.1 Overseas Shareholders

Information relating to Overseas Shareholders has been extracted from Paragraph 11 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"11. OVERSEAS SHAREHOLDERS

11.1 Overseas Jurisdictions

(a) This Exit Offer Letter does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Exit Offer Letter in any jurisdiction in contravention of applicable law and regulation.

(b) The release, publication or distribution of this Exit Offer Letter in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Exit Offer Letter is released, published or distributed should inform themselves about and observe such restrictions.

*(c) Copies of this Exit Offer Letter, the relevant Acceptance Forms, the Circular and any other formal documentation relating to the Exit Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would violate the applicable law of that jurisdiction (**Restricted Jurisdiction**) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

(d) The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

11.2 Overseas Shareholders

*(a) The availability of the Exit Offer to the Shareholders whose addresses are outside Singapore, as shown in the Register of Members or, as the case may be, in the Depository Register (**Overseas Shareholders** and each, an **Overseas Shareholder**) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable legal requirements in the relevant overseas jurisdictions, and exercise caution in relation to the Exit Offer, as this Exit Offer Letter, the Acceptance Forms and the Circular have not been reviewed by any regulatory authority in any overseas jurisdiction.*

(b) For the avoidance of doubt, the Exit Offer is open to all the Shareholders holding Offer Shares, including those to whom this Exit Offer Letter, the Acceptance Forms and the Circular have not been, or may not be, sent.

(c) It is the responsibility of any Overseas Shareholder who wishes to:

(i) request for this Exit Offer Letter, the relevant Acceptance Forms, the Circular and/or any related documents; and/or

(ii) accept the Exit Offer,

to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction.

Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, RHBSEC, CDP, the Registrar, the Company and/or any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, RHBSEC, CDP, the Registrar, the Company and/or any person acting on its behalf may be required to pay.

(d) In (i) requesting for this Exit Offer Letter, the relevant Acceptance Forms, the Circular and/or any related documents, and/or (ii) accepting the Exit Offer, the Overseas Shareholder represents and warrants to the Offeror, RHBSEC, CDP, the Registrar and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

ANY OVERSEAS SHAREHOLDER WHO IS IN ANY DOUBT ABOUT HIS POSITION SHOULD CONSULT HIS PROFESSIONAL ADVISER IN THE RELEVANT JURISDICTION.

11.3 Copies of the Exit Offer Letter, Acceptance Forms and Circular

(a) ***Where there are potential restrictions on sending this Exit Offer Letter, the Acceptance Forms and the Circular to any overseas jurisdiction, the Offeror, RHBSEC, CDP, the Registrar and the Company each reserves the right not to send these documents to such overseas jurisdictions.***

(b) Subject to compliance with applicable laws, Overseas Shareholders may, nonetheless, obtain copies of this Exit Offer Letter, the relevant Acceptance Forms, the Circular and any related documents, during normal business hours, from the date of this Exit Offer Letter and up to the Closing Date, from the Offeror c/o M & C Services Private Limited (if he is a Scripholder), 112 Robinson Road #05-01 Singapore 068902 or The Central Depository (Pte) Limited (if he is a Depositor), 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

(c) Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write in to the Offeror c/o M & C Services Private Limited (if he is a Scripholder) at the above address or The Central Depository (Pte) Limited (if he is a Depositor), at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Exit Offer Letter, the relevant Acceptance Forms, the Circular and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk up to five (5) Market Days prior to the Closing Date.

11.4 Notice

The Offeror and RHBSEC each reserves the right to (a) reject any acceptance of the Exit Offer where it believes, or has reason to believe, that such acceptance may violate the applicable laws of any jurisdiction; and (b) notify any matter, including the despatch of this Exit Offer Letter, any formal documentation relating to the Exit Offer, and the fact that the Exit Offer has been made, to any or all the Shareholders (including the Overseas Shareholders) by announcement to the SGX-ST and if necessary, paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement."

10.2 Copies of Circular

On account of the potential restrictions on sending this Circular to any overseas jurisdiction, the Company reserves the right not to send this Circular to any overseas jurisdiction. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain copies of this Circular during normal business hours and up to 5.30 p.m. on the Closing Date, from the Company at its registered office at 9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Company at the above-stated address to request that a copy of this Circular be sent to an address in Singapore by ordinary post at his own risk, at any time up to five (5) Market Days prior to the Closing Date.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The table below sets out the Directors' and Substantial Shareholders' interests in the Company as at the Latest Practicable Date, based on the information in the Register of Directors' Shareholdings and Register of Substantial Shareholders, respectively.

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Seri Yaw Chee Siew	539,835	0.25	129,420,518[1]	60.88	129,960,353	61.14
See Kian Heng	1,162,858	0.55	100[2]	0.00	1,162,958	0.55
Ng Quek Peng	134,873	0.06	–	–	134,873	0.06
Craig Foster Pickett	83,177	0.04	–	–	83,177	0.04
Chin Yoong Kheong	74,190	0.03	–	–	74,190	0.03

Substantial Shareholders (excluding Directors)	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
CEO Technology Asia Limited	3,243,258	1.53	–	–	3,243,258	1.53
Business Companion Investments Limited	126,177,260[3]	59.36	–	–	126,177,260	59.36

Notes:

1 Yaw owns and operates CEO and BCI and is deemed to be interested in all the Shares held by CEO and BCI under Section 4 of the SFA.

2 See Kian Heng is deemed to have an interest in the Shares held by his spouse.

3 RHBSEC (100,498,630 Shares) and RHB Bank Nominees Pte Ltd (25,678,630 Shares) are bare trustees for BCI.

Save as disclosed, none of the Directors or Substantial Shareholders has any direct or deemed interest in the Shares.

12. ADVICE OF INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

12.1 Stirling Coleman has been appointed as the independent financial adviser to the Independent Directors in relation to the Exit Offer. The letter from Stirling Coleman (the "**IFA Letter**") setting out its advice to the Independent Directors is set out in Appendix I to this Circular. Shareholders are advised to read and consider the IFA Letter in its entirety.

12.2 Information relating to the advice of the IFA to the Independent Directors has been extracted from paragraphs 8 and 9 of the IFA Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated. Shareholders are advised to read the following extract in conjunction with, and in the context of the full text of the IFA Letter.

"8. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the Exit Offer, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment including, inter alia, the following:

(a) Financial performance and position of the Group (including gearing ratio analysis and liquidity of the Group)

Declining historical financial performance and high gearing ratio

The Group suffered declining revenue and losses between FY2014 and 1Q2016 as a result of the decline in oil prices since 2014. In addition, the Group's total borrowings to shareholders' equity of 3.0x, total liabilities/total shareholders' equity of 5.9x, as well as highest net debt to T12 EBITDA ratio of 16.0x as at 31 March 2016, suggest that there is a possibility of a material uncertainty on the Group's and the Company's ability to service and repay its debts and interests when due.

(b) General economic conditions and outlook of the industry

*As set out in **Section 4.2** of the Circular, the Management of the Company had expressed that "…Since crude oil prices started plunging in 2014, there have been significant fluctuations to oil prices in 2015 and 2016. Such fluctuations, together with the deterioration in the global economic situation, have resulted in oil and gas majors pulling back upstream capital expenditure plans, which in turn, has impacted service providers, including those in the offshore marine industry in which the Group operates.*

Oil and gas majors have been cutting their capital expenditure plans since crude oil prices fell in 2014. Similarly, the offshore marine industry has persistently been beset by downward revisions in both daily charter and utilisation rates. These difficult market conditions are further compounded by the influx of newbuild vessels, (a product of speculative builds in the better days) which continue to pressure asset valuations downwards.

… Overall, the general economic conditions and outlook for the oil and gas industry and for the Group remain challenging."

(c) Historical Share Price performance and Trading Liquidity

(i) Company's Share Prices were trading above the Exit Offer Price prior to the Share Consolidation.

Company's recalibrated Share Price reflecting the Share Consolidation were above the Exit Offer Price but was on a down trend prior to the Ex-Date of the Share Consolidation on 21 August 2015. The decline in Share Price was in tandem with the declining trend of the oil prices over the same period (refer to Chart 2).

(ii) Company's Share Prices were generally trading below the Exit Offer Price after the Share Consolidation and up to the Latest Practicable Date.

After the Share Consolidation and up to the Latest Practicable Date, the Company's closing prices were generally below the Exit Offer, except for the period between 9 October 2015 and 23 November 2015 when the closing prices were equilvalent to or above the Exit Offer Price, which might partly have been boosted by the rebound in oil prices between end August and November 2015 (refer to Chart 2). Since 23 November 2015 up to the Holding Announcement Date, the Company's closing prices were lower than the Exit Offer Price.

(iii) Company's Share Prices moved closely with the oil prices

We understand that the Group's business is in the offshore oil and gas service sector whose business activities have been affected by the fall in oil prices since 2014. Based on Chart 2, we noted that the Share Price performance of the Company has broadly tracked the movement of the crude oil price.

(iv) Exit Offer Price comparison to VWAP

The Exit Offer Price is approximately 39.1%, 44.8%, 43.5% and 42.9% premium to the last transacted price and the VWAP for the Shares for the period 1-month, 3-months, 6-months prior to the Holding Announcement Date; but at a discount of 13.5% to the VWAP for the Shares for the period 12-months prior to the Holding Announcement Date. We also noted that the premium is higher in shorter period when comparing 1-month, 3-months and 6-months VWAP for the Shares as a result of the lower Share Prices traded during the period up to the Holding Announcement.

(v) Low trading volume

We noted that the trading volume of the Shares on the SGX-ST has generally been low in the past 12 months prior to the Holding Announcement Date. The average daily trading volume of the Shares for the one (1) month, three (3) months, six (6) months and twelve (12) months periods prior to and including the Last Market Day ranged from 0.17% to 0.34% of the Free Float (refer to section 7.3.3 of this Letter). Although the average daily trading volume of the Shares had increased since the Holding Announcement Date and ending on the Latest Practicable Date to 0.47% of the Free Float, the average daily trading volume may not necessarily be as high after the Exit Offer has lapsed. The Exit Offer represents an opportunity for Shareholders to realise their investments in the Shares at a price which may not otherwise be readily available.

(d) The Group's NAV/RNAV and NTA/RNTA

(i) Exit Offer Price to NAV/RNAV and NTA/RNTA

Based on the Group's last published accounts as at 31 March 2016, the Group's P/NAV and P/NTA were approximately 0.3x and its P/RNAV and P/RNTA were approximately 0.8x-0.9x and 2.3x respectively.

(ii) In the past 36 months prior to the Holding Announcement Date and up to the Last Practicable Date, Share Price had generally been trading below the NTA per Share of the Group. In particular, the discounts of the Share Price to the NTA per Share had widened since oil prices began to fall sharply in 4th quarter of 2014 before bottoming out in late 2015 and 2016.

We noted that Share Price had generally been trading below the NTA per Share of the Group between 2 June 2013 (36 months before the Holding Announcement Date) and up to the Latest Practicable Date. However, we noted that for the period between 26 December 2013 and 9 May 2014 the Share Prices had traded at a premium of between 0.1% and 21.1% to the NTA per Share, save for 20 Trading Days, prior to the fall in oil prices in 4th quarter of 2014.

Since oil prices began to fall sharply in 4th quarter of 2014, the discounts of the Share Prices to NTA per Share of the Group also began to widen. We noted that the discounts of the Share Prices to NTA per Share continued to widen further in 2015 in tandem with the fall and continued weakness in oil prices and recorded the highest discount of the Share Price to NTA per Share of 84.5% on 24 August 2015.

Since then, we noted that the discounts of the Share Prices to NTA per Share narrowed in the period between late 2015 and up to the Holding Announcement Date, partly due to the reduction in NTA and partly due to the announcement of some positive corporate news amidst a rebound in oil prices.

(iii) Exit Offer Price to the NTA/RNTA per Share of the Group against Comparable Companies

The Group's P/NTA as at 31 March 2016 was approximately 0.3x, which was within the range, similar to the simple average and slightly higher (more favourable) than the median of the Comparable Companies. The Group's P/RNTA of 2.3x based on RNTA as at 31 March 2016 was above the range and more favourable than those of the Comparable Companies.

(iv) Exit Offer Price to the NTA/RNTA per Share of the Group against Selected Transactions

The Group's P/NTA multiple of 0.3x based on the unaudited NTA as at 31 March 2016 was below the range of the Selected Transactions. The Group's P/RNTA multiple of 2.3x based on the unaudited RNTA as at 31 March 2016 as set out in section 7.4.2 of this Letter was above (more favourable) the range of the voluntary delistings, and within the range but higher (more favourable) than the median and simple average of the voluntary general offers.

Nonetheless, we wish to highlight that the circumstances for each of the Selected Transactions is unique and the companies involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. As such, the analysis is necessarily limited.

(v) Book value or revalued value may not be fully realisable and may deteriorate further

Shareholders should take note that the NAV/NTA may not be fully realisable at its book value or revalued value, especially within a short time frame, and the NAV/NTA may deteriorate further if the Group continues to incur losses after 31 March 2016.

(e) Relative Valuation Analysis (including gearing ratio analysis)

(i) Majority of the Comparable Companies are loss-making

The Group's T12 PER was negative as it had been loss-making over the Period Under Review. We noted that more than half of the Comparable Companies were also loss-making.

(ii) Within the range of the Comparable Companies but less favourable in terms of median and average

Save for T12 EV/EBITDA, the Group's T12 ROE, T12 net loss margin, T12 asset turnover ratio, were within the range but lower and less favourable than the median and simple average of the Comparable Companies.

(iii) High leverage ratios against the Comparable Companies

The Group's total liabilities to shareholders' equity ratio of 5.9x and total borrowings to shareholders' equity ratio of 3.0x were above (and approximately twice of) the Comparable Companies' upper range of 2.6x and 1.6x respectively. In addition, The Group's net debt to T12 EBITDA ratio of 16.0x was above the Comparable Companies' upper range of 14.0x.

We wish to highlight that the Group was highly leveraged in comparison to its peers of the same industry. The Group's high net debt to T12 EBITDA ratio of 16.0x, total liabilities to shareholders' equity ratio of 5.9x and total borrowings to shareholders' equity ratio of 3.0x suggest that there is a possibility of a material uncertainty on the Group's and the Company's ability to service and repay its debts and interests when due.

(f) Precedent Privatisation Transactions

(i) *the premium of 39.1% for the Group as implied by the Exit Offer Price from the last transacted price for the Shares prior to the Holding Announcement Date is within the comparable range but slightly lower (less favourable) than the simple average of the precedent voluntary general offers.*

(ii) *the premium of 44.8% for the Group as implied by the Exit Offer Price from 1-month VWAP for the Shares prior to the Holding Announcement Date is within the comparable range and higher (more favourable) than the simple average of the precedent voluntary general offers.*

(iii) *the premium of 39.1% for the Group as implied by the Exit Offer Price from the last transacted price for the Shares prior to the Holding Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings.*

(iv) *the premium of 44.8% for the Group as implied by the Exit Offer Price from 1-month VWAP for the Shares prior to the Holding Announcement Date is within the comparable range, higher than the median, and almost equivalent to the simple average of the precedent voluntary delistings.*

We wish to highlight that the circumstances for each of the transactions is unique and the companies involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Exit Offer and the precedent privatisation transactions serves as an illustrative guide only.

(g) Dividend Track Record of the Company

The Company did not pay or propose dividends for FY2014, FY2015, and 1Q2016 as the Group recorded net losses for all the relevant periods and the Directors felt that it was prudent to conserve cash resources of the Company.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

(h) Other Relevant Considerations

No alternative offer and plans

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no alternative offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

9. RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and carefully considered the analysis set out in this letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

Shareholders should note that the Exit Offer is conditional upon the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM) and the Minimum Acceptance Condition. If any of the conditions to the Exit Offer is not satisfied, the Exit Offer will lapse, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST.

Accordingly, we advise the Independent Directors to recommend that Shareholders should vote in favour of the Delisting Resolution. In the event that the Delisting Resolution is passed, the Independent Directors should recommend that Shareholders to either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer."

13. INDEPENDENT DIRECTORS' RECOMMENDATIONS

The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in its letter set out in Appendix I of this Circular. The Independent Directors concur with the advice of the IFA in respect of the Delisting Resolution and Exit Offer. Accordingly, the Independent Directors recommend that Shareholders **VOTE IN FAVOUR** of the Delisting Resolution.

In relation to the Exit Offer and in the event that the Delisting Resolution is passed, the Independent Directors recommend that Shareholders either **ACCEPT** the Exit Offer **or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer.**

Shareholders who wish to retain all or part of their investment in the Shares are advised to take into consideration the general economic outlook and the implications of holding Shares in an unlisted or delisted company as set out in Section 7 of this Circular in the event that the Delisting Proposal Conditions are met.

As set out in Section 3 of this Circular, Yaw, an Undertaking Shareholder and the Executive Chairman, has provided an Irrevocable Undertaking to the Offeror to *inter alia* accept and procure the acceptance of the Exit Offer in respect of all the Relevant Shares. The remaining Directors, Mr See Kian Heng, Mr Ng Quek Peng, Mr Chin Yoong Kheong and Mr Craig Foster Pickett, have indicated that they intend, in respect of their own beneficial shareholdings, to accept the Exit Offer.

In rendering the above opinion and giving the above recommendations, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Directors advise that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

14. EXEMPTIONS IN RELATION TO DIRECTORS' RECOMMENDATION

14.1 Yaw is the Offeror Director and Executive Chairman of the Company. The SIC ruled on 3 June 2016 that Yaw be exempted from the requirement to make a recommendation on the Exit Offer to Shareholders as he faced an irreconcilable conflict of interest. Nonetheless, Yaw must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents or advertisements issued by, or on behalf of, the Company to Shareholders in connection with the Exit Offer.

14.2 As set out in Section 2.3.2 of this Circular, there is a Proposed Loan in an aggregate principal amount of S$73.0 million from RHB Bank to the Offeror. Mr Chin Yoong Kheong, an independent and non-executive director of the Company, has notified the Company that as a result of his involvement in the RHB group of companies, he is of the view that he faces an irreconcilable conflict of interests. Please refer to Section 2.3.2 of this Circular for further information on the Proposed Loan. The SIC ruled on 18 July 2016 that Chin Yoong Kheong be exempted from the requirement to make a recommendation on the Exit Offer to Shareholders as he faced an irreconcilable conflict of interest. Nonetheless, Chin Yoong Kheong must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents or advertisements issued by, or on behalf of, the Company to Shareholders in connection with the Exit Offer.

15. EXTRAORDINARY GENERAL MEETING

The EGM, as convened by the notice set out on page 111 of this Circular, will be held on 14 September 2016 at 10.00 a.m. at Room 300-301, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 for the purpose of considering and, if thought fit, passing with or without amendments, the resolution set out in the Notice of EGM set out on page 111 of this Circular.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

16.1 Proxy Form

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the registered office of the Company's Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01 Singapore 068902, not later than 10.00 a.m. on 12 September 2016. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

16.2 Exit Offer Letter and Acceptance Forms

Information relating to the Exit Offer Letter and the Acceptance Forms has been extracted from Paragraph 10 of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"This Exit Offer Letter and the Acceptance Forms are despatched together with the Circular. If you hold Offer Shares that are deposited with CDP, you should receive a FAA together with this Exit Offer Letter. If you have not received the FAA and the Exit Offer Letter, you may obtain a copy of the FAA and the Exit Offer Letter during normal business hours from Ocean International Capital Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, upon production of satisfactory evidence that you are a Shareholder. Alternatively, you may obtain an electronic copy of such FAA and the Exit Offer Letter from the website of the SGX-ST at http://www.sgx.com.

If you hold Offer Shares that are represented by share certificate(s) and are not deposited with CDP, you should receive a FAT together with this Exit Offer Letter. If you have not received a FAT and the Exit Offer Letter, you may request and obtain a copy of the FAT and the Exit Offer Letter from Ocean International Capital Limited c/o M & C Services Private Limited, 112 Robinson Road #05-01 Singapore 068902, upon production of satisfactory evidence that you are a Shareholder. Alternatively, you may obtain an electronic copy of such FAT and the Exit Offer Letter from the website of the SGX-ST at http://www.sgx.com.

Shareholders may choose to submit the relevant Acceptance Form(s) to accept the Exit Offer before the EGM. However, please note that such acceptance is conditional upon the Delisting Proposal Conditions and the Minimum Acceptance Condition being satisfied. In the event that any of the Delisting Proposal Conditions or the Minimum Acceptance Condition is not satisfied, the Exit Offer will lapse and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder. Those Offer Shares in respect of which acceptances have been received shall be returned to the relevant Shareholders in accordance with the procedures set out in this Exit Offer Letter and the Acceptance Forms.

***If you wish to accept the Exit Offer**, you should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions in this Exit Offer Letter and the relevant Acceptance Form during the period commencing from the date of despatch of this Exit Offer Letter and ending at 5.30 p.m. (Singapore time) on the Closing Date.*

If you hold share certificate(s) of the Offer Shares beneficially owned by you and wish to accept the Exit Offer in respect of such Offer Shares, you ***SHOULD NOT*** *deposit the share certificate(s) with CDP during the period commencing on the date of this Exit Offer Letter and ending on the Closing Date (both dates inclusive) as the "Free Balance" of your Securities Account may not be credited with the relevant number of Offer Shares in time for you to accept the Exit Offer.*

If you decide not to accept the Exit Offer*, you do not have to take any action. In the event that the Delisting Proposal Conditions are satisfied, you will hold unquoted Shares in the Company as an unlisted company. If you hold Shares that are deposited with CDP, a share certificate in respect of your Shares that are deposited with CDP will be sent, by ordinary post and at your own risk, to your address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.*

The detailed procedures for acceptance and additional information on settlement of the Exit Offer are set out in Appendix I to this Exit Offer Letter for your information."

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than those relating to the Offeror, the Concert Parties, the Exit Offer, the recommendations of the Independent Directors and the IFA Letter) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Delisting and the Group and the Directors have taken all reasonable care to ensure that, to the best of their knowledge and belief and after due and careful consideration, the facts stated and opinions expressed in this Circular (other than those relating to the Offeror, the Concert Parties, the Exit Offer, the recommendations of the Independent Directors and the IFA Letter) are fair and accurate in all material aspects and the Directors are not aware of any material facts the omission of which would make any statement in this Circular misleading in any material respect.

In respect of the IFA Letter, the responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are to the best of their knowledge and belief, fair and accurate in all material respects.

The recommendation of the Independent Directors to Shareholders set out in Section 13 of this Circular is the sole responsibility of the Independent Directors.

Where any information in this Circular has been extracted or reproduced from published or publicly available sources, the Exit Offer Letter or the IFA Letter, or obtained from the Offeror or the IFA, the sole responsibility of the Directors has been to ensure that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular in its proper form and context.

