

ANNEXURE A

INTERESTED PERSON TRANSACTIONS MANDATE

1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the Listing Manual ("Chapter 9"), applies to transactions which an "entity at risk" proposes to enter into with a counterparty who is an "interested person" of the "entity at risk". Under Chapter 9, Shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

Pursuant to Listing Rule 905, a listed company must make an immediate announcement of any such transaction where:

- (a) the value of such transaction is equal to or exceeds 3% of the group's latest audited net tangible assets; or
- (b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same "interested person" in the same financial year, equals to or exceeds 3% of the group's latest audited net tangible assets.

Pursuant to Listing Rule 906, shareholders' approval (in addition to an immediate announcement) is required for any such transaction where:

- (a) the value of such transaction is equal to or exceeds 5% of the group's latest audited net tangible assets; or
- (b) the value of such transaction when aggregated with the values of other transactions previously entered into with the same "interested person" in the same financial year, equals to or exceeds 5% of the group's latest audited net tangible assets. Such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

"Interested person transactions" below S\$100,000 each are to be excluded.

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

- 1.3 As defined in the Listing Manual:

- (a) an "entity at risk" means:
 - (i) the issuer;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s) has control over the associated company;
- (b) an "interested person" means:
 - (i) a director, chief executive officer or controlling shareholder of the listed company; or
 - (ii) an associate of such director, chief executive officer or controlling shareholder.
- (c) an "associate" means:
 - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (aa) an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent);
 - (bb) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

- (cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (d) an “interested person transaction” means a transaction between an entity at risk and an interested person; and
- (e) an “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles of Chapter 9.

2. SCOPE OF THE IPT MANDATE

The IPT Mandate will cover a wide range of transactions arising in the normal course of business operations of the Company, its subsidiaries that are not listed on SGX-ST or an approved exchange, and its associated companies that are not listed on SGX-ST or an approved exchange, provided that the Group, or the Group and its interested person(s), has control over the associated company.

The IPT Mandate will not cover any transaction with an interested person (i) which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions; or (ii) that is equal to or exceeds S\$100,000 in value, but qualifies as an excepted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with interested persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the IPT Mandate are not separately subject to Rules 905 and 906 of Chapter 9 of the Listing Manual pertaining to threshold and aggregation requirements.

3. CLASSES OF INTERESTED PERSONS

The IPT Mandate will apply to transactions falling within the categories described in section 4 below which are carried out with Ezion and its subsidiaries (the “Interested Persons”).

4. CATEGORIES OF OF INTERESTED PERSON TRANSACTIONS

The types of transactions with the Interested Persons specified in section 3 above to which the IPT Mandate applies (“Interested Person Transactions”) are broadly categorised as follows:

- (a) Provision of vessel services to and from the Interested Persons
 - (i) provision of technical management services by the Interested Persons to the Group pertaining to technical consultants and personnel for the supervision of the maintenance and upkeep of vessels;
 - (ii) the provision of ship management services by and to companies in which the Interested Persons have an interest;
 - (iii) arrangement of the supply of towing gears, stores, spares and other shipping supplies to and from the Interested Persons;
 - (iv) chartering of vessels to and from the Interested Persons;
 - (v) the Interested Persons acting as shipbroker for the Group; and
 - (vi) the Group acting as shipbroker for the Interested Persons,
- (b) Provision of general goods and services to and from Interested Persons
 - (i) the provision of management services by and to companies in which the Interested Persons have an interest;
 - (ii) the provision of accommodation services by and to companies in which the Interested Persons have an interest;
 - (iii) the entering into of trading transactions with trading companies in which the Interested Persons have an interest;

- (iv) the leasing of premises to or from companies in which the Interested Persons have an interest;
- (v) the provision of storage and trading facilities by and to companies in which the Interested Persons have an interest;
- (vi) the provision of products and materials by and to companies in which the Interested Persons have an interest; and
- (vii) the supply of plant and equipment which is of a revenue nature by and to companies in which the Interested Persons have an interest.

5. RATIONALE FOR AND BENEFITS OF THE IPT MANDATE

The Group is in the business of providing fabrication, construction and integrated services to build, maintain and upgrade oil and gas, mineral resource and infrastructure development projects. As part of the Group's objective to deliver a satisfactory return to Shareholders, the Group has expanded into the business of the provision of onshore and off-shore marine services, including but not limited to marine logistics and related support services in Australia.

It is envisaged that in the ordinary course of their businesses, transactions between the Group and the Company's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the Group to the Company's interested persons or the obtaining of goods and services from them.

