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

ANNOUNCEMENT ON LITIGATION

The Board of Directors ("**Board**") of PACC Offshore Services Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcements dated 21 March 2016 and 6 April 2016 in relation to, amongst others, the commencement of legal action by POSH Semco Pte. Ltd. ("**PSPL**"), a subsidiary of the Company, against Makamin Offshore Saudi Ltd ("**Makamin**") in Saudi Arabia to recover certain sums due and owing by Makamin to PSPL, as well as Makamin's claim that it had made a complaint in Saudi Arabia against PSPL in relation to a time charter party with PSPL.

The Board wishes to announce that on 10 December 2016, the Group's Saudi Arabia legal counsel has clarified to the Group the scope of the legal action commenced by Makamin against a subsidiary of the Company, POSH Saudi Company ("**PSC**"). The Group had sought such clarification following consultation with its Saudi Arabia counsel subsequent to the service of the court papers on 27 October 2016 on PSC on the details of the claims.

Pursuant to the legal action commenced by Makamin against PSC, Makamin has applied for a court order in Saudi Arabia to:

(a) forbid PSC from substituting Makamin in Makamin's charter contracts with Saudi Aramco ("**Aramco**"), whether directly or indirectly;

(b) restrain PSC from inciting its staff to stop working or cooperating with Makamin and to deliver to Makamin all documents necessary for Makamin's relationship with Aramco;

(c) forbid PSC from causing damage to Makamin in the context of Makamin's relationships with Aramco, its banks and its clients;

(d) compensate Makamin for all damages allegedly caused by PSC, comprising SAR100 million (approximately US$26.7 million) as compensation for the loss of Makamin's charter contracts with Aramco, SAR30 million (approximately US$8.0 million) for the expenses paid by Makamin to bring and operate three vessels and SAR 90 million (approximately US$24.0 million) to compensate for Makamin's loss of profit arising from Makamin's ban from working with Aramco for the next two years at a minimum; and

(e) prevent PSC from tendering for Aramco's charter contracts for the same period of time for which Makamin is prevented from doing so and to substitute any of the Group's entities in any contract Makamin enters into with Aramco.

The Company intends to vigorously contest and defend against any charge or allegation made against PSC by Makamin and will take all steps necessary to protect its reputation, its interests and the interests of its shareholders.

The Group is in the process of seeking advice from its Saudi Arabia legal counsel as to whether any other entity in the Group is being joined under the same legal action and if so, what the extent of any claims by Makamin would be. Further announcements will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

Dawn Tay
Company Secretary
13 December 2016