18. CONSENTS

18.1 The IFA, Stirling Coleman, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in Section 12.2 of this Circular, the IFA Letter set out in Appendix I of this Circular and all references thereto, in the form and context in which they appear in this Circular.

18.2 The Independent Valuer, AVA Associates Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the Valuation Report Summary in Appendix V of this Circular and all references to its name in the form and context in which it appears in this Circular.

18.3 The Company's Registrar, M & C Services Private Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which it appears in this Circular.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's registered office at 9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989 during normal business hours, from the date of this Circular until the date of the EGM:

(a) the constitution of the Company;

(b) the audited consolidated financial statements of the Group for FY2013, FY2014 and FY2015;

(c) the unaudited consolidated financial statements of the Group for 1Q2016;

(d) the Delisting Proposal;

(e) the Exit Offer Letter;

(f) the IFA Letter;

(g) the Valuation Report; and

(h) the letters of consent referred to in Section 18 of this Circular.

20. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices which form part of this Circular.

Yours faithfully
for and on behalf of
the Board of Directors of
Otto Marine Limited

See Kian Heng
Group Chief Executive Officer and Group Executive Director

STIRLING COLEMAN CAPITAL LIMITED

(Company registration No. 200105040N)
4 Shenton Way #07-03
SGX Centre 2
Singapore 068807

23 August 2016

To: The Independent Directors of Otto Marine Limited
(Deemed to be independent in respect of the Exit Offer), namely
See Kian Heng (*Group Chief Executive Officer and Group Executive Director*),
Ng Quek Peng (*Lead Independent and Non-Executive Director*), and
Craig Foster Pickett (*Non-Independent and Non-Executive Director*)

Dear Sir

PROPOSED VOLUNTARY DELISTING OF OTTO MARINE LIMITED (THE "COMPANY") FROM THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") AND EXIT OFFER BY OCEAN INTERNATIONAL CAPITAL LIMITED (THE "OFFEROR") PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL (THE "DELISTING PROPOSAL")

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 23 August 2016 to the shareholders of Otto Marine Limited (the "**Circular**").*

1. INTRODUCTION

On 8 June 2016, the Company and the Offeror jointly announced that the Offeror had presented the Delisting Proposal to the Company to seek the voluntary delisting of the Company ("**Delisting**") from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the SGX-ST listing manual (the "**Listing Manual**"). Under the terms of the Delisting Proposal, RHB Securities Singapore Pte. Ltd. ("**RHBSEC**"), for and on behalf of the Offeror, will make a cash exit offer ("**Exit Offer**") to acquire all shares held by shareholders ("**Shareholders"**) other than those already owned, controlled or agreed to be acquired by the Offeror, and all new Shares as may be issued prior to the last day for the lodgement of acceptances of the Exit Offer (the "**Closing Date**") pursuant to the employee share-based incentive scheme adopted by the Company on 2 September 2008 (the "**Otto Marine Share Award Scheme**") (the "**Offer Shares**").

Having reviewed the Delisting Proposal, the board of the Company has resolved, *inter alia*, to: (a) make an application to the SGX-ST for approval of the Delisting; and (b) subject to the approval of the SGX-ST, convene an EGM to seek the approval of the Shareholders in respect of the resolution for the Delisting (the "**Delisting Resolution**").

Pursuant to Rule 1309 of the Listing Manual, the Company has appointed Stirling Coleman Capital Limited ("**Stirling Coleman"**), as the independent financial adviser ("**IFA**") to Directors who are considered independent ("**Independent Directors**") in respect of the Exit Offer, for the purpose of making recommendation to the Shareholders.

In this regard, we noted from the Exit Offer Letter that, as at the latest practicable date being 15 August 2016 ("**Latest Practicable Date**"), the Independent Directors of the Company who are deemed to be independent in respect of the Exit Offer comprises See Kian Heng, Ng Quek Peng and Craig Foster Pickett. We noted from **Section 14** of the Circular that the Securities Industry Council of Singapore ("**SIC**") had ruled on 3 June 2015 and 18 July 2016 that Yaw Chee Siew ("**Yaw"**) and Chin Yoong Kheong were respectively exempted from the requirement of making a recommendation on the Exit Offer to the Shareholders as they face irreconcilable conflicts of interests in doing so. Nonetheless, they must still be responsible for the accuracy of facts stated or opinions expressed in documents or advertisements issued by, or on behalf of, the Company to the Shareholders in connection with the Exit Offer.

This letter ("**Letter**") sets out, *inter alia*, our views and evaluation of the Exit Offer and our opinion thereon. It will form part of the Circular providing, *inter alia*, our recommendation to the Independent Directors in respect of the Exit Offer.

2. TERMS OF REFERENCE

Stirling Coleman has been appointed as the IFA to advise the Independent Directors in respect of the Exit Offer. Our opinion, by way of this Letter will be limited to the Exit Offer, as of the date of this opinion.

We were not involved in any aspect of the negotiations in relation to the Exit Offer (as defined in the Circular), nor were we involved in the deliberations leading up to the decision by the Board of Directors to enter into the Exit Offer. Our terms of reference do not require us to evaluate or comment on the legal and commercial risks and/or merits of the Exit Offer or the future prospects of the Company other than to form an opinion on whether the Exit Offer is fair and reasonable to all shareholders of the Company, other than the Undertaking Shareholders (as defined in section 7.8.2 of this Letter) ("**Independent Shareholders**"). Such evaluation or comment, if any, remains the responsibility of the Board of Directors and the management of the Company (the "**Management**"), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares or the assets of the Company. It is not within our terms of reference to compare the relative merits of the Exit Offer vis-à-vis any alternative transactions previously considered by the Board of Directors or transactions that the Board of Directors may consider in the future, and such comparison and consideration shall remain as the responsibility of the Board of Directors. The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, no alternative offer or proposal has been received from any third party.

In arriving at our opinion, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. Our terms of reference do not require us to express and we do not express any view on the future growth prospects, financial position and earnings potential of the Group after the completion of the Exit Offer. We therefore do not make any projection as to the future financial performance of the Group after the completion or expiry of the Exit Offer.

In arriving at our opinion and recommendation, we have conducted discussions with the Board of Directors and Management and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Group and its other professional advisers. We have relied upon and assumed the accuracy without having independently verified such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. In particular, we have not conducted a comprehensive review of the business operations and financial condition of the Company or the Group, nor have we independently assessed whether or not such information represents a true and fair position of the financial, operating and business affairs of the Company or the Group at any time or as at the Latest Practicable Date. However, we have made such enquiries and exercised our judgment, as we deemed necessary and have found no reason to doubt the reliability of such information and representations made to us. The information which we relied on were based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. We assume no responsibility to update, revise, or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Accordingly, we do not express an opinion herein as to the prices at which the Shares of the Company may trade in the absence of the Exit Offer or if the Exit Offer is not effected.

We have also relied upon the responsibility statement that the Circular has been reviewed and approved by the Directors (including those who may have delegated detailed supervision of the Circular) who have taken all reasonable care and have made all reasonable enquiries to ensure that, to the best of their knowledge and after due and careful consideration, the facts stated and the opinions expressed herein (other than those relating to the Offeror and those set out in the Letter) are fair and accurate and that no material facts have been omitted from this Circular which would make any statement in this Circular misleading, and they jointly and severally accept full responsibility accordingly.

Where any information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror or the parties acting in concert with it, the sole responsibility of the Directors is to ensure that such information has been accurately and correctly extracted from those sources or, as the case may be, and/or reproduced in the Circular in its proper form and context.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise you to recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular. We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter). A copy of this Letter will be reproduced in the Circular.

Our recommendation in respect of the Exit Offer, as set out in APPENDIX I of the Circular, should be considered in the context of the entirety of this Letter, the Circular and the Exit Offer Letter.

3. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, RHBSEC, as the financial adviser to the Offeror, will make, for and on behalf of the Offeror, an Exit Offer to acquire the Offer Shares. The Delisting and making of the Exit Offer are conditional on:

(a) the satisfaction of the Pre-Condition (as defined in section 3.1 of this Letter);

(b) the approval of the SGX-ST for the Delisting being obtained;

(c) the Delisting Resolution being approved by a majority of at least 75% of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (for the avoidance of doubt, Directors and the Controlling Shareholder need not abstain from voting on the Delisting Resolution); and

(d) the Delisting Resolution not being voted against by 10% or more of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

The Delisting Proposal, if approved by Shareholders at the EGM in accordance with Rule 1307 of the Listing Manual, will result in the delisting of the Company from the official list of the SGX-ST.

3.1 Satisfaction of the Pre-Condition

In 2010, Otto Marine Services Pte. Ltd. ("**OMSPL**"), a wholly-owned subsidiary of the Company, established a S$500 million multicurrency term note programme of which the Company is the guarantor and which gives OMSPL the flexibility to issue notes ("**Notes**") from time to time in series or tranches. As at the Latest Practicable Date, OMSPL has issued S$70,000,000 Series 002 7% notes due 2016 ("**2016 Notes**") which have a maturity date of 1 August 2016 ("**2016 Notes Maturity Date**"). Yaw, being the controlling shareholder ("**Controlling Shareholder**") of the Company, has an interest in S$2,000,000 of the 2016 Notes, representing 2.86% of the principal amount outstanding under the 2016 Notes.

Under Condition 5(j) of the Terms and Conditions of the 2016 Notes, in the event that the shares of the Company cease to be traded on the SGX-ST or trading in the shares of the Company is suspended for a continuous period of more than 14 market days (other than by reason of holiday, statutory or otherwise and excluding days on which traded on the SGX-ST is suspended generally), OMSPL, being the issuer of the Notes, shall at the option of the holders of the 2016 Notes (the "**Noteholders**"), redeem the principal outstanding on the Notes together with interest thereon. Any modifications or waivers to the terms and conditions of the 2016 Notes have to be approved by Noteholders at a Noteholders' meeting ("**Noteholders' Meeting**").

A condition to the Delisting Proposal is that a Noteholders' Meeting be convened to obtain the consent of the Noteholders of the 2016 Notes and the approvals of the Noteholders were obtained (the "**Pre-Condition**") for the following:

(a) to extend the 2016 Notes Maturity Date, being 1 August 2016, for a further period of six (6) months or until the date on which the delisting of the Company has been completed, whichever is earlier;

(b) to waive compliance with the covenant set out in Clause 16.1(z) of the trust deed dated 13 April 2010 between the Company (as guarantor), OMSPL (as issuer for the Notes) and British and Malayan Trustees Limited (as trustee) ("**Trust Deed**") and to consent to each of OMSPL and the Company to undertake or permit any re-organisation, amalgamation, reconstruction, take-over, merger or consolidation with any other company or person or any other schemes of compromise or arrangement affecting its present constitution, including the Delisting Proposal and/or the Exit Offer, without the prior consent of the trustee of the 2016 Notes or the Noteholders by way of extraordinary resolution passed in accordance with the terms of the Trust Deed; and

(c) to agree not to exercise or to waive their option under condition 5(j) of the terms and conditions of the 2016 Notes which states that in the event that the shares of the Company cease to be traded on the SGX-ST or trading in the shares of the Company is suspended for a continuous period of more than 14 market days (other than by reason of holiday, statutory or otherwise and excluding days on which traded on the SGX-ST is suspended generally), OMSPL, being the issuer of the 2016 Notes, shall at the option of the Noteholders, redeem the principal outstanding on the 2016 Notes together with interest thereon.

At the Noteholders' Meeting convened on 15 July 2016, the following approvals of the Noteholders were obtained:

(a) the postponement of the 2016 Notes Maturity Date from 1 August 2016 to 1 February 2017 and that accrued interest will continue to be payable on 1 August 2016 and the outstanding principal amount of the 2016 Notes together with accrued interest will be payable on 1 February 2017;

(b) the following amendments/waivers arising from the Delisting Proposal and Exit Offer:

(i) waiver of breaches and/or amendments to the terms of the 2016 Notes and the Trust Deed as a result of the Exit Offer;

(ii) deletion of the option of Noteholders to put the 2016 Notes back to OMSPL upon delisting of the Company (as provided under condition 5(j) of the 2016 Notes); and

(iii) the insertion of a new mandatory redemption event for the redemption of the 2016 Notes within 14 days from the delisting of the Shares;

(c) the following amendments/waivers arising from the financial condition of the Group:

(i) the waiver of any non-compliance or potential non-compliance with certain of the financial covenants set out in the 2016 Notes (relating to covenants in connection with minimum total net equity and gearing); and

(ii) waiver of breaches to the terms of the 2016 Notes and the Trust Deed solely as a result of non-compliance with the above financial covenants;

(d) amendments to be made to the terms of the 2016 Notes and the account charge relating to the interest reserve account to allow for the desired utilisation of funds from the interest reserve account towards payment of interest and consent fees on the date of redemption of the 2016 Notes.

Following this, the Pre-Condition which is a condition to the Delisting Proposal has been satisfied.

3.2 Rules 1307 and 1309 of the Listing Manual

Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the SGX-ST if:

(a) the Company convenes a general meeting to obtain Shareholders' approval of the Delisting Resolution;

(b) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the Directors and Controlling Shareholder need not abstain from voting on the Delisting Resolution); and

(c) the Delisting Resolution is not voted against by 10% or more in the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

In addition, Rule 1309 of the Listing Manual requires that:

(a) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and

(b) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

3.3 Code Requirements and Exemptions from SIC

Information relating to the application made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Singapore Code on Take-overs and Mergers (the "**Code**") applied to the Exit Offer and the SIC's ruling on the application is set out in **Section 2.3** of the Circular.

4. THE EXIT OFFER AND IRREVOCABLE UNDERTAKINGS

Information relating to the Exit Offer has been extracted from **Paragraph 2** of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

"***2. THE EXIT OFFER***

For and on behalf of the Offeror, RHBSEC hereby makes the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in this Exit Offer Letter (including the Acceptance Forms), and on the following basis:

2.1 Exit Offer Price

The offer price for each Offer Share is S$0.32 in cash.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer.

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. For illustration purposes, each Shareholder who accepts the Exit Offer will receive S$32 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

2.2 No revision of Exit Offer Price

AS ANNOUNCED IN THE JOINT ANNOUNCEMENT, THE OFFEROR DOES NOT INTEND TO REVISE THE EXIT OFFER PRICE. ACCORDINGLY, THE EXIT OFFER PRICE WILL NOT BE REVISED UNDER ANY CIRCUMSTANCES.

2.3 No encumbrances

The Offer Shares will be acquired fully paid, free from Encumbrances and together with all rights, benefits, entitlements and advantages attached thereto as at the Joint Announcement Date and thereafter (including but not limited to the right to receive and retain all Distributions, if any, which may be declared, the Record Date for which falls on or after the Joint Announcement Date).

2.4 New Shares

The Exit Offer will also be extended, on the same terms and conditions, to all new Shares as may be unconditionally issued prior to the close of the Exit Offer pursuant to the Otto Marine Share Award Scheme.

2.5 Adjustments for Distributions

Without prejudice to the generality of the foregoing, the Exit Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distributions, the Record Date for which falls on or after the Joint Announcement Date. In the event of any such Distributions, the Exit Offer Price payable to a Shareholder who validly accepts or has validly accepted the Exit Offer shall be reduced by an amount which is equal to the amount of such Distributions as follows, depending on when the Exit Offer Settlement Date falls:

(a) if the Exit Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Exit Offer Price of S$0.32 in cash for each Offer Share, as the Offeror will receive the Distributions in respect of such Offer Share from the Company;

(b) if the Exit Offer Settlement Date falls after the Record Date, the Exit Offer Price payable for each Offer Share tendered in acceptance shall be reduced by an amount which is equal to the Distributions in respect of such Offer Shares, as the Offeror will not receive such Distributions from the Company.

2.6 Conditions

The satisfaction of the Pre-Condition is a condition to the Delisting Proposal. As disclosed above in Paragraph 1.2 above, the Pre-Condition has been satisfied.

In addition, the Delisting Proposal and the Exit Offer will be conditional on:

(a) the approval of the SGX-ST for the Delisting;

(b) the Delisting Resolution being approved by a majority of at least 75% of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (for the avoidance of doubt, Directors and the Controlling Shareholder need not abstain from voting on the Delisting Resolution); and

(c) the Delisting Resolution not being voted against by 10% or more of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

*(collectively, **Delisting Proposal Conditions**).*

*The Exit Offer will also be conditional on the receipt by the Offeror, by the close of the Exit Offer, of valid acceptances in respect of such number of Shares which will result in the Offeror holding more than 50% of the Shares as at the close of the Exit Offer (**Minimum Acceptance Condition**).*

Save for the Delisting Proposal Conditions and the Minimum Acceptance Condition, the Delisting and Exit Offer will each be unconditional in all respects.

Shareholders are to note the Delisting is conditional upon the Delisting Proposal Conditions being satisfied. If any of the Delisting Proposal Conditions is not satisfied, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST.

Shareholders should note that the Exit Offer is conditional upon the Delisting Proposal Conditions and the Minimum Acceptance Condition being satisfied. If any of these conditions is not satisfied, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned.

An application was made by the Company to the SGX-ST on 8 July 2016 to delist the Company from the Official List of the SGX-ST. The SGX-ST has in its letter dated 12 August 2016 advised that it has no objection to the Delisting, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual. However, the aforesaid decision of the SGX-ST is not an indication of the merits of the Delisting.

2.7 Undertakings

The Undertaking Shareholders have provided Irrevocable Undertakings to the Offeror that during the period commencing on the date of the respective deeds of undertaking and ending on the Expiry Date to, inter alia,

(a) vote and procure the voting of all Relevant Shares at the EGM to approve the Delisting Resolution and any other matter necessary or proposed to implement the Delisting;

(b) accept and procure the acceptance of the Exit Offer in respect of all the Relevant Shares; and

(c) waive receipt of payment of the consideration by the Offeror in respect of all the Relevant Shares tendered in acceptance of the Exit Offer, notwithstanding the provisions of the Code in relation to the time period in which payment should be made.

*As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate 129,960,353 Shares, representing approximately 61.14% of the total issued share capital of the Company. The respective shareholdings of each of the Undertaking Shareholders are set out in **Paragraph 3.2** of this Exit Offer Letter.*

Save as disclosed in this Exit Offer Letter, as at the Latest Practicable Date, neither the Offeror nor its Concert Parties has received any irrevocable undertaking from any party to (a) vote for or against the Delisting Resolution, and (b) accept or reject the Exit Offer.

In view of the Irrevocable Undertakings, the Offeror would be able to receive acceptances of at least 61.14% of the Offer Shares. As such, once the Offeror receives acceptances from the Undertaking Shareholders in respect of their Existing Shares, the Minimum Acceptance Condition will be satisfied. In addition, the aggregate shareholding which will vote in favour of the Delisting Resolution at the EGM will be at least 61.14% of the total issued share capital of the Company.

2.8 Charge on BCI's Existing Shares

*Prior to the Joint Announcement Date, BCI has charged all the BCI Existing Shares to Standard Chartered Bank, Singapore Branch (**SCB**), RHBSEC and RHB Bank as collaterals. On 23 June 2016, the charge in favour of SCB was discharged, As at the Latest Practicable Date, BCI has charged all the BCI Existing Shares to RHBSEC and RHB Bank as collaterals (**BCI Share Charge**).*

BCI has unconditionally and irrevocably undertaken to the Offeror and RHBSEC that it shall do all necessary acts and execute all necessary documents to discharge the BCI Share Charge such that all the BCI Existing Shares shall be free from any Encumbrances before they are tendered in acceptance of the Exit Offer.

After the Delisting Resolution has been obtained, the Controlling Shareholder who owns both the entire issued share capital in BCI and in the Offeror, will create a charge over all the shares in the capital of the Offeror in favour of RHB Bank to secure a term loan for the purpose of discharging the BCI Share Charge.

2.9 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Share in respect of which the Exit Offer is accepted is sold by him, as or on behalf of, the beneficial owner(s) thereof, fully paid and free of all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

2.10 Acceptances, duration and closing date

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. For illustration purposes, each Shareholder who accepts the Exit Offer will receive S$32 for every 100 Offer Shares tendered for acceptance under the Exit Offer.

Shareholders may choose to submit the relevant Acceptance Form(s) to accept the Exit Offer before the EGM. However, please note that such acceptance is conditional upon the Delisting Proposal Conditions and Minimum Acceptance Condition being satisfied. In the event that any of the Delisting Proposal Conditions or the Minimum Acceptance Condition is not satisfied, the Exit Offer will lapse and both the Shareholders and the Offeror will cease to be bound by any prior acceptances of the Exit Offer by any Shareholder.

If the Delisting Resolution is approved by Shareholders at the EGM, the Exit Offer will be open for acceptance by Shareholders for a period of at least 14 days after the date of the announcement of Shareholder's approval.

Although no extension of the Closing Date is currently contemplated by the Offeror, if the Closing Date is extended, an announcement on the same will be made, and the Exit Offer will remain open for acceptance for such period as may be announced. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of their Shares will be entitled to tender additional Offer Shares in acceptance of the Exit Offer.

Accordingly, the Exit Offer will close at 5.30 p.m. (Singapore time) on 30 September 2016 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2.11 Procedures for acceptance

A Shareholder can, in relation to all or part of his Offer Shares, either:

(a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with the procedures set out in Appendix I to this Exit Offer Letter; or

(b) take no action and let the Exit Offer lapse or close, as the case may be, in respect of his Offer Shares.

In the event that all the Delisting Proposal Conditions are satisfied, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer, irrespective of the level of acceptances of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding unquoted Shares in an unlisted company.

Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in Appendix I to this Exit Offer Letter."

5. INFORMATION ON THE OFFEROR AND ITS CONCERT PARIES AND THE COMPANY

5.1 Information on the Offeror and its concert parties ("**Concert Parties**") has been extracted from **Paragraph 3** of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated. Additional information on the Offeror and its Concert Parties is set out in **Appendix II** of this Circular.

"3. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

3.1 The Offeror

The Offeror is a special purpose vehicle incorporated in the British Virgin Islands for the purposes of making the Exit Offer. It is a private company and does not have any published audited accounts. Its principal activities include that of investment holding. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of one (1) share, which is held by Yaw. Yaw, who is the Executive Chairman of the Company, is the Offeror Director. As at the Latest Practicable Date, the Offeror does not hold any Shares.

3.2 Concert Parties of the Offeror

The parties who are deemed to be acting in concert with the Offeror in relation to the Exit Offer are as follows:

(a) Yaw, who is the Offeror Director and the Executive Chairman of the Company;

(b) BCI, a company which is wholly-owned by Yaw; and

(c) CEO, a company which is wholly-owned by Yaw.