In view of the time-sensitive and recurrent nature of commercial transactions, the Company is proposing the renewal of the IPT Mandate, pursuant to Chapter 9 of the Listing Manual, to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" to enter into the ordinary course of business into certain types of transactions with specified classes of the Company's "interested persons", provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority Shareholders, and are made in accordance with the review procedures for such transactions. The renewal of the IPT Mandate will:

- (a) facilitate entry into the mandated transactions with the specified classes of interested persons in the ordinary course of the Group's businesses;
- (b) eliminate the need for the Company to announce or to announce and convene separate general meetings, on each occasion, pursuant to the financial limits imposed under Chapter 9 of the Listing Manual, to seek Shareholders' approval as and when such transactions with the interested persons arise, thereby:
 - (i) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings; and
 - (ii) enabling the Group to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions.

6. REVIEW PROCEDURES FOR THE INTERESTED PERSON TRANSACTIONS UNDER THE IPT MANDATE

To ensure that the Interested Person Transactions described in section 4 of this Circular are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and on terms which are either not more favourable than the usual commercial terms extended to unrelated third parties or not less favourable than the usual commercial terms offered by unrelated third parties, the Company has adopted the following procedures for the review and approval of Interested Person Transactions under the IPT Mandate:

- (a) Provision of general goods and services to and from the Interested Persons, including the Interested Person Transactions described in section 4 of this Circular

Any Interested Person Transactions will not be entered into unless the Group's purchase price of any products and/or services from the Interested Persons is based on their usual selling price of the relevant or comparable products and/or services. The purchase price will be no less favourable than that offered to unrelated third party customers after taking into consideration various factors including inter alia, the customers' credit standing, volume of transactions, delivery requirements, tenure of business relationship and potential for future repeat business. The Group will obtain from the Interested Persons the necessary evidence to satisfy itself that the basis set out herein has been adhered to by the Interested Persons in the Group's purchases from them. In addition, the Group will obtain

quotations, where available, from at least two (2) unrelated third party suppliers and/or service providers (“**Third-party Quotations**”) (where possible or available) for similar quantities and/or quality of goods or services, prior to the entry into the contract or transaction with the Interested Person, as basis for comparison to determine whether the price and terms offered are fair and reasonable and are on normal commercial terms.

The Group will not accept a quote from the Interested Persons which is not as competitive as a Third-party Quotation after taking into account the factors referred to above.

Where it is not possible to compare against the terms of other transactions with unrelated third parties given that the products and/or services may be purchased only from an Interested Person, or to obtain quotations from at least two (2) unrelated third party suppliers and/or service providers (where possible or available), the Group’s pricing for such products and/or services to be purchased from the Interested Persons will be determined by the CEO or the CFO, financial controller or equivalent of the relevant company in the Group, who has no interest in the Interested Person Transactions, in accordance with the Group’s usual business practices and policies. In determining the transaction price payable to the Interested Persons for such products, factors such as, but not limited to, quantity, requirements and specifications will be taken into account.

In the case of the leasing of premises, comparison of rates shall be made taking into account prevailing market rental rates for other properties within the vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease

- (b) (i) Chartering of vessels to and from the Interested Persons; (ii) the Interested Persons acting as shipbroker for the Group; and (iii) the Group acting as shipbroker for the Interested Persons

If there is any new charter, revision of charter rates charged to or by (as the case may be) or any renewal of chartering agreements between the Group and the Interested Persons, the senior finance officer of the relevant company in the Group will review the charter rates, the revision of charter rates, or the revised terms upon which the charter agreements are to be entered/renewed (as the case may be) to ensure that they are on normal commercial terms. This will be done by comparing the charter rates against those granted to or granted by at least two (2) unrelated third parties (where possible or available).

In the event that such comparative charter rates cannot be obtained (for instance, if there are no unrelated third parties), or quotations from at least two (2) unrelated third party suppliers and/or service providers cannot be obtained, the CEO or the CFO, financial controller or equivalent of the relevant company in the Group, who has no interest in the Interested Person Transactions, will determine whether the price and terms offered by the Interested Person are fair and reasonable. The terms of the charter will be in accordance with applicable industry norms, prevailing rates and at rates no less favourable than those charged by the Interested Person to an unrelated third party or from an unrelated third party to the Interested Person. In determining this, factors such as, but not limited to requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

For the shipbrokering of vessels for the Interested Persons by the Group and having the Interested Persons act as the shipbroker for the Group (as the case may be), the senior finance officer of the relevant company in the Group will review the brokerage fees that are due to and due from the Interested Persons (as the case may be) to ensure that they are on normal commercial terms. This will be done by comparing such relevant brokerage fees against those granted to or granted by at least two (2) unrelated third parties (where possible or available).