As at the Latest Practicable Date, the shareholdings of the Concert Parties in the Company are as follows:

Name	***Shareholding Interest***					
	Direct Interest (Number of Shares)	***%(1)***	***Deemed Interest (Number of Shares)***	***%(1)***	***Total Interest (Number of Shares)***	***%(1)***
Yaw	*539,835*	*0.25*	*129,420,518(2)(3)*	*60.88*	*129,960,353*	*61.14*
BCI(4)	*126,177,260*	*59.36*	*–*	*–*	*126,177,260*	*59.36*
CEO(4)	*3,243,258*	*1.53*	*–*	*–*	*3,243,258*	*1.53*

Notes:

(1) The percentage shareholding interest is based on the issued share capital of 212,568,322 Shares as at the Latest Practicable Date.
(2) RHB Securities Singapore Pte. Ltd. (100,498,630 Shares) and RHB Bank Nominees Pte Ltd (25,678,630 Shares) are bare trustees for BCI. As BCI is wholly-owned by Yaw, Yaw is deemed to have interest in Shares held by BCI.
(3) CEO owns 3,243,258 Shares. As CEO is wholly-owned by Yaw, Yaw is deemed to have interest in shares held by CEO.
(4) BCI and CEO are companies controlled by Yaw, a director of the Offeror, and are therefore deemed to be parties acting in concert with the Offeror."

3.3 Additional Information

Additional Information on the Offeror and its Concert Parties can be found in Appendix II to this Exit Offer Letter."

5.2 The Company (As set out in Section 4.2 of the Circular)

The Company was incorporated in Singapore and has been listed on the Mainboard of the SGX-ST since 2008. The Company and its subsidiaries are principally engaged in vessel construction, repair and conversion, fabrication, chartering, management and leasing of vessels as well as subsea activities.

As at the Latest Practicable Date, the Company has an issued and paid up share capital of S$500,564,646 comprising 212,568,322 Shares and there are no Shares held in treasury.

Additional information on the Company and the Group, including a summary of the Group's financial performance for FY2013, FY2014, FY2015 and 1Q2016 is set out in **Appendix III** of this Circular.

Since crude oil prices started plunging in 2014, there have been significant fluctuations to oil prices in 2015 and 2016. Such fluctuations, together with the deterioration in the global economic situation, have resulted in oil and gas majors pulling back upstream capital expenditure plans, which in turn, has impacted service providers, including those in the offshore marine industry in which the Group operates.

Oil and gas majors have been cutting their capital expenditure plans since crude oil prices fell in 2014. Similarly, the offshore marine industry has persistently been beset by downward revisions in both daily charter and utilisation rates. These difficult market conditions are further compounded by the influx of newbuild vessels, (a product of speculative builds in the better days) which continue to pressure asset valuations downwards.

For the Group, FY2015 was a year of challenges and endurance as the market continued to be weak and competition became increasingly tough. Revenue fell 31.3% in FY2015 due to the Group's external chartering and subsea segment revenues being impacted by charter rates and utilization reduction, and the Group's shipyard segment facing lower newbuilding orders and repair and maintenance work from the oil and gas industry. This resulted in a loss after tax of about US$60 million in FY2015.

The offshore marine industry conditions have, unfortunately, remained uncertain and volatile and as the market remains depressed in FY2016, the Group continues to see challenging times. In 1Q2016 the Group's revenue fell by 35.9%, compared to 1Q2015, an indication that there is still heightened uncertainty in the Group's business prospects.

The Group is currently operating under extremely tight financial conditions. With the current market downturn, the Group's business has been negatively affected by market conditions in the oil and gas sector. Reduced trading volumes and charter rates have affected its operating cash flow. The Group is also encountering more cases of indebtedness from customers that are similarly affected by the weakened oil and gas industry prospects and, in some cases, challenges in securing the funds necessary to finance their own respective operations. As a result of the slower collection and the negative market conditions, the Group in turn faced increasing pressure from its stakeholders including but not limited to receiving debt recovery letters, threats of court actions or letters of demand.

Overall, the general economic conditions and outlook for the oil and gas industry and for the Group remain challenging.

6. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS

Rationale for the Delisting and the Offeror's intentions for the Group have been extracted from **Paragraph 4** of the Exit Offer Letter and reproduced below, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"4. RATIONALE FOR THE DELISTING AND THE OFFEROR'S INTENTIONS

4.1 Opportunity for Shareholders to realise their investment in the Shares at a premium

Through this Delisting Proposal and Exit Offer, the accepting Shareholders will have an opportunity to realise their investments in the Company for a cash consideration at a premium over the last transacted price on the Last Market Day and the VWAP (in respect of the one-month, three-month and six-month periods shown below), without incurring any brokerage and other trading costs.

The following table benchmarks the Exit Offer Price against the last transacted price on the Last Market Day and the respective VWAP for the Shares, on a consolidated basis:

Description		***Share Price (S$)[1]***	***Premium / (Discount) of Exit Offer Price over / to Share Price[2]***
(a)	*Last transacted price per Share on 1 June 2016 (being the Last Market Day)*	*0.230*	*39.13%*
(b)	*VWAP[3] for the one-month period prior to and including the Last Market Day*	*0.221*	*44.80%*
(c)	*VWAP for the three-month period prior to and including the Last Market Day*	*0.223*	*43.50%*
(d)	*VWAP for the six-month period prior to and including the Last Market Day*	*0.224*	*42.86%*
(e)	*VWAP for the 12-month period prior to and including the Last Market Day*	*0.370*	*(13.51%)*

Source: Bloomberg L.P.

Notes:

(1) The historical market prices and the corresponding premium and discount are computed based on data extracted from Bloomberg L.P..
(2) Computed based on the shares prices which were rounded to the nearest three (3) decimal places.
(3) The VWAP is calculated based on the daily VWAP turnover divided by VWAP volume of the Shares as extracted from Bloomberg L.P..

4.2 Low trading volume of the Shares

The trading volume of the Shares on the SGX-ST in the past 12 months has generally been low. The average daily trading volume of the Shares for the one-month, three-month, six-month and twelve-month periods prior to and including the Last Market Day are as follows:

Period prior to and including the Last Market Day	***Average daily trading volume(1)***	***Approximate percentage of total number of free float Shares(2)***
(a) Last one (1) month	*139,322*	*0.18%*
(b) Last three (3) months	*257,853*	*0.34%*
(c) Last six (6) months	*139,805*	*0.18%*
(d) Last twelve (12) months	*131,591*	*0.17%*

Source: Bloomberg L.P.

Notes:

(1) The average daily trading volume is computed based on the total trading volume of the Shares for all Market Days for the relevant periods immediately prior to and including the Last Market Day, divided by the total number of Market Days during the respective periods.

(2) Based on 76,258,368 Shares, being the total number of free float Shares as at 5 May 2016, as extracted from the Company's 2015 annual report.

In view of the low trading volume, during the periods prior to and including the Last Market Day, the Exit Offer represents an opportunity for Shareholders (without incurring any brokerage and other trading costs) to realise their investments in the Shares at a price which may not otherwise be readily available.

4.3 Greater management flexibility

The Offeror believes that the Delisting of the Company would provide the management of the Company with greater flexibility to manage and develop the existing businesses of the Company while exploring opportunities without the attendant costs, regulatory restrictions and compliance issues associated with its listed status on the SGX-ST.

4.4 Compliance costs of maintaining listing

The Company incurs additional compliance and associated costs in maintaining the Company's listing status. As a non-listed entity, the Company will be able to achieve cost savings by dispensing with costs associated with complying with SGX-ST listing requirements and other regulatory requirements as well as management's time and human resources that have to be committed for such compliance.

4.5 Offeror's intentions

As at the Latest Practicable Date, the Offeror has no current intention of (a) making material changes to the Group's existing business, (b) re-deploying of the Group's fixed assets, or (c) discontinuing the employment of the employees of the Group, other than in the ordinary course of business.

Nonetheless, the Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interests of the Offeror and/or the Company.

Following the close of the Exit Offer, the Offeror will undertake a comprehensive review of the businesses and fixed assets of the Group. This review will help the Offeror determine the optimal business strategy for the Group."

7. FINANCIAL ASSESSMENT OF THE EXIT OFFER

In assessing the financial terms of the Exit Offer, we have deliberated on the following factors which we consider to be pertinent and have a significant bearing on our assessment:

(i) Financial performance and position of the Group (including gearing ratio analysis and liquidity of the Group)

(ii) General economic conditions and outlook of the industry

(iii) Historical Share Price performance and trading liquidity

(iv) The Group's net asset value ("**NAV**") and net tangible assets ("**NTA**"), and its revalued NAV ("**RNAV**") and revalued NTA ("**RNTA**")

(v) Relative valuation analysis (including gearing ratio analysis)

(vi) Precedent privatisation transactions analysis

(vii) Dividend track record of the Company

(viii) Other relevant considerations

7.1 Financial performance and position of the Group

We set out below a summary of the financial results of the Group for the last three financial years ended 31 December ("**FY**"), FY2013, FY2014 and FY2015 and the interim financial results of the Group for the three-month period ended 31 March 2016 ("**1Q2016**") and 31 March 2015 ("**1Q2015**") ("**Period Under Review**").

Summary of the Group's Income and Loss Statement

US$'000	**Unaudited 1Q2016**	**Unaudited 1Q2015**	**Audited FY2015**	**Audited FY2014**	**Audited FY2013**
Revenue	94,923	148,053	244,436	355,900	511,995
Gross Profit	19,545	1,895	25,979	20,661	46,474
Profit/(Loss) before income tax	407	(12,285)	(61,608)	(39,160)	15,415
Net Profit/(loss) attributable to the equity holders of the Company	**(1,375)**	**(13,227)**	**(62,857)**	**(41,663)**	**14,076**

Summary of the Group's Financial Position

US$'000	Unaudited 1Q2016	Audited FY2015	Audited FY2014	Audited FY2013
Current assets	645,725	603,580	609,132	708,028
Non-current assets	745,940	777,012	604,344	573,678
Total assets	**1,391,665**	**1,380,592**	**1,213,476**	**1,281,706**
Current liabilities	663,086	654,133	562,685	661,771
Non-current liabilities	521,075	519,288	390,145	315,965
Total liabilities	**1,184,161**	**1,173,421**	**952,830**	**977,736**
Share Capital	357,183	357,183	357,124	350,416
Reserves(1)	28,239	29,684	26,835	25,756
Deficits(2)	(29,817)	(31,311)	(31,669)	(28,015)
Accumulated Losses	(153,454)	(152,079)	(89,222)	(44,265)
Equity attributable to equity holders of the company	**202,151**	**203,477**	**263,068**	**303,892**
Non-controlling interest	5,353	3,694	(2,422)	78
Total Equity	**207,504**	**207,171**	**260,646**	**303,970**
Working Capital	**(17,361)**	**(50,553)**	**46,447**	**46,257**

Notes:

(1) Reserves include capital reserves and translation reserves.
(2) Deficits include acquisition deficits and hedging deficits.

Summary of the Group's Cash Flows

US$'000	Unaudited 1Q2016	Unaudited 1Q2015	Audited FY2015	Audited FY2014	Audited FY2013
Net cash from operating activities	23,302	26,662	60,324	36,171	114,895
Net cash from/(used in) investing activities	248	(6,950)	(55,623)	(64,706)	(42,801)
Net cash from/(used in) financing activities	(34,687)	(22,241)	957	(228)	(71,552)
Cash and cash equivalents at end of period/year	**10,858**	**14,124**	**22,180**	**16,841**	**48,034**

Source: FY2013 to FY2015 annual reports and announcement for 1Q2016 interim financials

7.1.1 Historical Financial Performance and Position (including gearing ratio analysis and liquidity of the Group)

We wish to highlight the declining revenue and loss making financial performance of the Group, and the weak financial position of the Company over the Period Under Review, details are set out below:

Revenue

The Group experienced declining revenue over the Period Under Review. Revenue in FY2014 fell by approximately 30.5% from FY2013 and this was mainly due to lower fleet utilisation and the turmoil in the industry as a result of overall decline of oil prices. Revenue had dropped in FY2015 by approximately 31.3% from FY2014 due mainly to the reduction in shipbuilding orders, fleet size and charter rate as a result of weak industry sentiment brought about by the volatile and declining oil prices. For 1Q2016, the Group's revenue fell by 35.9% in comparison to the corresponding period in 1Q2015, mainly contributed by the sale of a comparatively smaller vessel with lower value and the decreased in fabrication revenue.

Gross Profit

The Group's gross profit decreased in FY2014 by 55.5% from FY2013 primarily due to a cost overrun incurred in the construction of a vessel and lower revenue from the shipping and chartering segment. Gross profit improved by 25.7% in FY2015 from FY2014 as a result of overall lower cost of sales in all business segments. For 1Q2016, the Group enjoyed a higher gross margin of 20.6% due to a vessel sale in 1Q2016, coupled with an increase in revenue and the reduction in operating costs in the shipping and chartering business.

Loss attributed to the equity holders

From being profitable in FY2013, the unexpected drop in oil prices in the second half of FY2014 had caused the Group to be loss-making in FY2014 which was further compounded by a cost overrun on a vessel that resulted in the loss attributed to equity holders of US$41.7 million for FY2014. The Group continued to make losses in FY2015, mainly due to doubtful debt provision, impairment and write offs totalling US$21.6 million and higher finance cost which adversely affected the Group's bottom line. The Group's 1Q2016 loss attributed to equity holders improved by 89.6% due to a cost rationalisation effort which resulted in an improvement in gross margin.

Financial and Cash Flow Position

The Group had a negative net working capital position as at 31 December 2015 and 31 March 2016 as a result of reclassification of certain loans with tenure of more than 12 months from balance sheet date from non-current liabilities to current liabilities in accordance with Singapore Financial Reporting Standard (FRS) 1.74.

Gearing and Liquidity of the Group

Total Equity decreased by 20.5% between FY2014 and FY2015 mainly due to increased accumulated losses of US$62.9 million. As at 31 March 2016, the Group's total equity was US$207.5 million. Its unaudited NTA, after excluding non-controlling interests, goodwill and deferred tax assets, was US$163.1 million.

As set out in Table 3 of section 7.5 of this Letter, we noted that the Group has a high gearing ratio (total borrowings to shareholders' equity of 3.0x, total liabilities/total shareholders' equity of 5.9x, as well as highest net debt to T12 EBITDA ratio of 16.0x as at 31 March 2016) in comparison to its peers of the same industry.

We further noted in **Section 4.2** of the Circular that "*the Group is currently operating under extremely tight financial conditions. With the current market downturn, the Group's business has been negatively affected by market conditions in the oil and gas sector. Reduced trading volumes and charter rates have affected its operating cash flow. The Group is also encountering more cases of indebtedness from customers that are similarly affected by the weakened oil and gas industry prospects and, in some cases, challenges in securing the funds necessary to finance their own respective operations. As a result of the slower collection and the negative market conditions, the Group in turn faced increasing pressure from its stakeholders including but not limited to receiving debt recovery letters, threats of court actions or letters of demand*."

All of the afore-mentioned factors suggest that there is a possibility of a material uncertainty on the Group's and the Company's ability to service and repay its debts and interests when due.

7.1.2 Between 1 April 2016 and the Latest Practicable Date

In respect of the above, the Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, save for what have been previously disclosed in Circular, the annual reports and financial statements over the Period Under Review and its announcements on the SGXNET:

(i) there are no other off-balance sheet and contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;

(ii) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

(iii) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

(iv) there are no material acquisitions and disposals of assets by the Group between 1 April 2016 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

7.2 General economic conditions and outlook of the industry

The Management of the Company had expressed its views on the general economic conditions and outlook of the offshore marine industry in the Circular. We have reproduced the following content from **Section 4.2** of the Circular, and all terms and expression used in the extract below shall bear the same meanings as attributed to them in the Circular unless otherwise stated.

"…Since crude oil prices started plunging in 2014, there have been significant fluctuations to oil prices in 2015 and 2016. Such fluctuations, together with the deterioration in the global economic situation, have resulted in oil and gas majors pulling back upstream capital expenditure plans, which in turn, has impacted service providers, including those in the offshore marine industry in which the Group operates.

Oil and gas majors have been cutting their capital expenditure plans since crude oil prices fell in 2014. Similarly, the offshore marine industry has persistently been beset by downward revisions in both daily charter and utilisation rates. These difficult market conditions are further compounded by the influx of newbuild vessels, (a product of speculative builds in the better days) which continue to pressure asset valuations downwards.

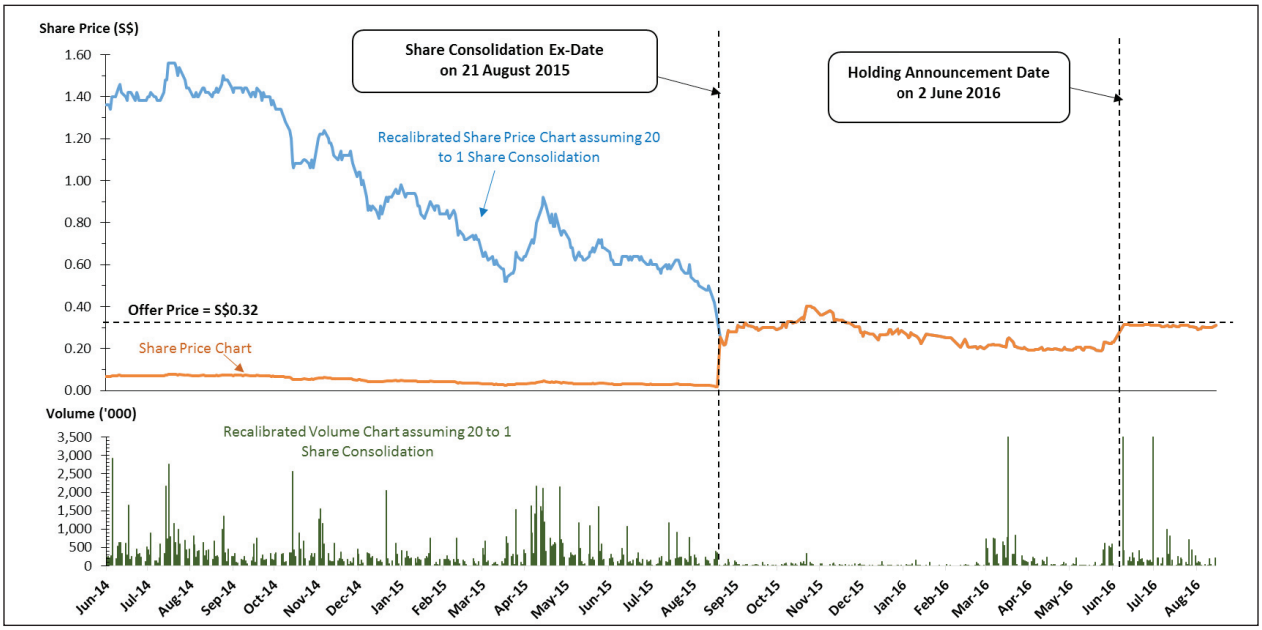
… Overall, the general economic conditions and outlook for the oil and gas industry and for the Group remain challenging."

7.3 Historical Share Price performance and Trading Liquidity

7.3.1 Historical Share Price performance

The historical price chart of the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 2 June 2014, being the last 24 months prior to a holding announcement made by the Company on the SGX-ST with regard to a potential acquisition of the issued share capital of the Company (the "**Holding Announcement Date**"), and ending on the Latest Practicable Date is shown below. For comparative purposes, we have recalibrated the closing price of the Shares to reflect a 20 to 1 Share Consolidation (as defined below) on 25 August 2015.

Chart 1: Share Price Performance from 2 June 2014 up to the Latest Practicable Date



Source: Bloomberg, and information/announcement from the SGX-ST

Share Consoildation on 25 August 2015

The Company had on 26 May 2015 announced an intention to undertake a share consolidation to fulfill the minimum trading price of S$0.20 as a continuing listing requirement for issuers listed on the Mainboard of the SGX-ST. Subsequently, the Company issued a Circular of the proposed consolidation of every twenty (20) existing issued Shares of the Company into one (1) ordinary share in the capital of the Company to its Shareholders on 30 July 2015, and this corporate action was completed on 25 August 2015 (the "**Share Consolidation**"). The issued and paid-up share capital of the Company decreased from 4,247,095,572 Shares to 212,354,778 Shares after the Share Consolidation.

Period before 25 August 2015

Based on Chart 1 and with reference to the recalibrated Share Price assuming the Share Consolidation, although the Company's closing prices were above the Exit Offer Price, the closing prices were on a down trend prior to Ex-Date (being the day which the Share Price changed to reflect the Share Consolidation) of the Share Consolidation on 21 August 2015. This declining trend in the Share Price was also in line with the down trend of oil prices over the same period (refer to Chart 2).

Period after 25 August 2015 up to the Holding Announcement Date

Based on Chart 1 and with reference to Share Price after the Share Consolidation, the Company's closing prices were generally below the Exit Offer Price between 25 August 2015 up to the Holding Announcement Date, except for the period between 9 October 2015 and 23 November 2015 when the closing prices were equilvalent to or above the Exit Offer Price, which might partly have been boosted by the rebound in oil prices between end August and November in 2015 (refer to Chart 2). Since 23 November 2015 and up to the Holding Announcement Date, the Company's closing prices had been lower than the Exit Offer Price.

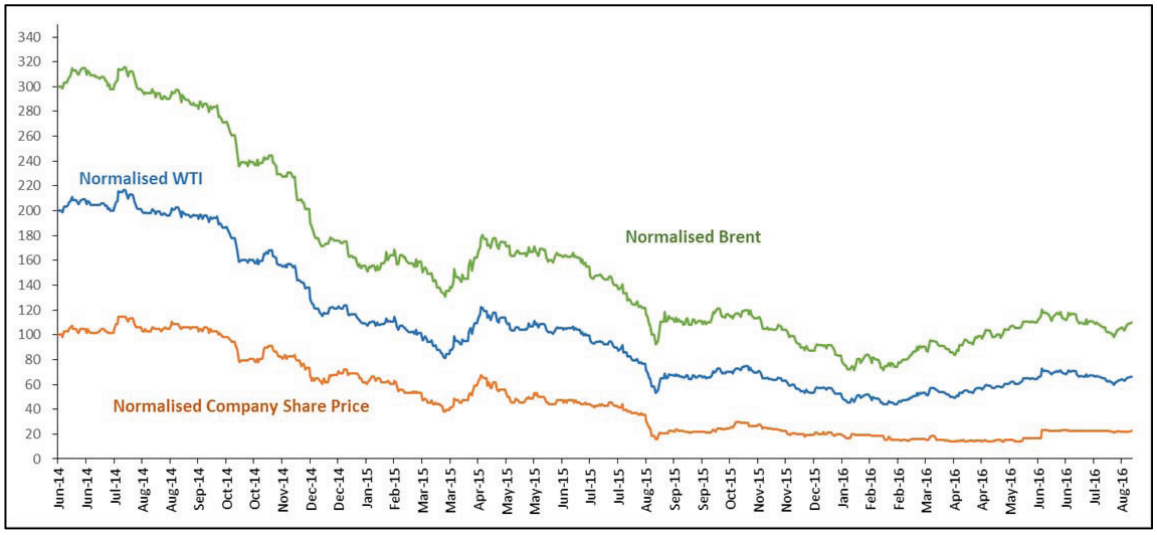
Period after the Holding Announcement Date up to the Latest Practicable Date

Between 3 June 2016 and up to the Latest Practicable Date, the Company's Share Prices were trading below the Exit Offer Price between S$0.290 and S$0.315.

7.3.2 Company's Share Price had moved in tandem with crude oil prices

The historical normalised stacked-line price chart for the Shares (based on the closing prices and the number of Shares traded on a daily basis) versus the West Texas Intermediate (WTI)' crude oil price of the New York Mercantile Exchange's oil futures contracts and the Brent Crude oil price of the International Exchange (ICE)'s oil future contracts, during the period commencing from 2 June 2014, being the last 24 months prior to the Holding Announcemence Date, and ending on the Latest Practicable Date is shown below:

Chart 2: Company's Share Price Performance V.S. WTI and Brent



Source: Bloomberg as at the Latest Practicable Date

We understand that the Group's business is in the offshore oil and gas service sector whose business activities have been affected by the fall in oil prices since 2014. In Chart 2, we noted that the Share Price performance of the Company had broadly tracked the movement of the crude oil prices.

7.3.3 Exit Offer Price comparison to VWAP

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares commencing from 2 June 2015, being the 12-month period prior to the Holding Announcement Date, and ending on the Latest Practicable Date:

Table 1: Share Price Performance and Trading Liquidity Table

	VWAP[1] (S$)	Premium/ (Discount) of the Exit Offer Price to VWAP per Share (%)	Lowest Transacted Price (S$)	Highest Transacted Price (S$)	Average daily trading volume[2] (Shares)	Average daily trading volume as % of free-float[3]
For the period prior to the Holding Announcement Date						
Last 12 months[4]	0.370	(13.5)%	0.180	0.700	139,591	0.17%
Last 6 months	0.224	42.9%	0.180	0.295	139,805	0.18%
Last 3 months	0.223	43.5%	0.180	0.265	257,853	0.34%
Last 1 month	0.221	44.8%	0.180	0.235	145,655	0.19%
Last transacted price on 1 June 2016 (being the last full day of trading prior to the Holding Announcement Date)	0.230	39.1%	0.225	0.235	591,900	0.78%
For the period commencing after the Holding Announcement Date up to the Last Practicable Date						
Till the Latest Practicable Date	0.310	3.2%	0.230	0.320	357,927	0.47%
Latest Practicable Date	0.310	3.2%	0.305	0.310	220,600	0.29%

Source: Bloomberg as at the Latest Practicable Date

Note:

1. *The Volume Weighted Average Price ("**VWAP**") was calculated by adding up the dollar value for every transaction and then dividing by the total shares traded for the day.*
2. *The average daily trading volume of the Shares was calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.*
3. *Free float refers to approximately 76,338,131 Shares of the issued share capital held by the public estimated by Bloomberg as at the Latest Practicable Date.*
4. *Recalibrated Share Prices reflecting the 20 to 1 Share Consolidation were used to compute the price statistics for last 12 months period prior to the Holding Announcement Date for comparative purposes.*

Based on the above, we noted that the Exit Offer Price is:

(i) at approximately 44.8%, 43.5% and 42.9% premium to the VWAP for the Shares for the period 1-month, 3-months, 6-months prior to the Holding Announcement Date; but at a discount of 13.5% to the VWAP for the Shares for the period 12-months prior to the Holding Announcement Date;

(ii) at a premium of approximately 39.1% from the last transacted price of S$0.230 per Share on the last full day of trading prior to the Holding Announcement Date;

(iii) at a premium of approximately 3.2% from the VWAP for the Shares for the period commencing after the Holding Announcement Date up to the Latest Practicable Date;

(iv) at a premium of approximately 3.2% from the last transacted price of S$0.310 on the Latest Practicable Date; and

(v) at higher premium in shorter period when comparing 1-month, 3-months and 6-months VWAP for the Shares as a result of the lower Share Prices traded during the period up to the Holding Announcement.

7.3.4 Trading Volume and Liquidity

Based on the number of Shares traded on a daily basis during the period commencing from 2 June 2015 (being the Market Day 12 months prior to the Holding Announcement Date) and ending on the Latest Practicable Date, we noted that:

(i) from 2 June 2015 to the day prior to the Holding Announcement Date, Shares were traded on 215 trading days ("**Trading Days**", being the number of Market Days with Shares traded) out of the total 250 Market Days during the period, with the total number of Shares traded being approximately 32.9 million Shares and an average daily trading volume of approximately 0.1 million Shares, which represents 0.06% of the issued share capital as at the Latest Practicable Date or approximately 0.17% of the free float as at the Latest Practicable Date;

(ii) for the period commencing from the Market Day immediately after the Holding Announcement Date up to the Latest Practicable Date, the Shares were traded on 47 Trading Days out of the total 51 Market Days during the period, with the total number of Shares traded being approximately 18.3 million Shares and an average daily trading volume of approximately 0.4 million Shares, which represents 0.2% of the issued share capital as at the Latest Practicable Date or approximately 0.5% of the free float as at the Latest Practicable Date;

(iii) we noted higher than usual trading volume for the last 3 months period prior to the Holding Announcement Date with the highest trading volume of 3.8 million Shares traded on the SGX-ST on 18 March 2016. It is possible that the increase in liquidity was partly in reaction to the announcement in which Company's wholly-owned subsidiary, GO Offshore Pty Ltd, was awarded a chartering contract worth up to AUD94.8 million on 2 March 2016 and also partly in line with the rebound in oil prices; and

(iv) we noted higher than usual trading volume of 4.4 million Shares on 1 July 2016. It is possible that the increase in liquidity was partly in reaction to the announcement on 30 June 2016 in which the Offeror had entered into a facility agreement with RHB Bank Bhd (Singapore Branch) for a loan of S$73.0 million for the purposes of redeeming the 2016 Note, as well as the commencement of the consent solicitation exercise by OMSPL in connection with the 2016 Notes.

We noted that the trading volume of the Shares on the SGX-ST had generally been low in the past 12 months prior to the Holding Announcement Date and ending on the Latest Practicable Date. However, Shareholders should note that the past trading performance for the Shares should not be relied upon as an indication of its future trading performance.

7.4 The Group's NAV and NTA, and its RNAV and RNTA

7.4.1 NAV and NTA analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values at which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realised or disposed of.

Based on Otto Marine's unaudited first quarter financial statement ended 31 March 2016[1]	
Total Equity as at 31 March 2016 (US$'000)	207,504
Less: Non-controlling interests (US$'000)	5,353
Net Asset Value as at 31 March 2016 (US$'000)	202,151
Less: Intangible assets including goodwill and deferred tax assets (US$'000)	39,090
NTA as at 31 March 2016 (US$'000)	163,061
Company's issued share capital as at 31 March 2016	212,354,622
NAV per Share (US$)	0.952
NAV per Share (S$)[2]	1.283
NTA per Share (US$)	0.768
NTA per Share (S$)[2]	1.035
Exit Offer Price(S$)	0.320
Exit Offer Price to NAV per Share (x)	0.25
Exit Offer Price to NTA per Share (x)	0.31

Notes:

(1) Figures and computations above are subjected to rounding.
(2) Based on exchange rate US$1 = S$1.3482 on 31 March 2016.

For illustrative purposes only, the Exit Offer Price to NAV per Share (**P/NAV**) and Exit Offer Price to NTA per Share (**P/NTA**) of the Group were approximately 0.3x as at 31 March 2016.

7.4.2 Revalued NAV and NTA Analysis

In our evaluation of the Exit Offer Price, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the unaudited balance sheet of the Group as at 31 March 2016. We understand from the directors of the Company ("**Directors"**) that the Company has commissioned AVA Associates Limited (the "**Independent Valuer**"), to conduct an independent valuation of selected balance sheet items (the "**Revalued Items**") to calculate the revalued net asset value of the Group's assets as at 31 March 2016. The Revalued Items were selected after discussions between the Independent Valuer and the Company in relation to the materiality of the balance sheet items to the overall transaction, meaning, the Delisting and the Exit Offer. The remaining balance sheet items not included as Revalued Items make up about 15% of the Company's total assets, and they include items such as cash, fixed deposits and finance lease receivables. These items have been covered in the audited financial statements of the Group for FY2015. The Independent Valuer has confirmed that the RNAV would not be materially different if the valuation was conducted on the Latest Practicable Date.

We recommend that the Independent Directors advise Shareholders to note and review carefully **Section 6.2** of the Circular and the valuation report ("**Valuation Report**") set out in **Appendix V** of the Circular in its entirety including the assumptions made and the bases of these assumptions.

"Fair Value" has been defined in the Valuation Report as "*The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".* Based on the Valuation Report, the RNAV of the Group, incorporating the fair value of the Revalued Items, is calculated to be between US$55.4 million and US$60.8 million. We noted that in arriving at the Group's Revalued NAV of between US$55.4 million and US$60.8 million, the Independent Valuer has planned and performed valuation comprising:

- Review the fair value of trade receivables, deposits/prepayments/other receivables, inventories and goodwill; and
- Desktop analysis of the fair value of all vessels and the fixed assets, comprising mainly of leasehold land, and buildings, machinery and equipment at a shipyard in Batam, Indonesia, belonging to the Company.

Except for the assets identified in the Valuation Report, the Directors and the Management of the Company had confirmed that, to their best knowledge and belief, on aggregate basis, there are no material differences between the estimated fair value of the other assets for which no valuation was obtained and their respective book value as at the Latest Practicable Date. The Directors confirmed that they are aware of and are satisfied with the selection of the Revalued Items for the valuation exercise.

We have not made any independent evaluation or appraisal of the Revalued Items and we have been furnished with the Valuation Report in respect of the fair value of the Revalued Items by the Company. With respect to such valuation, we are not experts in the evaluation or appraisal of the Revalued Items and have relied on the Valuation Report for the fair value of the Revalued Items and the Directors' opinion and confirmation as mentioned in this section.

The Directors have represented that they had reviewed the Valuation Report to understand the assumptions used and the information relied upon by the Independent Valuer in arriving at the fair value of the Revalued Items. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions used by the Independent Valuer are reasonable and confirmed that the Independent Valuer has been provided with information that to the best of their knowledge or belief is true, complete as per request and accurate in all respects and that there is no other information or fact, the omission of which would render the assumptions used by the Independent Valuer to be untrue, inaccurate or incomplete in any respect or misleading.

For illustrative purposes only, the computation of the RNAV and RNTA has been extracted below based on the information provided by the Independent Valuer:

US$"000	Unaudited 1Q2016 Based on first quarter statement[1]	Revalued 1Q2016 Scenario 1 [1,2]	Revalued 1Q2016 Scenario 2 [1,2]
Asset			
Current Asset			
Cash and bank balances	10,494	10,494	10,494
Fixed deposits	10,873	10,873	10,873
Trade receivables	227,530	227,530	227,530
Gross amount due from customers for contract work	306	306	306
Current portion of finance lease receivables	9,020	9,020	9,020
Deposits, prepayments and other receivables	89,492	89,492	89,492
Curren portion of loan receivables	400	400	400
Inventories	82,226	82,226	82,226
Asset classified as held for sales	165,384	112,845	112,845
Total Current Assets	**645,725**	**593,186**	**593,186**
Non-Current Assets			
Trade receivables	47,417	47,417	47,417
Prepayments and other receivables	39,819	39,819	39,819
Finance lease receivables	4,323	4,323	4,323
Loan receivables	3,600	3,600	3,600
Property, plant and equipment-Vessels	568,198	428,058	428,058
Property, plant and equipment - Shipyard Fixed Assets	32,237	78,255	78,255
Property, plant and equipment - Others	11,085	11,085	11,085
Goodwill- Shipbuilding	32,871	32,871	32,871
Goodwill- Chartering	5,443	–	5,443
Investment in associates and joint venture	171	171	171
Deferred tax asset	776	776	776
Total Non-Current Assets	**745,940**	**646,375**	**651,818**
Total Assets	**1,391,665**	**1,239,561**	**1,245,004**
Total Liabilites	**1,184,161**	**1,184,161**	**1,184,161**
Equity attributable to equity holders	**202,151**	**55,400**	**60,843**
Revalued Net Asset Value (RNAV) (US$'000)		**55,400**	**60,843**
Less: Intangible assets, including goodwill and deferred tax assets (**US$'000**)		**33,647**	**39,090**
Revalued Net Tangible Assets(RNTA) (US$'000)		**21,753**	**21,753**
Company's issued share capital as at 31 March 2016		212,354,622	212,354,622
RNAV per Share (US$)		**0.261**	**0.286**
RNAV per Share (S$)[2]		**0.352**	**0.386**
RNTA per Share (US$)		**0.102**	**0.102**
RNTA per Share (S$)[2]		**0.138**	**0.138**
Exit Offer Price(S$)		**0.320**	**0.320**
Exit Offer Price to RNAV per Share (x) (P/RNAV)		**0.9**	**0.8**
Exit Offer Price to RNTA per Share (x) (P/RNTA)		**2.3**	**2.3**

Notes:

(1) Figures and computations above are subjected to rounding.

*(2) The Independent Valuer had presented 2 scenarios, one with the exclusion of the goodwill for the chartering business to reflect the downward adjustment in the values of the vessels.The write-down of the goodwill of US$5.4 million is associated with the Company's subsidiary, GO Marine Group Pty Ltd ("**GO Marine**") and is computed after considering the future cash-flows from GO Marine, and after factoring in the challenging market conditions in which Go Marine operates in. Please refer to the Valuation Report Summary set out in **Appendix V** of this Circular for more details.*

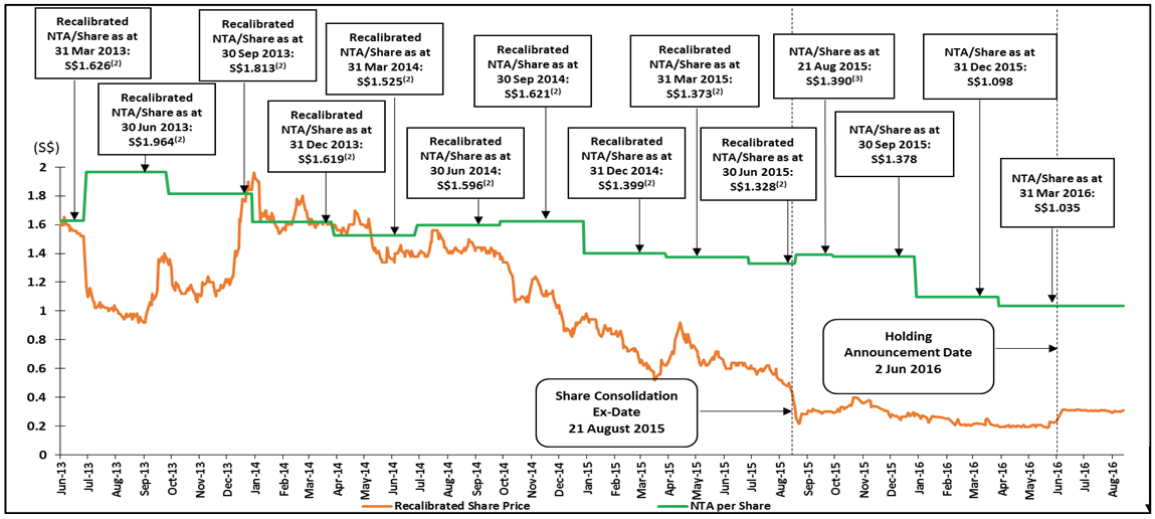
(3) Based on exchange rate US$1 = S$1.3482 on 31 March 2016.

Based on the table above, we noted P/RNAV of the Group as at 31 March 2016 was between 0.8x and 0.9x, the P/RNTA of the Group as at 31 March 2016 was 2.3x.

7.4.3 Historical Share Prices of the Company against its trailing NTA per Share

We set out below the historical Share Prices against the trailing NTA per Share of the Company for the past 36 months prior to the Holding Announcement Date:

Chart 3: Historical Share Prices of the Company against its trailing NTA per Share(1)



Source: Bloomberg as at the Latest Practicable Date, annual reports and interim financial statements

Notes:

1. Both the Share Prices and the NTA per Share had been recalibrated to reflect the 20 to 1 Share Consolidation for comparative purposes.

2. For illustrative purposes, we have divided the issue share capital of the Company at the end of each financial quarter prior to 21 August 2015 by 20 to reflect the 20 to 1 Share Consolidation. The exchange rates used to convert NTA per Share from USD to SGD are 1.2403, 1.2678, 1.2558, 1.2630, 1.2572, 1.2466, 1.2758, 1.3255,1.3730, 1.3474, 1.4100, 1.4223, 1.4185 and 1.3482 as at 31 March 2013, 30 June 2013, 30 September 2013, 31 December 2013, 31 March 2014, 30 June 2014, 30 September 2014, 31 December 2014, 31 March 2015, 30 June 2015, 21 August 2015, 30 September 2015, 31 December 2015 and 31 March 2016 respectively.

3. NTA per Share as at 21 August 2015 was calculated based on NTA of US$209.3 million as at 30 June 2015 over issued share capital of 212,354,778 Shares immediately after the Share Consolidation.

In the past 36 months prior to the Holding Announcement Date and up to the Last Practicable Date, Share Price had generally been trading below the NTA per Share of the Group. In particular, the discounts of the Share Price to the NTA per Share had widened since oil prices began to fall sharply in 4th quarter of 2014 before bottoming out in late 2015 and 2016.

We noted in Chart 3 above that Share Price had generally been trading below the NTA per Share of the Group between 2 June 2013 (36 months before the Holding Announcement Date) and up to the Latest Practicable Date.

However, we noted that for the period between 26 December 2013 and 9 May 2014 the Share Prices had traded at a premium of between 0.1% and 21.1% to the NTA per Share of the Group, save for 20 Trading Days, prior to the fall in oil prices in 4th quarter of 2014.

Since oil prices began to fall sharply in 4th quarter of 2014, the discounts of the Share Prices to NTA per Share of the Group also began to widen. We noted that the discounts of the Share Prices to NTA per Share continued to widen further in 2015 in tandem with the fall and continued weakness in oil prices and recorded the highest discount of the Share Price to NTA per Share of 84.5% on 24 August 2015.

Since then, we noted that the discounts of the Share Prices to NTA per Share narrowed in the period between late 2015 and up to the Holding Announcement Date, partly due to the reduction in NTA and partly due to the announcement of some positive corporate news amidst a rebound in oil prices.

Exit Offer Price to the NTA/RNTA per Share of the Group against comparable companies

We have also compared the P/NTA and P/RNTA of the Group against the P/NTA (and if available, P/RNTA) of comparable companies. Please refer to section 7.5 of this Letter.

Exit Offer Price to the NTA/RNTA per Share of the Group against selected transactions

We have also compared the P/NTA and P/RNTA of the Group against the Exit Offer Price to NTA multiple (and if available, Exit Offer Price to RNTA multiple) of the selected transactions. Please refer to section 7.6 of this Letter.

Book value or revalued value may not be fully realisable and may deteriorate further

Shareholders should take note that the NAV/NTA may not be fully realisable at its book value or revalued value, especially within a short time frame, and the NAV/NTA may deteriorate further if the Group continues to incur losses after 31 March 2016.

7.5 Relative Valuation Analysis (including gearing ratio analysis)

In assessing the reasonableness of the Offer Price, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies (the "**Comparable Companies**") listed on the SGX-ST that may, in our view, be broadly comparable to the core business of the Group, which are provision of offshore solutions including construction, repair, conversion, fabrication, management and chartering of vessels as well as sub-sea activities.

We advise the Independent Directors to note that there may not be any company listed on the SGX-ST that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies as the business of these selected companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only an illustrative guide and any conclusion draw from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

Independent Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter-alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

Comparable Companies (all these companies are listed on the SGX-ST)	Market capitalisation (US$ million)	Principal activities
PACC Offshore Services Holdings Ltd ("**PACC**")	418.0	The company provides offshore marine services in Singapore and internationally. The company operates a fleet of mid water and deep-water anchor handling tug supply vessels, platform supply vessels and pipes and other materials for construction of marine structures or pipelines. The company also supports marine contractors in construction and maintenance of oilfield infrastructures, as well as owns and operates harbour tugs and heavy lift crane barges.
CH Offshore Ltd ("**CH Offshore**")	194.1	The company owns and charters vessels to support and service the offshore oil and gas industry. The company also provides seismic surveys, towing and anchor handling of drill rigs and equipment, transportation of supplies and personnel, and supporting services for the construction of platforms and laying of the pipelines.
Mermaid Maritime Public Company Limited ("**Mermaid**")	97.8	The company is a provider of drilling and sub-sea engineering services for the offshore oil and gas industry. The Company's sub-sea engineering division services clients in South East Asia, India, China, Sakhalin, the North Sea, the Middle East and South America.
EZRA Holdings Limited ("**EZRA**")	94.0	The company is an integrated offshore support and marine services company which provides seabed-to-surface engineering and construction, marine as well as production services to the offshore oil and gas sector.
Pacific Radiance Ltd ("**PACRA**")	66.9	The company offers offshore vessels and support services, owns and operates offshore vessels and provides subsea services, shipyard services, marine equipment as well as project logistics to the oil and gas industry around the world.
ASL Marine Holdings Ltd ("**ASL**")	62.4	The company is an integrated marine company which has operations in shipbuilding, ship repair, and other marine-related services such as logistical support, general engineering services, and sales and repairing of marine equipment.
Vallianz Holdings Limited ("**Vallianz**")	61.5	The company is a vessel and equipment owning, and leasing company which provides marine support services, primarily marine asset ownership, leasing, and fleet management.
EMAS Offshore Limited ("**EMAS**")	24.2	The company provides offshore oil and gas services and offers floating production, storage and offloading services, as well as offshore accommodation, pipe lay, heavy lift, offshore hook up and commissioning and installation services.
Swissco Holdings Limited ("**Swissco**")	24.1	The company is an international marine company providing rig and vessel chartering, ship repair, maintenance and maritime services for the oil and gas, shipping, and marine infrastructure industries. The company operates a fleet of rigs secured on long-term bareboat contracts.