In the event that such comparative brokerage rates cannot be obtained (for instance, if there are no unrelated third parties), the CEO or the CFO, financial controller or equivalent of the relevant company in the Group, who has no interest in the Interested Person Transactions, will determine whether the price and terms offered by the Interested Person are fair and reasonable. The terms of the brokerage will be in accordance with applicable industry norms, prevailing rates and at rates no less favourable than those charged by the Interested Person to an unrelated third party or from an unrelated third party to the Interested Person (as the case may be). In determining this, factors such as, but not limited to condition of the vessel, size of the transaction, specifications and strategic purposes of the transaction will be taken into account.

- (c) The Company will monitor all Interested Person Transactions and categorise them as follows:
- (i) a Category 1 Interested Person Transaction is one where the value thereof is in excess of 5% of the latest audited consolidated NTA of the Company; and
 - (ii) a Category 2 Interested Person Transaction is one where the value thereof is below or equal to 5% of the latest audited consolidated NTA of the Company.

All Category 1 Interested Person Transaction must be approved by the Company's Audit Committee prior to entry whereas Category 2 Interested Person Transaction need no such approval but these transactions with a value equivalent to or greater than S\$100,000 shall be reviewed, at a minimum, on a half-yearly basis by the Audit Committee. In addition to and without prejudice to the above, where the aggregate value of all Category 2 Interested Person Transaction with the same Interested Person (as defined in Rule 908 of the Listing Manual) in the current financial year is equal to or exceeds three percent (3%) of the latest audited NTA of the Group, the latest and all future Category 2 Interested Person Transaction with that same Interested Person (so defined) will be approved by the Audit Committee prior to the Group's entry into such transactions.

If any member of the Audit Committee has an interest in any Interested Person Transaction or is a nominee for the time being of an Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

The Company shall prepare the relevant information to assist the Audit Committee in its review.

- (d) The Company will keep a register to record all Interested Person Transactions, which register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. The annual internal audit plan shall incorporate a review of all transactions entered into pursuant to the IPT Mandate.
- (e) The annual audit by the auditors of the Company shall incorporate a review of Interested Person Transactions entered into pursuant to the IPT Mandate recorded in the register.
- (f) The Audit Committee shall, if it deems necessary, require the appointment of auditors or any independent professional to review all matters relating to the Interested Person Transactions entered into pursuant to the IPT Mandate recorded in the register.
- (g) The Audit Committee will review the internal audit reports (including the register) on the Interested Person Transactions on at least a half-yearly basis to ascertain if the above internal control procedures have been complied with. If during the course of any of their reviews, the Audit Committee is of the view that the internal control procedures for Interested Person Transactions have become inappropriate or insufficient for whatever reasons, the Company will seek the Shareholders' approval for a fresh general mandate based on new internal control procedures to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. During the period prior to obtaining a fresh general mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.
- (h) Disclosure will be made in the Company's annual report of the aggregate value of transactions conducted pursuant to the IPT Mandate or otherwise, during the financial year under review, and in the annual reports for the subsequent financial years during which the IPT Mandate is renewed and remains in force.
- (i) The Company shall announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods on which the Company is required to report pursuant to Rule 705 of the Listing Manual.
- (j) The Board will also ensure that all disclosure, approval and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In the event that a member of the Board or a member of the Audit Committee (where applicable) is interested in any Interested Person Transactions he/she will abstain from reviewing that particular transaction to ensure that the Interested Person Transaction will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

7. EXPIRY AND SUBSEQUENT RENEWAL OF THE IPT GENERAL MANDATE

If approved by the Shareholders at the AGM, the IPT Mandate will take effect from the date of passing of the ordinary resolution relating thereto and will continue in force until the next AGM or the date by which the next AGM is required by law to be held, unless revoked or varied by the Company in a general meeting.

8. DISCLOSURE OF INTERESTED PERSON TRANSACTIONS PURSUANT TO THE IPT GENERAL MANDATE

The Company will announce each of the aggregate values of transactions conducted with Interested Persons pursuant to each of the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure has been made in the Annual Report 2015 of each of the aggregate values of the transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year ended 30 June 2015, and will be made in our Company's Annual Reports for subsequent financial years that the IPT Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Listing Manual.