Source: Bloomberg as at the Latest Practicable Date

The following tabulates the key financial ratios for comparison of financial performance for the past 12-month period ended 31 March 2016 ("**T12**") and financial position as at 31 March 2016 for the Comparable Companies and the Group:

Table 2: Financial Performance of the Comparable Companies and the Group

Comparable Companies	T12 ROE[1] (%)	T12 Net profit/loss margin[2] (%)	T12 Asset turnover[3] (x)
PACC	(11.9)[4]	(44.9)[4]	0.2
CH Offshore	38.3	244.9	0.1
Mermaid	(65.7)[5]	(67.2)[5]	0.7
EZRA	(38.8)[6]	(57.5)[6]	0.3
PACRA	(1.3)[7]	(5.0)[7]	0.1
ASL	2.2	2.9	0.5
Vallianz	7.8	8.4	0.3
EMAS	(26.3)[8]	(52.7)[8]	0.1
Swissco	11.3	44.8	0.1
High	**38.3**	**244.9**	**0.7**
Low	**(65.7)**	**(67.2)**	**0.1**
Median	**(1.3)**	**(5.0)**	**0.2**
Simple Average	**(9.4)**	**8.2**	**0.3**
The Group	**(25.2)[9]**	**(26.7)[9]**	**0.1**

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies as at 31 March 2016 save for: (1) Swissco which was based on the audited full year financial statements ended 31 December 2015; and (2) EZRA and EMAS which were based on the unaudited interim financial statements as at 29 February 2016.

Notes:

1. *The T12 Return On Equity ("**ROE**") was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders' equity exclude minority interest as at 31 March 2016 of the respective companies.*
2. *T12 net profit/loss margin was calculated based on the ratio of T12 net profits/losses after tax attributable to shareholders to the T12 revenue of the respective companies.*
3. *T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at 31 March 2016 of the respective companies.*
4. *PACC recorded a T12 loss after tax attributable to shareholder of approximately US$126.5 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.*
5. *Mermaid recorded a T12 loss after tax attributable to shareholder of approximately US$212.1 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.*
6. *EZRA recorded a T12 loss after tax attributable to shareholder of approximately US$316.1 million based on unaudited financial statements for the 6-month ended 29 February 2016 and the audited full year financial statements in its annual report dated 31 August 2015.*
7. *PACRA recorded a T12 loss after tax attributable to shareholder of approximately US$5.5 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.*
8. *EMAS recorded a T12 loss after tax attributable to shareholder of approximately US$102.2 million based on unaudited financial statements for the 6-month ended 29 February 2016 and the audited full year financial statements in its annual report dated 31 August 2015.*
9. *The Group recorded a T12 loss after tax attributable to shareholders of approximately US$51.0 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited financial statements for FY2015.*

Based on Table 2, we noted the following:

(i) As a result of T12 loss after tax attributable to shareholder of approximately US$51.0 million, the Group's T12 ROE and T12 net profit margin was negative 25.2% and 26.7% (net loss margin) respectively, and was similar to PACC, Mermaid, EZRA, PACRA, and EMAS which T12 ROE and T12 net profit margin were also negative. The Group's T12 ROE and T12 net loss margin were within the range but lower and less favourable than the median and average of the Comparable Companies.

(ii) The Group's T12 asset turnover ratio of 0.1x was similar to CH Offshore, PACRA, EMAS, and Swissco but lower and less favourable than the median and average of Comparable Companies T12 asset turnover ratio.

Table 3: Debt Position of the Comparable Companies and the Group

Comparable Companies	Total assets (US$' million)	Total liabilities/ shareholders' equity (x)	Total borrowings/ shareholders' equity (x)	Net Debt[(1)]/T12 EBITDA[(2)] (x)
PACC	1,749.1	0.6	0.5	Negative[(3)]
CH Offshore	196.0	0.2	0.0	0.0
Mermaid	483.5	0.5	0.3	Negative[(4)]
EZRA	2,194.2	1.4	1.6	Negative[(5)]
PACRA	975.3	1.4	1.1	14.0
ASL	480.7	2.0	1.5	7.4
Vallianz	881.0	2.6	1.3	3.8
EMAS	1,330.9	2.4	1.6	Negative[(6)]
Swissco	531.1	0.9	0.8	2.9
High		**2.6**	**1.6**	**14.0**
Low		**0.2**	**0.0**	**0.0**
Median		**1.4**	**1.1**	**3.8**
Simple Average		**1.3**	**1.0**	**5.6**
The Group	**1,391.7**	**5.9**	**3.0**	**16.0**

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies as at 31 March 2016 save for: (1) Swissco which was based on the audited full year financial statements ended 31 December 2015; and (2) EZRA and EMAS which were based on the unaudited interim financial statements as at 29 February 2016.

Notes:

1. *The Net Debt is the sum of all short-term and long-term debt less the total cash and cash equivalents as at 31 March 2016.*
2. *T12 Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") is computed based on the trailing 12 months period ending on 31 March 2016 for which financial results have been published.*
3. *PACC recorded negative T12 EBITDA of approximately US$52.0 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.*
4. *Mermaid recorded negative T12 EBITDA of approximately US$176.8 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.*
5. *EZRA recorded negative T12 EBITDA of approximately US$126.1 million based on unaudited financial statements for the 6-month ended 29 February 2016 and the audited full year financial statements in its annual report dated 31 August 2015.*
6. *EMAS recorded negative T12 EBITDA of approximately US$29.8 million based on unaudited financial statements for the 6-month ended 29 February 2016 and the audited full year financial statements in its annual report dated 31 August 2015.*

Based on Table 3, we noted the following:

(i) The Group's total liabilities to shareholders' equity ratio of 5.9x and total borrowings to shareholders' equity ratio of 3.0x were way above (and approximately twice of) the Comparable Companies' upper range of 2.6x and 1.6x respectively.

(ii) The Group's net debt to T12 EBITDA ratio of 16.0x was above the Comparable Companies' upper range of 14.0x.

We wish to highlight that the Group is highly leveraged in comparison to its peers of the same industry. The Group's high net debt to T12 EBITDA ratio of 16.0x, total liabilities to shareholders' equity ratio of 5.9x, and total borrowings to shareholders' equity ratio of 3.0x suggest that there is a possibility of a material uncertainty on the Group's and the Company's ability to service and repay its debts and interests when due.

Table 4: Valuation Statistics of the Comparable Companies and the Group

Comparable Companies	Interim Financial	Market Capitalisation (US$' million)	T12 PER[1] (x)	T12 EV/ EBITDA[2] (x)	P/NTA[3] (x)
PACC	31-Mar-16	418.0	Negative[4]	Negative[4]	0.5
CH Offshore	31-Mar-16	194.1	3.2	2.9	1.2
Mermaid	31-Mar-16	97.8	Negative[5]	Negative[5]	0.3
EZRA	29-Feb-16	94.0	Negative[6]	Negative[6]	0.1
PACRA	31-Mar-16	66.9	Negative[7]	16.3	0.2
ASL	31-Mar-16	62.4	8.8	8.5	0.2
Vallianz	31-Mar-16	61.5	3.3	5.6	0.3
EMAS	29-Feb-16	24.2	Negative[8]	Negative[8]	0.1
Swissco	31-Dec-15	24.1	0.8	3.8	0.1
High			**8.8**	**16.3**	**1.2**
Low			**0.8**	**2.9**	**0.1**
Median			**3.3**	**5.6**	**0.2**
Simple Average			**4.0**	**7.4**	**0.3**
The Group (implied by the Offer Price)	31-Mar-16	**50.6[9]**	**Negative[10]**	**17.5**	**0.3[11]** **2.3[12]**

Source: Bloomberg as at the Latest Practicable Date, annual reports and the unaudited interim financial statements of the Comparable Companies as at 31 March 2016 save for: (1) Swissco which was based on the audited full year financial statements ended 31 December 2015; and (2) EZRA and EMAS which were based on the unaudited interim financial statements as at 29 February 2016.

Notes:

1. *T12 Price-Earnings Ratio ("**PER**") was calculated based on the ratio of market capitalisation as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.*
2. *The Enterprise Value ("**EV**") was calculated based on the sum of the companies' market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") is computed based on the trailing 12 months period ending on 31 March 2016 for which financial results have been published.*
3. *The Price to NTA ("**P/NTA**") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NTA attributable to shareholders of the respective companies.*
4. *PACC recorded a T12 loss after tax attributable to shareholder and negative T12 EBITDA of approximately US$126.5 million and US$52.0 million respectively, based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.*

5. Mermaid recorded a T12 loss after tax attributable to shareholder of approximately US$212.1 million and negative T12 EBITDA of approximately US$176.8 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.

6. EZRA recorded a T12 loss after tax attributable to shareholder and negative T12 EBITDA of approximately US$316.1 million and US$126.1 million respectively, based on unaudited financial statements for the 6-month ended 29 February 2016 and the audited full year financial statements in its annual report dated 31 August 2015.

7. PACRA recorded a T12 loss after tax attributable to shareholder of approximately US$5.5 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited full year financial statements in its annual report dated 31 December 2015.

8. EMAS recorded a T12 loss after tax attributable to shareholder and negative T12 EBITDA of approximately US$102.2 million and US$29.8 million respectively, based on unaudited financial statements for the 6-month ended 29 February 2016 and the audited full year financial statements in its annual report dated 31 August 2015.

9. Based on the Exit Offer Price of S$0.32 and 212,568,322 Shares in issue as at the Latest Practicable Date and used exchange rate of US$1 = S$1.344 for conversion.

10. The Group recorded a T12 loss after tax attributable to shareholders of approximately US$51.0 million based on unaudited financial statements for the 3-month ended 31 March 2016 and the audited financial statements for FY2015.

11. Based on the Group's NTA of approximately US$163.1 million as at 31 March 2016.

12. Based on the Group's RNTA of approximately US$21.8 million as at 31 March 2016, as set out in section 7.4.2 of this Letter.

Based on Table 4, we noted the following:

(i) The Group's T12 PER was negative as it had been loss-making over the Period Under Review. We noted that more than half of the Comparable Companies were loss-making.

(ii) Among all Comparable Companies which were loss-making, only one of them was T12 EBITDA positive. The Group's T12 EV/EBITDA of 17.5x was higher than the upper range (more favourable) of 16.3x for those Comparable Companies which were T12 EV/EBITDA positive.

(iii) The Group's P/NTA as at 31 March 2016 was approximately 0.3x, which was within the range, similar to the simple average and slightly higher (more favourable) than the median of the Comparable Companies. The Group's P/RNTA of 2.3x based on RNTA as at 31 March 2016 as set out in section 7.4.2 of this Letter was above the range and more favourable than those of the Comparable Companies.

7.6 Precedent Privatisation Transactions Analysis

We have also compared the valuation statistics implied by the Exit Offer Price with those of selected recently successful privatisation transactions undertaken by SGX-ST listed companies ("**Selected Transactions**"). In assessing the reasonableness of the Exit Offer Price, we have compared the financial terms of the Exit Offer with those Selected Transactions carried out either by way of voluntary delisting (VD) since January 2014 and up to the Latest Practicable Date or general takeover offer (VGO) since January 2015 and up to the Latest Practicable Date. We have reviewed transactions, *inter alia*, a comparison of the premium/(discount) of the exit offer prices of the consideration shares over/to the last transacted prices for the shares of these companies prior to the date of the relevant announcements and the NTA of the companies.

Table 5: Valuation Statistics of Comparable Transactions and the Group

Company	Type	Ann Date	Exit Offer Price (S$)	Last transacted price prior to ann date (%)	Premium/ (discount) over the 1-month VWAP prior to ann date (%)	3-month VWAP prior to ann date (%)	6-month VWAP prior to ann date (%)	Exit Offer Price to NTA/NAV (x)
Popular Holdings Limited	VGO	14-Jan-15	0.320	39.1	39.7	37.3	32.2	1.2[1]
Keppel Land Limited	VGO	23-Jan-15	4.380[2]	20.0	25.0	28.8	28.2	0.9
Lizhong Wheel Group Ltd	VGO	17-Aug-15	0.500	96.1	87.3	79.2	92.3	0.6[3]
Chosen Holdings Limited	VGO	1-Sep-15	0.240	21.2	26.3	27.0	33.3	0.8[4]
Tiger Airways Holdings Limited[5]	VGO	6-Nov-15	0.450	45.2	48.5	56.3	50.0	5.4
Interplex Holdings Ltd	VGO	23-Dec-15	0.820	15.5	11.1	13.1	16.5	1.7
China Yongsheng Limited	VGO	24-Feb-16	0.032	52.4	67.4	62.4	56.9	0.7[6]
Osim International Ltd	VGO	29-Feb-16[7]	1.410	27.0	40.9	42.5	16.7	2.6
High				**96.1**	**87.3**	**79.2**	**92.3**	**5.4**
Low				**15.5**	**11.1**	**13.1**	**16.5**	**0.6**
Median				**33.1**	**40.3**	**39.9**	**32.8**	**1.1**
Simple Average				**39.6**	**43.3**	**43.3**	**40.8**	**1.7**
Chemoil Energy Limited	VD	25-Feb-14	US$0.400	29.0	31.1	32.5	31.2	1.1
Asia Power Corporation Limited	VD	24-Mar-14	0.160	0.0	1.2	2.1	9.7	0.6
Action Asia Limited	VD	27-Feb-15	0.190	69.6	68.1	66.7	65.2	0.8[8]
Junma Tyre Cord Company Limited[9]	VD	10-Mar-15	0.200	222.6	162.3	174.7	167.7	0.9[9]
Eastern Holdings Ltd	VD	22-Sep-15	0.425	41.7	41.7	26.8	21.8	0.8[10]
Sinotel Technologies Ltd	VD	30-Nov-15	0.128	50.6	30.6	45.5	(4.5)	0.8
China Diary Group Ltd	VD	12-Apr-16	0.195	87.7	96.4	82.5	82.5	1.1[11]
High				**87.7**	**96.4**	**82.5**	**82.2**	**1.1**
Low				**0.0**	**1.2**	**2.1**	**(4.5)**	**0.6**
Median				**46.2**	**36.4**	**39.0**	**26.5**	**0.8**
Simple Average				**46.4**	**44.9**	**42.7**	**34.3**	**0.9**
The Group		**2-Jun-16**	**0.320**	**39.1**	**44.8**	**43.5**	**42.9**	**2.3[12]**

Source: Circulars of the respective selected transactions

Notes:

1. *Based on the Group's unaudited RNTA per share of S$0.2562 as at 31 October 2014.*
2. *Based on base offer price.*
3. *Based on RNTA per share of S$0.86 as at 30 June 2015.*
4. *Based on RNAV per share of S$0.2826 as at 30 June 2015.*
5. *Based on revised offer letter. Time reference in calculating the premium is 5 November 2015 being the last trading date prior to the offer announcement.*
6. *Based on RNAV per share of S$0.0489 as at 31 December 2015.*

7. Time reference in calculating the premium is based on "unaffected date", being the last full market day preceding 1 March 2016, which is the date the SGX-ST issued the query regarding trading activity to the Company.
8. Based on RNAV per share of S$0.255 as at 31March 2015.
9. Excluded as statistical outlier in the computations, except the computation of Exit Offer Price to NAV/NTA which was based on RNTA per share of S$0.21 as at 31 December 2014.
10. Based on RNTA per share of S$0,515 as at 30 September 2015.
11. Based on RNAV per share of S$0.184 as at 31 December 2015.
12. Based on the Group's RNTA per Share of approximately S$0.138 as at 31 March 2016 as set out in section 7.4.2 of this Letter.

For illustration purposes only, we noted the following:

(i) the premium of 39.1% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Holding Announcement Date is within the comparable range but slightly lower (less favourable) than the simple average of the precedent voluntary general offers.

(ii) the premium of 44.8% for the Group as implied by the Exit Offer Price over 1-month VWAP prior for the Shares prior to the Holding Announcement Date is within the comparable range and higher (more favourable) than the simple average of the precedent voluntary general offers.

(iii) the premium of 39.1% for the Group as implied by the Exit Offer Price over the last transacted price for the Shares prior to the Holding Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings.

(iv) the premium of 44.8% for the Group as implied by the Exit Offer Price over 1-month VWAP for the Shares prior to the Holding Announcement Date is within the comparable range, higher than the median, and almost equivalent to the simple average of the precedent voluntary delistings.

(v) The Group's Exit Offer Price to RNTA multiple of 2.3x based on the unaudited RNTA as at 31 March 2016 was above the range of the voluntary delistings, and within the range but higher than the median and simple average of the voluntary general offers.

We wish to highlight that the circumstances for each of the transactions is unique and the companies involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Exit Offer and the precedent privatisation transactions serves as an illustrative guide only.

7.7 Dividend Track Record of the Company

The Company did not pay or propose dividends for FY2014, FY2015, and 1Q2016 as the Group recorded net losses for all the relevant periods and the Directors felt that it was prudent to conserve cash resources of the Company.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

7.8 Other relevant considerations

7.8.1 No revision in Exit Offer Price

Pursuant to the **Paragraph 2.2** of the Exit Offer Letter, we noted that the Offeror does not intend to revise the Exit Offer Price under any circumstances.

7.8.2 Irrevocable Undertakings

Yaw Chee Siew, CEO and BCI (collectively, the "**Undertaking Shareholders**") have provided unconditional and irrevocable written undertakings dated 6 June 2016 (the "**Irrevocable Undertakings**") to the Offeror that during the period commencing on the date of the respective deeds of undertaking and ending on the Expiry Date (as defined below) to, inter alia:

(a) vote and procure the voting of all their existing Shares ("**Existing Shares**") and all additional Shares as may be howsoever acquired by the Undertaking Shareholders or issued or unconditionally allotted to them subsequent to the Joint Announcement Date (the "**Relevant Shares**") at the EGM to approve the Delisting Resolution and any other matter necessary or proposed to implement the Delisting;

(b) accept, and procure the acceptance of the Exit Offer in respect of all the Relevant Shares; and

(c) waive receipt of payment of the consideration by the Offeror in respect of all the Relevant Shares tendered in acceptance of the Exit Offer, notwithstanding the provisions of the Code in relation to the time period in which payment should be made.

As at the Latest Practicable Date, the Undertaking Shareholders hold an aggregate of 129,960,353 Shares, representing approximately 61.14% of the total issued share capital of the Company. The respective shareholdings of each of the Undertaking Shareholders are set out in **Paragraph 3.2** of the Exit Offer Letter.

Save as disclosed in this Exit Offer Letter, as at the Latest Practicable Date neither the Offeror nor its Concert Parties has received any irrevocable undertaking from any party to (a) vote for or against the Delisting Resolution, and (b) accept or reject the Exit Offer.

In view of the Irrevocable Undertakings, the Offeror would be able to receive acceptances of at least 61.14% of the Offer Shares. As such, once the Offeror receives acceptances from the Undertaking Shareholders in respect of their Existing Shares, the Minimum Acceptance Condition will be satisfied. In addition, the aggregate shareholding which will vote in favour of the Delisting Resolution at the EGM will be at least 61.14% of the total issued share capital of the Company.

7.8.3 Approval Threshold for Delisting Resolution

Contingent upon the satisfaction of the Pre-Condition as set on in **Section 2.1** of the Circular, the Delisting Proposal and the Exit Offer will be conditional on:

(i) the approval of the SGX-ST for the Delisting;

(ii) the Delisting Resolution being approved by a majority of at least 75% of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (for the avoidance of doubt, Directors and the Controlling Shareholder need not abstain from voting on the Delisting Resolution); and

(iii) the Delisting Resolution not being voted against by 10% or more of the total number of Shares excluding treasury shares held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM,

(collectively, **Delisting Proposal Conditions**).

The Exit Offer will also be conditional on the Minimum Acceptance Condition.

Save for the Delisting Proposal Conditions and the Minimum Acceptance Condition, the Delisting and Exit Offer will each be unconditional in all respects.

Shareholders are to note that the Delisting is conditional upon the Delisting Proposal Conditions being satisfied. If the Delisting Proposal Conditions is not satisfied, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST.

Shareholders should note that the Exit Offer is conditional upon the Delisting Proposal Conditions and the Minimum Acceptance Condition being satisfied. If any of these conditions is not satisfied, the Exit Offer will lapse and all acceptances of the Exit Offer will be returned.

An application was made by the Company to the SGX-ST on 8 July 2016 to delist the Company from the Official List of the SGX-ST. The SGX-ST has in its letter dated 12 August 2016 advised that it has no objection to the Delisting, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual. The aforesaid decision of the SGX-ST is not to be taken as an indication of the merits of the Delisting.

In view of the Irrevocable Undertaking from the Undertaking Shareholders, the Offeror would have achieved a minimum of 61.14% votes to approve the Delisting Resolution and the Minimum Acceptance Condition will be met, once Offeror received acceptances from the Undertaking Shareholders.

7.8.4 Compulsory acquisition

As set out in **Section 7.2** of the Circular, pursuant to Section 215(1) of the Companies Act (Cap. 50) (**Act**), in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), it will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer (the "**Dissenting Shareholders"**) at the Exit Offer Price.

The Offeror intends to make the Company its wholly owned subsidiary. **Accordingly, when entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Act.**

In addition, Dissenting Shareholders have the right under and subject to Section 215(3) of the Act to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total issued Shares (excluding treasury shares).

Subject always to Paragraph 2.6 of the Exit Offer Letter, the Delisting is not conditional on the Offeror obtaining not less than 90% of the total issued Shares and is not conditional on the Offeror being entitled to exercise its right of compulsory acquisition.

Dissenting Shareholders who wish to exercise their rights under Section 215(3) of the Act are advised to seek their own independent legal advice.

In the event that the Delisting Proposal Conditions and the Minimum Acceptance Condition are satisfied, but (a) the Offeror is not entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act; or (b) Dissenting Shareholders are not entitled to require the Offeror to acquire their Shares at the Exit Offer Price under Section 215(3) of the Companies Act, the Company will be delisted, and Shareholders who do not accept the Exit Offer will be left holding unquoted Shares in an unlisted company.

7.8.5 Acceptance Procedures

Shareholders can accept the Exit Offer anytime during the period commencing from the date of despatch of the Exit Offer Letter and ending 5.30 p.m. on the Closing Date.

If a Shareholder decides to accept the Exit Offer, he should complete, sign and return the relevant Acceptance Form in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form. Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in **Appendix I** to the Exit Offer Letter.

Acceptance of the Exit Offer does not mean to vote in favour of the Delisting Resolution. To vote in favour of the Delisting Resolution, a Shareholder may wish to attend the EGM, or to appoint a proxy to attend and vote on his behalf in accordance with Section 16.1 of the Circular.

Shareholders should note that in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of the Exit Offer and excluding any Shares held by the Company as treasury shares), the Offeror will be entitled to exercise the right of compulsory acquisition under Section 215(1) of the Act, to acquire all the Shares of the Dissenting Shareholders at a price equal to the Exit Offer Price. It is the intention of the Offeror to exercise such right of compulsory acquisition if the Offeror should acquire sufficient Offer Shares to be entitled to such right. It should be noted that the Dissenting Shareholders would have a corresponding right, under and subject to Section 215(3) of the Act, to require the Offeror to acquire their Shares at the Exit Offer Price by serving notice requiring the Offeror to do so, in the event that the Offeror its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with any other Shares held by the Offeror, its related corporations and their respective nominees, comprise 90% or more of the total issued Shares excluding treasury shares.

Shareholders should also note that if any of the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM) and the Minimum Acceptance Condition is not satisfied, the conditions to the Exit Offer will not be fulfilled. In such event, those Shares in respect of which acceptances have been received shall be transferred to the "Free Balance" of the relevant Shareholder's Securities Account in accordance with the terms set out in the Acceptance Forms.

In the event that the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM) are satisfied and a Shareholder takes no action, the Company will be delisted from the Official List of the SGX-ST, and the Shareholder will continue to hold unquoted Shares of the Company (as an unlisted company). If the Shareholder holds Shares that are deposited with CDP, a share certificate representing his delisted Shares that are deposited with CDP will be sent, by ordinary post and at his own risk, to his mailing address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST. The implications of the Delisting for Shareholders are set out in **Section 7.1** of the Circular.

7.8.6 2016 Notes Maturity Date

As set out in **Section 2.1** of the Circular, we noted the Pre-Condition which is a condition to the Delisting Proposal has been satisfied.

7.8.7 No alternative offer and plans

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no alternative offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

8. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the Exit Offer, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment including, *inter alia,* the following:

(a) Financial performance and position of the Group (including gearing ratio analysis and liquidity of the Group)

Declining historical financial performance and high gearing ratio

The Group suffered declining revenue and losses between FY2014 and 1Q2016 as a result of the decline in oil prices since 2014. In addition, the Group's total borrowings to shareholders' equity of 3.0x, total liabilities/total shareholders' equity of 5.9x, as well as highest net debt to T12 EBITDA ratio of 16.0x as at 31 March 2016, suggest that there is a possibility of a material uncertainty on the Group's and the Company's ability to service and repay its debts and interests when due.

(b) General economic conditions and outlook of the industry

As set out in **Section 4.2** of the Circular, the Management of the Company had expressed that *"…Since crude oil prices started plunging in 2014, there have been significant fluctuations to oil prices in 2015 and 2016. Such fluctuations, together with the deterioration in the global economic situation, have resulted in oil and gas majors pulling back upstream capital expenditure plans, which in turn, has impacted service providers, including those in the offshore marine industry in which the Group operates.*

Oil and gas majors have been cutting their capital expenditure plans since crude oil prices fell in 2014. Similarly, the offshore marine industry has persistently been beset by downward revisions in both daily charter and utilisation rates. These difficult market conditions are further compounded by the influx of new build vessels, (a product of speculative builds in the better days) which continue to pressure asset valuations downwards.

… Overall, the general economic conditions and outlook for the oil and gas industry and for the Group remain challenging."

(c) Historical Share Price performance and Trading Liquidity

(i) Company's Share Prices were trading above the Exit Offer Price prior to the Share Consolidation.

Company's recalibrated Share Price reflecting the Share Consolidation were above the Exit Offer Price but was on a down trend prior to the Ex-Date of the Share Consolidation on 21 August 2015. The decline in Share Price was in tandem with the declining trend of the oil prices over the same period (refer to Chart 2).

(ii) Company's Share Prices were generally trading below the Exit Offer Price after the Share Consolidation and up to the Latest Practicable Date.

After the Share Consolidation and up to the Latest Practicable Date, the Company's closing prices were generally below the Exit Offer, except for the period between 9 October 2015 and 23 November 2015 when the closing prices were equilvalent to or above the Exit Offer Price, which might partly have been boosted by the rebound in oil prices between end August and November 2015 (refer to Chart 2). Since 23 November 2015 up to the Holding Announcement Date, the Company's closing prices were lower than the Exit Offer Price.

(iii) Company's Share Prices moved closely with the oil prices

We understand that the Group's business is in the offshore oil and gas service sector whose business activities have been affected by the fall in oil prices since 2014. Based on Chart 2, we noted that the Share Price performance of the Company has broadly tracked the movement of the crude oil price.

(iv) Exit Offer Price comparison to VWAP

The Exit Offer Price is approximately 39.1%, 44.8%, 43.5% and 42.9% premium to the last transacted price and the VWAP for the Shares for the period 1-month, 3-months, 6-months prior to the Holding Announcement Date; but at a discount of 13.5% to the VWAP for the Shares for the period 12-months prior to the Holding Announcement Date. We also noted that the premium is higher in shorter period when comparing 1-month, 3-months and 6-months VWAP for the Shares as a result of the lower Share Prices traded during the period up to the Holding Announcement.

(v) Low trading volume

We noted that the trading volume of the Shares on the SGX-ST has generally been low in the past 12 months prior to the Holding Announcement Date. The average daily trading volume of the Shares for the one (1) month, three (3) months, six (6) months and twelve (12) months periods prior to and including the Last Market Day ranged from 0.17% to 0.34% of the Free Float (refer to section 7.3.3 of this Letter). Although the average daily trading volume of the Shares had increased since the Holding Announcement Date and ending on the Latest Practicable Date to 0.47% of the Free Float, the average daily trading volume may not necessarily be as high after the Exit Offer has lapsed. The Exit Offer represents an opportunity for Shareholders to realise their investments in the Shares at a price which may not otherwise be readily available.

(d) The Group's NAV/RNAV and NTA/RNTA

(i) Exit Offer Price to NAV/RNAV and NTA/RNTA

Based on the Group's last published accounts as at 31 March 2016, the Group's P/NAV and P/NTA were approximately 0.3x and its P/RNAV and P/RNTA were approximately 0.8x-0.9x and 2.3x respectively.

(ii) In the past 36 months prior to the Holding Announcement Date and up to the Last Practicable Date, Share Price had generally been trading below the NTA per Share of the Group. In particular, the discounts of the Share Price to the NTA per Share had widened since oil prices began to fall sharply in 4th quarter of 2014 before bottoming out in late 2015 and 2016.

We noted that Share Price had generally been trading below the NTA per Share of the Group between 2 June 2013 (36 months before the Holding Announcement Date) and up to the Latest Practicable Date. However, we noted that for the period between 26 December 2013 and 9 May 2014 the Share Prices had traded at a premium of between 0.1% and 21.1% to the NTA per Share, save for 20 Trading Days, prior to the fall in oil prices in 4th quarter of 2014.

Since oil prices began to fall sharply in 4th quarter of 2014, the discounts of the Share Prices to NTA per Share of the Group also began to widen. We noted that the discounts of the Share Prices to NTA per Share continued to widen further in 2015 in tandem with the fall and continued weakness in oil prices and recorded the highest discount of the Share Price to NTA per Share of 84.5% on 24 August 2015.

Since then, we noted that the discounts of the Share Prices to NTA per Share narrowed in the period between late 2015 and up to the Holding Announcement Date, partly due to the reduction in NTA and partly due to the announcement of some positive corporate news amidst a rebound in oil prices.

(iii) Exit Offer Price to the NTA/RNTA per Share of the Group against Comparable Companies

The Group's P/NTA as at 31 March 2016 was approximately 0.3x, which was within the range, similar to the simple average and slightly higher (more favourable) than the median of the Comparable Companies. The Group's P/RNTA of 2.3x based on RNTA as at 31 March 2016 was above the range and more favourable than those of the Comparable Companies.

(iv) Exit Offer Price to the NTA/RNTA per Share of the Group against Selected Transactions

The Group's P/NTA multiple of 0.3x based on the unaudited NTA as at 31 March 2016 was below the range of the Selected Transactions. The Group's P/RNTA multiple of 2.3x based on the unaudited RNTA as at 31 March 2016 as set out in section 7.4.2 of this Letter was above (more favourable) the range of the voluntary delistings, and within the range but higher (more favourable) than the median and simple average of the voluntary general offers.

Nonetheless, we wish to highlight that the circumstances for each of the Selected Transactions is unique and the companies involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. As such, the analysis is necessarily limited.

(v) Book value or revalued value may not be fully realisable and may deteriorate further

Shareholders should take note that the NAV/NTA may not be fully realisable at its book value or revalued value, especially within a short time frame, and the NAV/NTA may deteriorate further if the Group continues to incur losses after 31 March 2016.

(e) Relative Valuation Analysis (including gearing ratio analysis)

(i) Majority of the Comparable Companies are loss-making

The Group's T12 PER was negative as it had been loss-making over the Period Under Review. We noted that more than half of the Comparable Companies were also loss-making.

(ii) Within the range of the Comparabe Companies but less favourable in terms of median and average

Save for T12 EV/EBITDA, the Group's T12 ROE, T12 net loss margin, T12 asset turnover ratio, were within the range but lower and less favourable than the median and simple average of the Comparable Companies.

(iii) High leverage ratios against the Comparable Companies

The Group's total liabilities to shareholders' equity ratio of 5.9x and total borrowings to shareholders' equity ratio of 3.0x were above (and approximately twice of) the Comparable Companies' upper range of 2.6x and 1.6x respectively. In addition, The Group's net debt to T12 EBITDA ratio of 16.0x was above the Comparable Companies' upper range of 14.0x.

We wish to highlight that the Group was highly leveraged in comparison to its peers of the same industry. The Group's high net debt to T12 EBITDA ratio of 16.0x, total liabilities to shareholders' equity ratio of 5.9x and total borrowings to shareholders' equity ratio of 3.0x suggest that there is a possibility of a material uncertainty on the Group's and the Company's ability to service and repay its debts and interests when due.

(f) Precedent Privatisation Transactions

(i) the premium of 39.1% for the Group as implied by the Exit Offer Price from the last transacted price for the Shares prior to the Holding Announcement Date is within the comparable range but slightly lower (less favourable) than the simple average of the precedent voluntary general offers.

(ii) the premium of 44.8% for the Group as implied by the Exit Offer Price from 1-month VWAP for the Shares prior to the Holding Announcement Date is within the comparable range and higher (more favourable) than the simple average of the precedent voluntary general offers.

(iii) the premium of 39.1% for the Group as implied by the Exit Offer Price from the last transacted price for the Shares prior to the Holding Announcement Date is within the comparable range but lower (less favourable) than the median and simple average of the precedent voluntary delistings.

(iv) the premium of 44.8% for the Group as implied by the Exit Offer Price from 1-month VWAP for the Shares prior to the Holding Announcement Date is within the comparable range, higher than the median, and almost equivalent to the simple average of the precedent voluntary delistings.

We wish to highlight that the circumstances for each of the transactions is unique and the companies involved may not be directly comparable to the Company and the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Exit Offer and the precedent privatisation transactions serves as an illustrative guide only.

(g) Dividend Track Record of the Company

The Company did not pay or propose dividends for FY2014, FY2015, and 1Q2016 as the Group recorded net losses for all the relevant periods and the Directors felt that it was prudent to conserve cash resources of the Company.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

(h) Other Relevant Considerations

No alternative offer and plans

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Exit Offer being made by the Offeror, there is no alternative offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

9. RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and carefully considered the analysis set out in this letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, we are of the opinion that the financial terms of the Exit Offer are fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

Shareholders should note that the Exit Offer is conditional upon the Delisting Proposal Conditions (which includes the Delisting Resolution being approved at the EGM) and the Minimum Acceptance Condition. If any of the conditions to the Exit Offer is not satisfied, the Exit Offer will lapse, the Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST.

Accordingly, we advise the Independent Directors to recommend that Shareholders should vote in favour of the Delisting Resolution. In the event that the Delisting Resolution is passed, the Independent Directors should recommend that Shareholders to either ACCEPT the Exit Offer or sell their Shares on the open market if they can obtain a price equal to or higher than the Exit Offer Price (after deducting expenses) in the event that the Delisting Resolution is passed and they do not intend or are not prepared to hold unlisted Shares. Shareholders should note that there is no assurance that the market prices and trading volumes of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date after the close of the Exit Offer.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice of Stirling Coleman on the Exit Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of Stirling Coleman's review and also, such advice, if given, would not fall within Stirling Coleman's terms of reference in connection with the Exit Offer.

This Letter (for inclusion in the Circular) is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Exit Offer. The recommendation made by the Independent Directors to the Shareholders remains the responsibility of the Independent Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

ANG KAY TIONG
MANAGING DIRECTOR,
CEO

LUI YEN LI
MANAGING DIRECTOR,
HEAD, CORPORATE FINANCE ADVISORY

The following information on the Offeror and its Concert Parties is extracted from **Appendix II to the Exit Offer Letter**. Unless otherwise defined, all terms and expressions used in this Appendix II shall have the same meanings as those in the Exit Offer Letter.

"***APPENDIX II***

ADDITIONAL INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES

1. DIRECTORS OF THE OFFEROR

The names, addresses and descriptions of the Offeror Director as at the Latest Practicable Date are as follows:

Name	***Address***	***Designation***
Datuk Seri Yaw Chee Siew	*9 Temasek Boulevard, #33-01 Suntec Tower Two, Singapore 038989*	*Director*

2. REGISTERED OFFICE OF THE OFFEROR

The registered office of the Offeror is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

3. PRINCIPAL ACTIVITIES OF THE OFFEROR

The Offeror is a special purpose vehicle incorporated in the British Virgin Islands for the purposes of making the Exit Offer. Its principal activities include investment holding.

4. SHARE CAPITAL

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of one (1) share, which is held by Yaw.

5. SUMMARY OF FINANCIAL INFORMATION

As the Offeror is incorporated in the British Virgin Islands, there is no requirement to prepare audited financial statements and accordingly, no audited financial statements have been prepared since the date of its incorporation.

6. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, to the best knowledge of the Offeror, save for making and financing the Exit Offer, there has been no known material change in the financial position of the Offeror since 4 May 2016, being the date of its incorporation.

7. SIGNIFICANT ACCOUNTING POLICIES

As no audited financial statements of the Offeror have been prepared to date, there are no significant accounting policies to be noted.

8. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

8.1. Shareholdings in the Company

Save as disclosed in the Exit Offer Letter and as set out in the table below, none of the Offeror and its Concert Parties owns, controls or has agreed to acquire any Company Securities as at the Latest Practicable Date.

Name	*Shareholding Interest*					
	Direct Interest (Number of Shares)	*%(1)*	*Deemed Interest (Number of Shares)*	*%(1)*	*Total Interest (Number of Shares)*	*%(1)*
Offeror Director						
Yaw	*539,835*	*0.25*	*129,420,518(2)(3)*	*60.88*	*129,960,353*	*61.14*
The Offeror	*–*	*–*	*–*	*–*	*–*	*–*
Other parties acting or deemed to be acting in concert						
BCI(4)	*126,177,260*	*59.36*	*–*	*–*	*126,177,260*	*59.36*
CEO(4)	*3,243,258*	*1.53*	*–*	*–*	*3,243,258*	*1.53*

Notes:

(1) The percentage shareholding interest is based on the issued share capital of 212,568,322 Shares as at the Latest Practicable Date.

(2) RHB Securities Singapore Pte. Ltd. (100,498,630 Shares) and RHB Bank Nominees Pte Ltd (25,678,630 Shares) are bare trustees for BCI. As BCI is wholly-owned by Yaw, Yaw is deemed to have interest in Shares held by BCI.

(3) CEO owns 3,243,258 Shares. As CEO is wholly-owned by Yaw, Yaw is deemed to have interest in shares held by CEO.

(4) BCI and CEO are companies controlled by Yaw, a director of the Offeror, and are therefore deemed to be parties acting in concert with the Offeror.

8.2. Dealings in Company Securities

Based on the latest information available to the Offeror, none of the Offeror and its Concert Parties has:

(a) dealt for value in any Company Securities in the three-month period prior to the Holding Announcement Date and up to the Latest Practicable Date;

(b) save for the Irrevocable Undertakings, received any other irrevocable undertaking from any party to vote for or against the Delisting Resolution and to accept or reject the Exit Offer as at the Latest Practicable Date;

(c) save for the Irrevocable Undertakings, the BCI Share Charge and the Offeror Share Charge (as defined below), entered into any arrangement of the kind referred to under Note 7 to Rule 12 of the Code, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares as at the Latest Practicable Date; or

(d) save for the BCI Share Charge and the Offeror Share Charge (as defined below), (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise; (ii) borrowed from another person any Company Securities (excluding borrowed securities which have been on-lent or sold); or (iii) lent any Company Securities to another person as at the Latest Practicable Date.

*As at the Latest Practicable Date, the Offeror has entered into a facility agreement dated 29 June 2016 (**Facility Agreement**) with RHB Bank for a loan from RHB Bank in an aggregate principal amount of S$73.0 million (**Proposed Loan**) for the purposes of redeeming the 2016 Notes, payment of expenses in relation to the Proposed Loan and working capital subject to the successful completion of the Delisting.*

*In addition, the Offeror and Yaw, in his capacity as the sole shareholder of the Offeror, have executed a deed of undertaking dated 29 June 2016 in favour of British and Malayan Trustees Limited (as trustee of the 2016 Notes) to undertake that, amongst others, neither the Offeror nor Yaw shall take any step to terminate the Facility Agreement or cause the Facility Agreement to be terminated by RHB Bank or cause the disbursement of the Proposed Loan to be disrupted in any way and each of the Offeror and Yaw shall do and execute all such things and documents to satisfy the condition precedents of the Proposed Loan (other than for the completion of the Delisting) prior to the completion of the Delisting. The Offeror intends to create a charge over all the Shares once acquired by the Offeror pursuant to the Exit Offer, as security for the Proposed Loan in favour of RHB Bank after the completion of the Delisting, if applicable (**Offeror Share Charge**).*

9. GENERAL

9.1. Agreement having any connection with or dependence upon the Exit Offer

Save for the Irrevocable Undertakings and as otherwise disclosed in this Exit Offer Letter, there is no agreement, arrangement or understanding as at the Latest Practicable Date between (a) the Offeror or its Concert Parties; and (b) any of the current or recent Directors or any of the current or recent Shareholders having any connection with or dependence upon the Exit Offer.

9.2. Payment or benefit to the Directors

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for payment or other benefit to be made or given to any Director or any director of a corporation deemed to be related to the Company by virtue of Section 6 of the Companies Act as compensation for loss of office or as consideration for or in connection with his retirement from office or otherwise in connection with the Exit Offer.

9.3. Transfer of Shares

As at the Latest Practicable Date, save for the Offeror Share Charge, there is no agreement, arrangement or understanding whereby any Shares acquired pursuant to the Exit Offer, as the case may be, will be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.

9.4. Transfer restrictions

The constitution of the Company does not contain any restrictions on the right to transfer Offer Shares, which has the effect of requiring the holders of the Offer Shares, before transferring them, to first offer them for purchase to Shareholders or to any other person.

9.5. Material change in information

Save as disclosed in this Exit Offer Letter and save for the information relating to the Offeror and the Exit Offer that is publicly available, there has been, within the knowledge of the Offeror, no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date."

1. GENERAL INFORMATION

The Company was incorporated in Singapore and has been listed on the Mainboard of the SGX-ST since 2008. The Company and its subsidiaries are principally engaged in vessel construction, repair and conversion, fabrication, chartering, management and leasing of vessels as well as subsea services.

2. DIRECTORS OF THE COMPANY

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Datuk Seri Yaw Chee Siew	9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989	Executive Chairman
See Kian Heng	9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989	Group Chief Executive Officer and Group Executive Director
Ng Quek Peng	9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989	Lead Independent and Non-Executive Director
Chin Yoong Kheong	9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989	Independent and Non-Executive Director
Craig Foster Pickett	9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989	Non-Independent and Non-Executive Director

3. REGISTERED OFFICE OF THE COMPANY

The registered office of the Company is at 9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989.

4. SHARE CAPITAL OF THE COMPANY

4.1. Number and Class of Shares

The Company has only one class of Shares, comprising ordinary shares. The Shares are quoted and listed on the Mainboard of the SGX-ST.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$500,564,646 comprising 212,568,322 Shares. The Company does not have any Shares held in treasury.

4.2. Rights of Shareholders in respect of capital, dividends and voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the constitution of the Company. The provisions in the constitution relating to the rights of Shareholders in respect of capital, dividends and voting are set out in **Appendix IV of this Circular**.

4.3. Number of Shares issued since the end of the last financial year

Save as disclosed below and as announced by the Company on 15 July 2016, no new Shares have been issued by the Company since the end of FY2015 up to the Latest Practicable Date.

Date	Reason for issuance	Person issued to	No. of Shares issued
15 July 2016	Issuance of shares as payment of directors' fees for FY2015 to non-executive directors of the Company	Heng Hock Cheng @ Heng Heyok Chiang[(1)]	57,100
15 July 2016	Issuance of shares as payment of directors' fees for FY2015 to non-executive directors of the Company	Ng Quek Peng	73,300
15 July 2016	Issuance of shares as payment of directors' fees for FY2015 to non-executive directors of the Company	Chin Yoong Kheong	47,600
15 July 2016	Issuance of shares as payment of directors' fees for FY2015 to non-executive directors of the Company	Craig Foster Pickett	35,700

Note:

(1) Mr Heng Hock Cheng @ Heng Heyok Chiang ceased to be a Director of the Company as he had not sought for re-election as a Director of the Company at the thirty-sixth annual general meeting of the Company held on 3 June 2016.

4.4. Convertible Instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options (whether pursuant to an employee share option scheme or otherwise) in respect of, Shares or securities which carry voting rights affecting shares in the Company.

4.5. Transfer Restrictions

There is no restriction in the constitution of the Company on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares, before transferring them, to offer them to purchase to members of the Company or to any other person.

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5. SUMMARY OF FINANCIAL INFORMATION

5.1. Consolidated Income Statements

A summary of the audited consolidated income statements of the Group for FY2013, FY2014, FY2015 and 1Q2016 is set out below.

	1Q2016[1] USD'000	FY2015[1] USD'000	FY2014[1] USD'000	FY2013[1] USD'000
Revenue	94,923	244,436	355,900	511,995
Cost of sales	(75,378)	(218,457)	(335,239)	(465,521)
Gross profit	19,545	25,979	20,661	46,474
Other income	1,069	9,321	14,093	92,670
Selling and administrative expenses	(5,737)	(38,176)	(39,256)	(90,403)
Other expenses	(4,879)	(19,889)	(1,645)	(4,967)
Share of profits (losses) of associates and joint ventures	127	185	(5,127)	(4,122)
Finance costs	(9,718)	(39,028)	(27,886)	(24,237)
Profit (Loss) before income tax[1]	407	(61,608)	(39,160)	15,415
Income tax benefit (expense)	(290)	928	(2,391)	492
Profit (Loss) for the year/period[1]	**117**	**(60,680)**	**(41,551)**	**15,907**
Attributable to:				
Equity holders of the Company	(1,375)	(62,857)	(41,663)	14,076
Non-controlling interests	1,492	2,177	112	1,831
Profit (Loss) for the year/period	**117**	**(60,680)**	**(41,551)**	**15,907**
Earnings per share (US cents):				
Basic and diluted	(0.65)	(29.61)	(19.92)	7.66

Note:

(1) To be read in conjunction with the paragraph "Changes in Accounting Policies" in Section 5.4 below.

This summary of financial information should be read together with the audited financial statements of the Group for the relevant years and related notes thereto, copies of which are available for inspection at the registered office of the Company at 9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989 during normal business hours.

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5.2. Balance Sheet

A summary of the unaudited balance sheet of the Group for 1Q2016 and audited balance sheet of the Group as at 31 December 2015 is set out below.

CONSOLIDATED BALANCE SHEET FOR 1Q2016 AND FY2015

	Unaudited 31 March 2016 USD'000	31 December 2015 USD'000
ASSETS		
Current assets		
Cash and bank balances	10,494	21,830
Fixed deposits	10,873	12,890
Trade receivables	277,530	230,063
Gross amount due from customers for contract work	306	67
Current portion of finance lease receivables	9,020	9,341
Deposits, prepayments and other receivables	89,492	80,543
Current portion of loan receivables	400	600
Inventories	82,226	82,862
	480,341	**438,196**
Assets classified as held for sale	165,384	165,384
Total current assets	**645,725**	**603,580**
Non-current assets		
Trade receivables	47,417	47,417
Prepayments and other receivables	39,819	39,819
Finance lease receivables	4,323	4,425
Loan receivables	3,600	3,700
Property, plant and equipment	611,520	642,123
Goodwill	38,314	38,314
Investment in associates and joint ventures	171	475
Deferred tax assets	776	739
Total non-current assets	**745,940**	**777,012**
Total assets	**1,391,665**	**1,380,592**
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings from financial institutions	151,133	165,012
Current portion of finance lease payables	3,458	480
Loan and other payable from related parties	23,451	23,880
Trade payables	185,915	167,850
Gross amount due to customers for contract work	3,007	1,486
Other payables	116,546	105,121
Current portion of loan payable	73,740	72,230
Deferred gain - short-term	444	444
Derivative financial instruments	4,473	7,547
Income tax payable	1,232	955
	563,399	**545,005**
Liabilities directly associated with assets classified as held for sale	99,687	109,128
Total current liabilities	**663,086**	**654,133**

CONSOLIDATED BALANCE SHEET FOR 1Q2016 AND FY2015 (Continued)

	Unaudited 31 March 2016 USD'000	31 December 2015 USD'000
Non-current liabilities		
Borrowings from financial institutions	36,612	38,617
Finance lease payables	259,462	260,623
Loan and other payable from related parties	40,724	40,541
Trade payables	154,592	149,818
Loan payables	21,928	21,251
Deferred gain - long-term	7,368	7,479
Derivative financial instruments	389	959
Total non-current liabilities	**521,075**	**519,288**
Total liabilities	**1,184,161**	**1,173,421**
Capital, reserves and non-controlling interests		
Share capital	357,183	357,183
Capital reserves	1,546	1,546
Acquisition deficits	(30,510)	(30,510)
Hedging reserve (deficits)	693	(801)
Translation reserves	26,693	28,138
Accumulated losses	(153,454)	(152,079)
Equity attributable to equity holders of the Company	202,151	203,477
Non-controlling interests	5,353	3,694
Total equity	**207,504**	**207,171**
Total liabilities and equity	**1,391,665**	**1,380,592**

This summary of financial information should be read together with the unaudited financial statements and audited financial statements of the Group for the relevant year/period and related notes thereto, copies of which are available for inspection at the registered office of the Company at 9 Temasek Boulevard, #33-01 Suntec Tower 2, Singapore 038989 during normal business hours.

The Consolidated NTA per Share of the Group based on the unaudited financial statements of the Group for 1Q2016 is S$1.09.

As at the Latest Practicable Date, save as disclosed by the Company in the Circular (including without limitation Section 4.2 of the Circular); for the opinion of the Independent Valuer expressed in the Valuation Report in respect of the downward adjustment of the values of the assets of the Group; and for information on the Group which is publicly available (including without limitation, the announcements released by the Company on the SGX-ST), the Company is not aware of any material changes which may affect the Consolidated NTA per Share of the Group as set out above.

5.3. Significant Accounting Policies

As at the Latest Practicable Date, there are no significant accounting policies nor any points from notes of the accounts of the Group which are of major relevance for the interpretation of the financial statements of the Group referred to in this Circular.

5.4. Change in Accounting Policies

As at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures as disclosed in this Circular not to be comparable to a material extent.

6. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed by the Company in the Circular (including without limitation Section 4.2 of the Circular); for the opinion of the Independent Valuer expressed in the Valuation Report in respect of the downward adjustment of the values of the assets of the Group; and for information on the Group which is publicly available (including without limitation, the announcements released by the Company on the SGX-ST), there have been no material changes in the financial position of the Company since 31 December 2015, being the date to which the Company's last published audited accounts were made up.

7. DISCLOSURE OF INTEREST OF THE COMPANY AND THE DIRECTORS

7.1. Shareholdings and Dealings

(a) As at the Latest Practicable Date, the Offeror is a private company wholly-owned by Yaw, who is a Controlling Shareholder and a director of both the Offeror and the Company.

(b) The Company does not have any direct or deemed interest in the equity share capital, convertible securities, warrants, options and derivatives in respect of the equity share capital of the Offeror (collectively, "**Offeror Securities**") as at the Latest Practicable Date.

(c) The Company has not dealt for value in any Offeror Securities during the period commencing 3 months prior to 2 June 2016, being the start of the offer period, and ending on the Latest Practicable Date (the "**Relevant Period"**).

(d) Save as disclosed in Table 1 below, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in the Offeror Securities.

Table 1

Director	Direct Interest		Deemed Interest	
	No. of Shares in the Offeror	%	No. of Shares in the Offeror	%
Datuk Seri Yaw Chee Siew	1	100	0	0

(e) Save for Yaw subscribing for the shares of the Offeror as disclosed above, none of the Directors has dealt for value in the Offeror Securities in the Relevant Period.

(f) Save as disclosed in Table 2 below, none of the Directors has any direct or deemed interest in the Shares or convertible securities, warrants, options and derivatives in respect of the equity share capital of the Company (collectively "**Convertible Securities**") as at the Latest Practicable Date.

Table 2

Director	Direct Interest	Deemed Interest	Total Interest	
	Number of Shares	Number of Shares	Number of Shares	%
Datuk Seri Yaw Chee Siew	539,835	129,420,518[(1)]	129,960,353	61.14
See Kian Heng	1,162,858	100[(2)]	1,162,958	0.55
Ng Quek Peng	134,873	–	134,873	0.06
Craig Foster Pickett	83,177	–	83,177	0.04
Chin Yoong Kheong	74,190	–	74,190	0.03

Notes:

(1) Yaw is deemed to be interested in all the Shares held by CEO and BCI under Section 4 of the SFA.

(2) See Kian Heng is deemed to have an interest in the Shares held by his spouse.

(g) None of the Directors has dealt for value in the Shares or Convertible Securities during the Relevant Period.

7.2. Directors' Intentions in relation to the Exit Offer

As set out in Paragraph 2 of the Exit Offer Letter, and Section 3 of this Circular, Yaw has given an Irrevocable Undertaking to *inter alia* vote all the Existing Shares in favour of the Delisting Resolution and to accept the Exit Offer.

The remaining Directors, Mr See Kian Heng, Mr Ng Quek Peng, Mr Chin Yoong Kheong and Mr Craig Foster Pickett, have indicated that they intend, in respect of their own beneficial shareholdings in the Company, to accept the Exit Offer.

7.3. Directors' Service Contracts

There (i) are no service contracts between any Director or proposed director with the Company or any of its subsidiaries with more than 12 months to run, which the employing company cannot, within the next 12 months, terminate without payment of compensation; and (ii) were no service contracts entered into or amended between any of the Directors or proposed director and the Company or any of its subsidiaries during the Relevant Period.

7.4. Arrangements Affecting Directors

(a) There are no payments or other benefits which will be made or given to any Director or any director of any corporation, which is by virtue of Section 6 of the Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.

(b) Save as disclosed below and in this Circular relating to:

(i) the Irrevocable Undertakings given by the Undertaking Shareholders as set out in Paragraph 2 of the Exit Offer Letter and Section 3 of this Circular;

(ii) the charge to be created over all the Shares to be acquired by the Offeror pursuant to the Exit Offer, as security for a loan in favour of RHB Bank Bhd, Singapore Branch after the completion of the Delisting (the "**Offeror Share Charge**"); and

(iii) the undertaking by BCI to the Offeror and RHB Securities Singapore Pte. Ltd. ("**RHBSEC**") that it shall do all necessary acts to discharge the charge over Shares held by BCI in favour of RHBSEC and RHB Bank Berhad, Singapore Branch ("**RHB Bank**") such that said Shares shall be free from encumbrances before they are tendered in acceptance of the Exit Offer,

there are no agreements or arrangements made between any Director and any other person in connection with or conditional on the outcome of the Exit Offer.

(c) Save as disclosed below and in this Circular relating to the Proposed Loan (as defined below), none of the Directors has any material personal interest, whether direct or indirect, in any material contract entered into by the Offeror.

(i) The Proposed Loan

Information relating to the Proposed Loan has been extracted from Paragraph 8.2 of Appendix II to the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated.

*"As at the Latest Practicable Date, the Offeror has entered into a facility agreement (**Facility Agreement**) dated 29 June 2016 with RHB Bank for a loan from RHB Bank in an aggregate principal amount of S$73.0 million (**Proposed Loan**) for the purposes of redeeming the 2016 Notes, payment of expenses in relation to the Proposed Loan and working capital subject to the successful completion of the Delisting. In addition, the Offeror and Yaw, in his capacity as the sole shareholder of the Offeror, have executed a deed of undertaking dated 29 June 2016 in favour of British and Malayan Trustees Limited (as trustee of the 2016 Notes) to undertake that, amongst others, neither the Offeror nor Yaw shall take any step to terminate the Facility Agreement or cause the Facility Agreement to be terminated by RHB Bank or cause the disbursement of the Proposed Loan to be disrupted in any way and each of the Offeror and Yaw shall do and execute all such things and documents to satisfy the condition precedents of the Proposed Loan (other than for the completion of the Delisting) prior to the completion of the Delisting. The Offeror intends to create a charge over all the Shares once acquired by the Offeror pursuant to the Exit Offer, as security for the Proposed Loan in favour of RHB Bank after the completion of the Delisting, if applicable (**Offeror Share Charge**)"*

(ii) Mr Chin Yoong Kheong

The Proposed Loan is made between RHB Bank and the Offeror. Mr Chin Yoong Kheong, an independent and non-executive director of the Company, has notified the Company that as a result of his involvement in the RHB group of companies, he is of the view that he faces an irreconcilable conflict of interests. An application was made by the Company to the SIC to seek consent for Mr Chin Yoong Kheong to be exempted from making a recommendation to Shareholders on the Exit Offer. The SIC ruled on 18 July 2016 that Mr Chin Yoong Kheong is exempted from the requirement to make a recommendation on the Exit Offer to Shareholders. Mr Chin Yoong Kheong, however, must still assume responsibility for the accuracy of facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer.

8. DISCLOSURE OF INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

8.1. Interests of IFA in Shares and Voting Rights in the Company

Neither the IFA, its related corporations nor any of the funds whose investments are managed by the IFA on a discretionary basis owns or controls any Shares as at the Latest Practicable Date.

8.2. Dealings in Shares by IFA

Neither the IFA, its related corporations nor any of the funds whose investments are managed by the IFA on a discretionary basis has dealt for value in the Shares during the Relevant Period.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in its annual reports for FY2013, FY2014, FY2015, the unaudited consolidated financial statements of the Group for 1Q2016, and for information on the Group which is publicly available (including without limitation, the announcements released by the Company on SGX-ST), there are no material contracts (not being contracts entered into during the ordinary course of business carried on by the Company) entered into by the Company or any of its subsidiaries with Interested Persons, within the three (3) years preceding 2 June 2016, being the start of the offer period.

10. MATERIAL LITIGATION

Save as disclosed below, having made all reasonable enquiries, the Group is not engaged in any court litigation or arbitration proceedings either as plaintiff or defendant, which may have or have had in the last 12 months preceding the date of the Circular a material effect on the Group's profitability or financial position. Please also refer to the Company's announcements on SGXNET in relation to its potential litigation or arbitration proceedings.

(a) SUPPLY FLEET PTE LTD

In April 2016, Rakesh Shakarlal Tulshyan (the "**Plaintiff**") commenced legal proceedings against Supply Fleet Pte Ltd ("**SFPL**"), a wholly owned subsidiary of the Company, alleging repudiatory breach of two loans extended by the Plaintiff to SFPL, an early termination of the relevant loan agreement, and claiming the sum of US$17,646,948.33 plus interest and costs. SFPL is seeking legal advice and intends to rigorously defend the claim.

(b) OTTO VENTURES PTE LTD

Otto Ventures Pte Ltd ("**OVPL**"), a subsidiary of the Group, is presently involved in two legal proceedings in respect of the same two parties (the "**Claimants**").

The first dispute has resulted in arbitration proceedings commenced by the Claimants against OVPL. In September 2014, OVPL entered into a term sheet with the Claimants to the acquisition and operation of two offshore vessels. In May 2015, the Claimants commenced arbitration proceedings against OVPL for alleged breach of certain terms and conditions of the term sheet. The claim was for damages of approximately US$7,032,000. The hearing of the arbitration proceedings ended on 18 May 2016, and the arbitration proceedings were declared closed by the arbitrator on 25 May 2016. Parties are presently awaiting the arbitrator's decision.

The second dispute has resulted in two litigation proceedings being commenced. In September 2014, OVPL loaned a sum of US$650,000 (the "**Loan**") to one of the two Claimants (the "**Lender**"). To secure the Loan, each of the directors and shareholders of the Lender (the "**Guarantors**") gave a joint and several personal guarantee to OVPL, as well as charged their shares in the Lender to OVPL. In July 2015, pursuant to the aforesaid personal guarantees and share charges, OVPL commenced two separate legal proceedings against the shareholders of the Lender to (1) enforce one of the personal guarantees, and (2) effectuate the transfer of the entire share capital of the Lender to OVPL. The Company is currently in discussions with the defendants to consolidate the legal proceedings.

Due to the current global economic situation and volatility in the offshore marine sector, there is no certainty that the Group may not be subject to or involved in future litigation or arbitration proceedings. The Group has decided to commence proceedings to recover the accounts receivables where owing as opposed to holding back proceedings and undertake commercial negotiations with parties. The Group has also faced increased pressure from suppliers and/or vendors for payment, and will make announcements where the Group is subject to litigation or arbitration proceedings.

The rights of Shareholders in respect of capital, voting and dividends are contained in the constitution of the Company, the relevant provisions of which are set out below:

SHARES CAPITAL AND VARIATION OF RIGHTS

5. Issue of shares

(1) No shares shall be issued by the Directors without the prior approval of the Company in general meeting.

(2) Subject to as aforesaid, all new shares to be issued by the Company shall be at the disposal of the Directors and they may allot or grant options over or otherwise deal with or dispose of the same to such persons, at such times, and generally on such terms as they think proper.

(3) Without prejudice to any special rights or privileges attached to any then existing shares in the capital of the Company, any shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto, as the Company by special resolution may direct or, if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with preferential, qualified or deferred right to dividends and in the distribution of assets of the Company, and with a special or restricted right of voting, and any preference share may be issued on the terms that it is, or at the option of the Company, liable to be redeemed.

6. Variation of rights

Subject to Article 8, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

7. Creation or issue of further shares with special rights

The rights conferred upon the holder of the shares of any class issued with preferred or other rights shall, so far as they are not expressed in these Articles, be expressed with necessary amendments to these Articles. Furthermore, unless otherwise expressly provided by the terms of issue of the shares of that class, those aforesaid rights shall be deemed to be varied by the creation or issue of further shares ranking equally with, or in priority to such shares.

8. Rights of preference shareholders

Subject to Article 4, further preference shares ranking equally with, or in priority to preference shares already issued may be issued by the Company. Preference shareholder shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Company. The repayment of preference capital other than redeemable preference capital, or alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that the where the necessary majority for such a special resolution is not obtainable at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class

concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking of the Company, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six months.

9. Purchase of shares

Subject to and in accordance with the provisions of the Act, the Company may purchase or otherwise acquire shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. Unless as permitted under Article 10 hereof, all shares repurchased by the Company shall be deemed to be cancelled on purchase or acquisition by the Company. In the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

12. Power to pay commission and brokerage

The Company may exercise the powers of paying commissions conferred by the Act on any issue of shares provided that such rate or amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the commission shall not exceed the rate of 10 per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 per cent of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

13. No trust recognised/exclusion of equities

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.

SHARE CERTIFICATES

14. Entitlement to certificate

(1) The Company shall allot its shares and dispatch share certificates relating thereto within 10 market days (or such longer period of time as the Stock Exchange may determine) of the final closing date for applications to subscribe for an issue of its shares. The Directors may, at any time after the allotment (whether on a provisional basis or otherwise) of any share but not before any person has been entered in the Register of Members as the holder or (as the case may be) before that share has been entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to Impose.

(2) Every person whose name is entered as a member in the Register of Members shall be entitled without charge to receive within 10 market days of the closing date of any application for shares or the date of lodgment of a registrable transfer (or such other period of time as the Stock Exchange may determine) one certificate for all his shares of any one class, or upon payment of $2.00 (or such lesser sum as the Directors may from time to time determine) several certificates in reasonable denominations in respect of shares of any one class. Where a member transfers part only of the shares comprised in a certificate, one new

certificate for the balance of such shares shall be issued in lieu of the old certificate without charge. In the case of a share held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery thereof to one of several joint holders shall be sufficient delivery to all such holders.

16. Replacement of certificate

Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and such letter of Indemnity (if required) being given as the Directors of the Company may require, and in the case of defacement or wearing out on delivery of the old certificate and in any case on payment of such sum not exceeding $2.00 as the Directors may from time to time require. In the case of the certificate being destroyed, lost or stolen a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

JOINT HOLDERS OF SHARES

17. Rights and liabilities of joint holders

Where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:

(a) the Company shall not be bound to register more than three persons as the holders of any share, except in the case of executors or trustees of a deceased shareholder;

(b) the joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share;

(c) on the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit;

(d) any one of such joint holders may give effectual receipts for any dividend payable to such joint holders; and

(e) only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

LIEN

18. Company's lien

The Company's lien on shares and dividends from time to time declared in respect of such shares shall be restricted to unpaid calls and installments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member.

19. Sale of shares subject to lien

The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.

20. Rights of purchaser of such shares

To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered in the Register of Members, or (as the case may be) the Company shall procure that his name be entered in the Depository Register, as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

21. Application of proceeds of such sale

The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and accrued interest and expenses, and the residue, if any, shall be paid to the person entitled to the shares at the date of the sale, or, his executors, administrators or assignees or as he may direct.

CALLS ON SHARES

22. Calls on shares

The Directors may from time to time make calls upon the members in respect of any money unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least 14 days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

24. Interest on unpaid calls

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding 8 per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

25. Sum due on allotment

Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture, or otherwise shall apply as if the sum had become payable by virtue of a call duly made and notified.

26. Rights of member suspended until calls are duly paid

No member shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

27. Power to differentiate

The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

28. Payment in advance of calls

The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the money uncalled and unpaid upon any shares held by him, and upon all or any part of the money so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) 10 per cent per annum as may be agreed upon between the Directors and the member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.

TRANSFER OF SHARES

29. Form of transfer

Subject to these Articles any member may transfer all or any of his shares. Every transfer must be in writing and in the usual form or in any form approved by the Directors and by any stock exchange upon which the Company may be listed. The instrument of transfer of a share shall be signed by or on behalf of both the transferor and the transferee, and by the witness or witnesses thereto, provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. Shares of different classes shall not be comprised in the same instrument of transfer.

31. Right to decline to accept transfer

The Directors may decline to register any transfer of shares not being fully paid shares to a person not approved by them and may also decline to register any transfer of shares on which the Company has a lien. Save as aforesaid or where required by law or by the rules, by-laws or listing rules of the Stock Exchange, there shall be no restriction on the transfer of fully paid-up shares.

32. Instrument of transfer

The Directors may decline to accept any instrument of transfer unless:

(a) such fee not exceeding $2.00 as the Directors may from time to time determine is paid to the Company in respect thereof;

(b) the instrument of transfer is duly stamped in accordance with any law for the time being in force relating to stamp duty;

(c) the instrument of transfer is deposited at the office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) such fee not exceeding $2.00 as the Directors may from time to time determine is paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.

36. Register of transfers

The Company shall maintain a Register of Transfers which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer of shares. The Register of Transfers may be closed at such times and for such periods as the Directors may from time to time determine provided always that it shall not be closed for more than 30 days in the aggregate in any year.

FORFEITURE OF SHARES

41. Notice requiring payment of calls

If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or installment remains unpaid serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

42. Notice to state time and place

The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

43. Forfeiture on non-compliance with notice

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

44. Sale or disposition of forfeited shares

A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. The proceeds of the sale upon forfeiture shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and accrued interest and expenses, and the residue, if any, shall be paid to the person entitled to the shares at the date of the sale, or, his executors, administrators or assignees or as he may direct.

45. Rights and liabilities of persons whose shares have been forfeited

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all money which, at the date of forfeiture, was payable by him to the Company in respect of the shares (together with interest at the rate of 8 per cent per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of such interest), but his liability shall cease if and when the Company receives payment in full of all such money in respect of the shares.

46. Title to shares forfeited

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

47. Powers of Company on disposition of forfeited shares

Any share so forfeited shall be deemed to be the property of the Company. The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share.

48. Articles as to forfeiture applicable to non-payment on shares

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

54. Offer of new shares

Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares be offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in accordance with this Article.

55. Exception to pre-emption

Notwithstanding Article 54 above, the Company may by ordinary resolution in a general meeting, give to the Directors a general mandate, either conditionally or unconditionally to issue:-

(a) shares in the capital of the Company (whether by way of bonus, rights or otherwise); or

(b) convertible securities;

(c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalisation issues; or

(d) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions and for such purpose as the Directors may in their absolute discretion deem fit provided that:-

(a) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the issued share capital of the Company as at the date the general mandate is passed or such other limit as may be prescribed by the Stock Exchange;

(b) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall be not more than 20% of the issued share capital of the Company as at the date the general mandate is passed or such other limit as may be prescribed by the Stock Exchange;

(c) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (a) and (b) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion of any convertible securities or exercise of any employee options in issue as at the date the general mandate is passed and any subsequent consolidation or subdivision of the Company's shares; and

(d) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force only until the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier.

GENERAL MEETINGS

57. Annual General Meeting

An annual general meeting of the Company shall be held once in each calendar year and not more than 15 months after the holding of the last annual general meeting. All general meetings other than the annual general meetings shall be called extraordinary general meetings.

58. Calling extraordinary general meetings

Any Director may whenever he thinks fit convene an extraordinary general meeting, and extraordinary general meetings shall be convened on such requisition or in default may be convened by such requisitionists as provided by the Act.

VOTES OF MEMBERS

72. Right to vote

Every member (other than a holder of treasury shares) shall be entitled to be present and to vote at any general meeting either personally or by proxy in respect of any shares upon which all calls due to the Company have been paid.

73. Voting rights of members

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney. On a show of hands every member present in person or by proxy shall have one vote. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a poll every member present in person or by proxy shall have one vote for each share he holds.

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant general meeting as supplied by the Depository to the Company.

74. Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a member.

75. Voting rights of joint holders

In the case of joint holders any one of such persons may vote, but if more than one of such persons shall be present at a meeting, the senior alone shall be entitled to vote to the exclusion of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members (as the case may be) the Depository Register in respect of the share.

76. Corporations and limited liability partnerships acting by representatives

Any corporation or limited liability partnership which is a member of the Company may by resolution of its Directors or other governing body authorise any person to act as its representative at any general meeting of the Company or of any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation or limited liability partnership as a corporation or limited liability partnership would exercise if it were personally present at the meeting.

77. Objections

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

78. Appointment of proxies

(1) A member may appoint not more than two proxies to attend at the same meeting, provided that:-

(a) if the member is a Depositor, the Company shall be entitled and bound:-

(i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depositor Register as at 48 hours before the time of the relevant general meeting as supplied by the Depository to the Company; and

(ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of relevant general meeting as supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(b) the Company shall be entitled and bound, in determining rights to vote other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and notes (if any) set out in the instrument of proxy;

(c) if the Chairman is appointed proxy, he may designate such other person to act as proxy in his stead.

(2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

(3) A proxy or representative need not be a member.

(4) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

(5) The instrument appointing a proxy or representative for any member shall be in writing and shall (in the case of an individual appointer) be signed by the appointer or his attorney or, (if the appointer is a corporation) be under its seal or signed by its attorney.

(6) The signature on an instrument of proxy need not be witnessed.

79. Deposit of instrument appointing a proxy

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the registered office of the Company, or at such other place in Singapore as is specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

DIVIDENDS AND RESERVES

133. Dividends

The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

134. Interim dividend

The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

135. Payment of dividends

(1) The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereout of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Directors are of a revenue nature, constitute the profits of the Company available for dividend.

(2) Appreciations of capital assets, investments and realised profits resulting on a sale of capital assets or investments (except so far as representing interest or dividend accrued and unpaid) shall either be carried to the credit of capital reserve or shall be applied in providing for depreciation or contingencies or for writing down the value of the assets. It is expressly declared that in ascertaining the profits of the Company available for dividend it shall not be necessary to make good any losses or depreciation in value of any of the Company's investments or any other assets of the Company except circulating capital.

136. Power to carry profit to reserve

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

137. Apportionment of dividends

Subject to the rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

(a) all dividends in respect of shares shall be declared and paid according to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

138. Deduction of debts due to the Company

The Directors may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

139. Payment of dividend in specie

Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one or more of such ways and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

140. Dividends payable in cash

Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct or by electronic transmission to such account of the holder or joint holders as that holder or joint holders may have in writing notified to the Company. Every such payment shall be sent at the risk of the person entitled to the money represented thereby Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other money payable in respect of the shares held by them as joint holders. Notwithstanding the provisions of these Articles, the payment by the Company to the Depository of any dividend payable to a Depositor shall (in accordance with the provisions of the Act), to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

141. Effect of transfer and right to dividend

A transfer of a share shall not pass the right to any dividend declared in respect thereof before the transfer has been registered.

CAPITALISATION OF PROFITS

142. Power to capitalise profits

(1) The Directors may, with the sanction of an ordinary resolution of the Company issue bonus shares for which no consideration is payable to the Company, to the persons registered as holders of shares at the close of business on:

(a) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(b) such other date as may be determined by the Directors, in proportion to their then holdings of shares,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(2) In addition and without prejudice to the powers provided for by Article 142(1), the Directors shall have power to issue shares for which no consideration is payable and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit.

143. Implementation of resolution to capitalise profits

Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

VALUATION REPORT SUMMARY

AVA ASSOCIATES LIMITED
806 Empress Plaza
17-19 Chatham Road South
Tsim Sha Tsui, Hong Kong

23 August 2016

To
Board of Directors
OTTO MARINE LIMITED
9 Temasek Boulevard
#33-01 Suntec Tower Two
Singapore 038989

Dear Sirs,

Pursuant to your instructions, AVA Associates Limited ("AVA") has performed a desktop analysis to **review trade receivables, deposits, prepayments, other receivables, inventories and goodwill, and opine on the desktop valuation of vessels and the fixed assets at a shipyard belonging to Otto Marine Limited ("Otto Marine" or the "Company") as at 31 March 2016 ("Valuation Date"), in relation a proposed voluntary delisting exercise as announced by the Company on 8 June 2016**. The purpose of this engagement is to assist Otto Marine in their assessment of the revalued net asset value ("RNAV") of the Company, and inclusion in a circular to the shareholders of the Company in relation to the proposed delisting exercise. No other use of our valuation report is intended or should be inferred.

Definition of Value

In estimating the value of the assets, our efforts were based on the following premise of value:

Fair Value - *The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date*.

Scope of Work

On 8 June 2016, Otto Marine, listed on the Stock Exchange of Singapore, announced that it has received an offer of S$0.32 per share in a proposed delisting exercise.

As part of the proposed delisting exercise, AVA has been engaged to assist the Company in its preparation of a revalued balance sheet, namely to arrive at the RNAV of the Company, allowing the Board of Directors of Otto Marine (the "Board") to assess the delisting offer. Our work consisted of the following items:

- Review the fair value of *Trade Receivables, Deposits/Prepayments/Other Receivables, Inventories and Goodwill;* and
- Desktop analysis of the fair value of all vessels ("Vessels") and the fixed assets, comprising mainly of leasehold land, buildings, machinery and equipment at a shipyard in Batam, Indonesia ("Shipyard Fixed Assets") belonging to the Company.

Our valuation and report is prepared in accordance with the International Valuation Standards (2011 edition) as published by the International Valuation Standard Committee. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with appropriate individuals concerning operational and financial aspects of the Company;
- Review of information, including historical and projected financial information, provided by the Company;
- Discussions with management to understand in more detail the current status and proposed business of the Company, including its tangible and intangible characteristics;
- Gain a more thorough understanding of the assets and liabilities of the Company;
- Development of valuation model to estimate the Fair Value, including gathering market and industry information in support of various assumptions;
- Analysis of conditions in, and the economic outlook for the general oil and gas industry; and
- Valuation of the identified assets.

As part of our due diligence, we relied upon documents supplied and representations made by the Company. We planned and performed our review and valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our work, we held discussions with the management concerning the history and current conditions of the Company, financial and general outlook of the business. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the review and valuation procedures we employed provide a reasonable basis for our opinion.

Valuation Theory

Our approach in valuing the identified assets relies on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The Income Approach focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent transaction methodology

develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

- The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Valuation Methodology

Desktop Valuation of the Vessels

We considered all 3 approaches discussed earlier, income, market and cost approaches, in our analysis of the fair value of the Vessels, given the various types of information we gathered from the Company.

The market approach was deemed insufficient as a stand-alone method for the appraisal of the Vessels due to the specialized nature of each of the Vessels and, the limited and non-transparent used market for such assets. However, we worked with the available and suitable market data to arrive at our best estimates.

For this appraisal, we primarily relied on the income and cost approaches to arrive at the value conclusion of the Vessels. A financial overlay was conducted to ensure that the value arrived at via the approaches is supportable by the expected future income.

The cost approach establishes value based on the cost of reproducing or replacing the equipment, less depreciation from physical deterioration, and functional and economic/external obsolescence.

Cost of Reproduction New is defined as the estimated amount required to reproduce the equipment at one time in like kind and materials in accordance with current market prices for materials, labor, and manufactured equipment, contractors' overhead and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for materials or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the equipment such as changes in design, materials, or process that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by unfavorable conditions external to the equipment such as the local economy, economics of the industry, availability of financing, encroachment of objectionable enterprises, loss of material and labor sources, lack of efficient transportation, shifting of business centers, passage of new legislation, and changes in ordinances.

With the assistance from the Company, we received estimated new-built cost for various type of vessels. Thereafter, physical depreciation of the Vessels was based on the age/life relationship, in which a normal useful life of 25 years was assumed for these vessels. A straight line depreciation was then applied with a residual value of 15% of the cost of replacement new to derive a value for each of the Vessels.

Under the market approach, we researched the market place and obtained the price range for similar vessels to the subject Vessels. Adjustments were made based on size, age and country of origin before arriving at our value conclusion.

We also made reference to independent valuation reports performed by valuers, commissioned by the Company, between April 2015 and March 2016.

In order to ensure that the value derived from the cost and market approaches is financially sound, where possible, we utilized the discounted cash-flow, commonly known as DCF, method to test whether the concluded value is supportable by the future income stream. The owner of a vessel will expect to generate a profit from its operation. Based on the current charter rates, utilization rates and expenses, we projected the future income streams of the Vessels to the end of their normal useful life. These future income streams were then discounted to the net present value as of the Valuation Date to provide a sanity check on the value opinion derived earlier. The discount rate was determined based on a market derived weighted average cost of capital.

This valuation assumes that each of the assets, unless identified otherwise in this report, will continue to be used 'as is' and as part of an ongoing business. Therefore, the assets have been valued under an in-use premise, which recognizes the additional value related to the freight, tax, and installation (including engineering and installation) costs that were incurred when the assets were placed into service.

The Vessels considered in this valuation included those described in the asset register provided by the Company, which included handling tugboats, off-shore supply tugboats, maintenance/work tugboats, sub-sea support vessels, flat barges and passenger boats. The net book value ("NBV") of the Vessels, as recorded in the balance sheet under "Property, plant and equipment" and "Assets held for sale", is US$733,582,000 while the NBV of the Shipyard Fixed Assets, namely the leasehold land and buildings, is recorded as US$30,290,000.

The sources of data utilized in our analysis included the following:

- Replacement cost information provided by the Company;
- Market comparables for similar vessels available from various trading platforms on the internet;
- Previous valuation reports provided by the Company;
- Chartered rate, expenses, tenure and maintenance cost as of the Valuation Date.

Our valuation is based on a desktop analysis and we did not carry out a full mechanical survey, nor inspected machinery and equipment which are covered, unexposed or inaccessible. Our assessment is based on the premise that the items are in a condition commensurate with age and usage.

We have relied to a considerable extent on information such as machinery and equipment list, and when available to us, equipment specifications, drawings, contract invoices and other documents furnished to us by the Company.

We have not investigated the title or any liabilities affecting the machinery and equipment appraised. No consideration was made for any outstanding amount owed under financing agreements, if any.

Desktop Valuation of the Shipyard Fixed Assets

As for the Shipyard Fixed Assets, we have relied on a valuation conducted by an independent and licensed property valuer in Indonesia, KJPP Munir Wisnu Heru & Rekan (License No. 2.15.0129 KMK 479/KM.1/2015) ("Indonesia Asset Valuer"), on the value of the Shipyard Fixed Assets as at Valuation Date, as presented in their report dated 15 August 2016.

The Indonesia Asset Valuer adopted the market approach for the valuation of the subject site; and cost approach for the improvements (including buildings and structures), machinery and equipment.

The Direct Comparison method, a form of market approach, is universally considered the most accepted valuation approach for valuing most forms of real estate. This involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. Each comparable is analyzed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as location within the city, size, configuration, access, and so on.

Depreciated Replacement Cost, a form of cost approach, is based on the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

Review of Trade Receivables, Deposits/Prepayments/Other Receivables and Inventories

We conducted a limited scope review of these balance sheet items in accordance with generally accepted practice and relevant literature. The objective is to provide a best estimate of their fair values based on the information gathered. As these items are current assets, the cost approach is the most appropriate as it seeks to determine the value to replace such assets.

The steps taken to verify the fair value of these items includes, but is not limited to the following:

- Requested for the detailed breakdown of each asset class;
- Examination of the items in each asset class;
- Discussed with the Company on the history of and recorded values in each asset class;
- Determined the recoverability of the amounts, where appropriate; and
- Stated the value of each asset class.

Review of Goodwill

We reviewed the calculations, prepared and provided by the Company in accordance with financial reporting standards, for the Company's two cash generating units, the shipyard business held under PT Batamec and the chartering business held under GO Marine Group Pty Ltd ("GO Marine"). It consisted of historical and projected cashflows for each business, along with the associated assumptions, presented in discounted cashflow models. We reviewed this income approach, which is in line with accounting guidelines, and tested the parameters employed in the valuation models to conform with valuation standards.

Findings

For the purpose of this exercise, the results of our review and desktop analysis are presented, together with the other balance sheet items, in 2 scenarios. Scenario 1 considers the writedown of the US$5.4 million of goodwill recorded for GO Marine, in view of the lower valuation attributed to its vessels. Scenario 2 assumes that despite a lower valuation of the vessels of GO Marine, the future operating cashflows for GO Marine are realizable and able to support the goodwill amount.

Below is a table highlighting the results of our calculation, comparing the Company's net book value for its assets to the results of our investigation.

OTTO MARINE LIMITED AND ITS SUBSIDIARIES		Scenario 1	Scenario 2
ASSETS	**UNAUDITED 31-Mar-16 US$ '000**	**REVALUED 31-Mar-16 US$ '000**	**REVALUED 31-Mar-16 US$ '000**
Current assets			
Cash and bank balances	10,494	10,494	10,494
Fixed deposits	10,873	10,873	10,873
Trade receivables	277,530	277,530	277,530
Gross amount due from customers for contract work	306	306	306
Current portion of finance lease receivables	9,020	9,020	9,020
Deposits, prepayments and other receivables	89,492	89,492	89,492
Current portion of loan receivables	400	400	400
Inventories	82,226	82,226	82,226
Assets classified as held for sales	165,384	112,845	112,845
Total current assets	**645,725**	**593,186**	**593,186**
Non-current assets			
Trade receivables	47,417	47,417	47,417
Prepayments and other receivables	39,819	39,819	39,819
Finance lease receivables	4,323	4,323	4,323
Loan receivables	3,600	3,600	3,600
Property, plant and equipment - Vessels	568,198	428,058	428,058
Property, plant and equipment - Shipyard Fixed Assets	32,237	78,255	78,255
Property, plant and equipment - Others	11,085	11,085	11,085
Goodwill - Shipbuilding	32,871	32,871	32,871
Goodwill - Chartering	5,443	–	5,443
Investment in associates and joint venture	171	171	171
Deferred tax asset	776	776	776
Total non-current assets	**745,940**	**646,375**	**651,818**
Total assets	**1,391,665**	**1,239,561**	**1,245,004**
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	151,133	151,133	151,133
Current portion of finance lease payables	3,458	3,458	3,458
Loan and other payable from related party	23,451	23,451	23,451
Current portion of loan payables	73,740	73,740	73,740
Trade payables	185,915	185,915	185,915
Gross amount due to customers for contract work	3,007	3,007	3,007
Other payables	116,546	116,546	116,546
Deferred gain - short-term	444	444	444
Derivative financial instruments	4,473	4,473	4,473
Income tax payable	1,232	1,232	1,232
Liabilities directly associated with assets held for sale	99,687	99,687	99,687
Total current liabilities	**663,086**	**663,086**	**663,086**

OTTO MARINE LIMITED AND ITS SUBSIDIARIES		Scenario 1	Scenario 2
ASSETS	**UNAUDITED 31-Mar-16 US$ '000**	**REVALUED 31-Mar-16 US$ '000**	**REVALUED 31-Mar-16 US$ '000**
Non-current liabilities			
Borrowings from financial institutions	36,612	36,612	36,612
Finance lease payables	259,462	259,462	259,462
Loan and other payable from related party	40,724	40,724	40,724
Loan payables	21,928	21,928	21,928
Trade payables	154,592	154,592	154,592
Deferred gain - long-term	7,368	7,368	7,368
Derivative financial instruments	389	389	389
Total non-current liabilities	**521,075**	**521,075**	**521,075**
Total liabilities	**1,184,161**	**1,184,161**	**1,184,161**
Equity attributable to equity holders	**202,151**	**55,400**	**60,843**
Total liabilities and equity	**1,391,665**	**1,239,561**	**1,245,004**
Revalued Net Asset Value		**55,400**	**60,843**

Note:

Scenario 1

With the writedown in the fair value of the Vessels, the goodwill recorded for Otto Marine's GO Marine, as a cash generating unit, is written down to reflect the expected decrease in future operating cashflows from the business.

Scenario 2

The goodwill recorded is left unimpaired, on the assumption that GO Marine will be able to realize its previously expected operating cashflows over an extended period of time into the future.

Conclusion of Value

Based on the information provided and the desktop analysis conducted, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Fair Value of the Vessels and Shipyard Fixed Assets is reasonably represented and rounded to be **US$619,158,000 (United States Dollar SIX HUNDRED NINETEEN MILLION ONE HUNDRED FIFTY-EIGHT THOUSAND ONLY)**.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management of over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Conclusion on the RNAV

Following our review of the selected balance sheet items and desktop valuation of the Vessels and Shipyard Fixed Assets, we inputted the figures, derived under the 2 scenarios mentioned earlier, into the balance sheet as at 31 March 2016 to help the Company calculate a revalued balance sheet.

Based on the information provided and analysis conducted, the RNAV of the Company as at Valuation Date is calculated to between US$55 million and US$61 million, as presented in the table below.

OTTO MARINE LIMITED AND ITS SUBSIDIARIES		Scenario 1	Scenario 2
ASSETS	UNAUDITED 31-Mar-16 US$ '000	REVALUED 31-Mar-16 US$ '000	REVALUED 31-Mar-16 US$ '000
Total current assets	645,725	593,186	593,186
Total non-current assets	745,940	646,375	651,818
Total assets	1,391,665	1,239,561	1,245,004
LIABILITIES			
Total current liabilities	663,086	663,086	663,086
Total non-current liabilities	521,075	521,075	521,075
Total liabilities	1,184,161	1,184,161	1,184,161
Equity attributable to equity holders	202,151	55,400	60,843
Total liabilities and equity	1,391,665	1,239,561	1,245,004
Revalue Net Asset Value		55,400	60,843

Respectfully submitted,

AVA Associates Limited

Statement of General Assumption and Limiting Conditions

This analysis is subject to the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.

2. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.

3. This report has been made only for the purpose stated and shall not be used for any other purpose.

4. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.

5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.

6. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the United States Dollar as of that date.

7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.

8. Responsible ownership and competent management are assumed.

OTTO MARINE LIMITED

(Company Registration No. 197902647M)
(Incorporated in Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Otto Marine Limited (the "**Company**") will be held on 14 September 2016 at 10.00 a.m., at Room 300-301 Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Delisting Resolution**"):

DELISTING RESOLUTION

Approval for the Voluntary Delisting of the Company

That:

1. the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual (the "**Delisting Proposal**"), pursuant to which the Exit Offer (as defined in the circular to shareholders dated 23 August 2016 (the "**Circular**")) would be made to the shareholders of the Company on the basis of S$0.32 in cash for every one ordinary share in the capital of the Company, be approved; and

2. the Directors of the Company and each of them be authorised and empowered to complete and to do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Delisting Resolution, with such modification thereto (if any) as they shall think fit in the interests of the Company.

By Order of the Board

See Kian Heng
Group Chief Executive Officer and Group Executive Director

23 August 2016
Singapore

Notes: -

(1) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.

(2) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

(3) This instrument of proxy must be signed by the appointer or his/her duly authorized attorney or, if the appointer is a body corporate, signed by a duly authorized officer or its attorney or affixed with its common seal thereto.

(4) A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorized representative or representatives in accordance with its constitution and Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such body corporate.

(5) This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company's share registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time fixed for holding the Extraordinary General Meeting.

(6) Please insert in the space provided the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument of proxy shall be deemed to relate to all the shares held by you.

(7) The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of a member whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time fixed for holding the above Extraordinary General Meeting, as certified by CDP to the Company.

(8) **PERSONAL DATA PRIVACY** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

OTTO MARINE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197902647M)

IMPORTANT: FOR CPF/SRS INVESTORS

1. For CPF/SRS investors who have used their CPF monies to buy Otto Marine Limited's shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors should contact their respective agents if they have any queries regarding their appointment as proxies.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 23 August 2016.

PROXY FORM

(*Please see notes overleaf before completing the Form*)

I/We _____ (Name), with NRIC/ Passport/ Registration Number _____

of _____ (Address)
being a member/ members of Otto Marine Limited (the ***Company***), hereby appoint: -

Name	Address	NRIC/Passport Number	No. of shares to be represented by proxy

* and/or failing him/her (delete as appropriate)

Name	Address	NRIC/Passport Number	No. of shares to be represented by proxy

or failing him/her, the Chairman of the Extraordinary General Meeting of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on 14 September 2016 at 10.00 a.m. at Room 300-301 Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Singapore 039593 and at any adjournment thereof. My/our proxy/proxies is/are to vote on the business before the Extraordinary General Meeting of the Company as indicated below. If no specific direction as to voting is given, my/our proxy/proxies may vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Extraordinary General Meeting of the Company.

(Please indicate with an "X" in the spaces provided whether you wish your entire vote(s) to be cast for or against the resolution as set out in the Notice of Extraordinary General Meeting. Alternatively, please indicate the number of votes as appropriate.)

Delisting Resolution	**Number of votes For**	**Number of votes Against**
To approve the Delisting Proposal		

Dated this _____ day of _____ 2016

Total number of Shares in	**Number of Shares held**
(a) CDP Register	
(b) Register of Members	

_____
Signature(s) of Member(s) or Common Seal

Notes: -

(1) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.

(2) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

(3) This instrument of proxy must be signed by the appointer or his/her duly authorized attorney or, if the appointer is a body corporate, signed by a duly authorized officer or its attorney or affixed with its common seal thereto.

(4) A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorized representative or representatives in accordance with its constitution and Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such body corporate.

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(6) Please insert in the space provided the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument of proxy shall be deemed to relate to all the shares held by you.

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First fold

Please affix postage stamp

OTTO MARINE LIMITED
c/o Share Registrar
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

Second fold

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(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.