

CIRCULAR DATED 23 NOVEMBER 2018

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

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

If you have sold or transferred all your ordinary shares in the capital of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of EGM (as defined herein) and the attached Proxy Form (as defined herein) to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of EGM and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Listing and Quotation Notice (as defined herein) has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of new securities arising from the Proposed Subscription (as defined herein) on Catalist. The Listing and Quotation Notice is not to be taken as an indication of the merits of the Proposed Subscription, the Subscription Shares (as defined herein), the Company, its subsidiaries and their securities.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (“**Sponsor**”), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200411055E)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED ALLOTMENT AND ISSUANCE OF 262,918,394 SUBSCRIPTION SHARES TO SAEED INVESTMENT PTE. LTD., COMPRISING UP TO 45,505,107 REPAYMENT SHARES UPON THE EXERCISE OF THE SHARE REPAYMENT OPTION, PURSUANT TO THE TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT; AND**
- (2) THE WHITEWASH RESOLUTION FOR WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM SAEED INVESTMENT PTE. LTD. AND ITS CONCERT PARTIES.**

**Independent Financial Adviser to the Recommending Directors
in relation to the Whitewash Resolution**

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200310232R)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	: 8 December 2018 at 4 p.m.
Date and time of Extraordinary General Meeting	: 10 December 2018 at 4 p.m.
Place of Extraordinary General Meeting	: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619

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DEFINITIONS

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

- “Affiliates”** : Means, in respect of any person, any person which:
- (i) directly or indirectly controls, is controlled by, or is under the control of, the first-mentioned person; or
 - (ii) is deemed to be a related corporation of the first-mentioned person,
- and **“control”** herein means the authority, whether exercised or not, to control a person’s business and affairs, which authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast or to control the composition of the board of directors and references to **“is controlled by”** and **“is under the control of”** shall be construed accordingly
- “Aggregate Subscription Proceeds”** : Has the meaning ascribed to it in Section 1.1 of this Circular
- “Al-Suwaiket Loan Agreement”** : The US\$8.5 million loan agreement dated 28 March 2018 between Mr. Mubarak Abdullah Al-Suwaiket as lender and Atlantic Maritime Group FZE as borrower, corporate guarantees from the Company, Atlantic Navigation Holdings Inc. and Atlantic Maritime Group FZE, and the share pledge dated 28 March 2018 between WSC as pledger and Mr. Mubarak Abdullah Al-Suwaiket as pledgee in relation to the 50,000,000 Shares held by WSC
- “Announcement”** : The announcement made by the Company in respect of the Proposed Subscription on 16 July 2018
- “Authorisations”** : Has the meaning ascribed to it in Section 2.2(l) of this Circular
- “Board”** : The board of Directors of the Company as at the date of this Circular
- “Business Day”** : A day (excluding Saturday, Sunday and gazetted public holidays) on which banks are open for business in Singapore and such jurisdiction(s) in which banks which operate the accounts of the Subscriber and the Company are based
- “Catalist”** : The Catalist board of the SGX-ST
- “Catalist Rules”** : Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 23 November 2018
- “Code”** : The Singapore Code on Take-overs and Mergers
- “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time

DEFINITIONS

“Company”	:	Atlantic Navigation Holdings (Singapore) Limited
“Completion”	:	The completion of the Proposed Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	:	Has the meaning ascribed to it in Section 2.9 of this Circular
“Compliance Placement”	:	Has the meaning ascribed to it in Section 2.7(c) of this Circular
“Compliance Placement Shares”	:	Has the meaning ascribed to it in Section 2.7(c) of this Circular
“Conditions Precedent”	:	Has the meaning ascribed to it in Section 2.2 of this Circular
“Constitution”	:	The constitution of the Company, as amended, supplemented or modified from time to time
“Controlling Shareholder”	:	<p>A person who:</p> <ul style="list-style-type: none">(i) holds directly or indirectly 15% or more of the nominal amount of all voting Shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or(ii) in fact exercises Control over the Company, <p>and “Control” herein means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company</p>
“Deferred Deposit Conditions Precedent”	:	Has the meaning ascribed to it in Section 2.3.2(b) of this Circular
“Deferred Deposit Conditions Precedent Date”	:	Has the meaning ascribed to it in Section 2.3.2(b) of this Circular
“Deposit”	:	Has the meaning ascribed to it in Section 2.3.1 of this Circular
“Deposit Conditions Precedent”	:	Has the meaning ascribed to it in Section 2.3.1 of this Circular
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on pages N-1 to N-3 of this Circular
“Enlarged Share Capital”	:	The enlarged issued and paid-up share capital of (i) 306,098,857 Shares (excluding treasury shares) after exercise of the Share Repayment Option and the consequent issue and allotment of the Repayment Shares, or (ii) 523,512,144 Shares (excluding treasury shares) immediately after Completion, comprising the Existing Share Capital and the Subscription Shares, as the case may be
“Existing Lender(s)”	:	Has the meaning ascribed to it in Section 2.2(f) of this Circular
“Existing Share Capital”	:	The existing issued and paid-up share capital (excluding treasury shares) of the Company of 260,593,750 Shares as at the Latest Practicable Date

DEFINITIONS

- “Financial Indebtedness”** : Means any indebtedness for or in respect of:
- (a) moneys borrowed;
 - (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
 - (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
 - (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the generally accepted accounting standards as applied in Singapore, be treated as a finance or capital lease;
 - (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
 - (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
 - (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
 - (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
 - (i) shares which are expressed to be redeemable; and
 - (j) (without double-counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above
- “FY2017”** : The financial year ended 31 December 2017
- “Gross Proceeds”** : Has the meaning ascribed to it in Section 5 of this Circular
- “Group”** : The Company and its subsidiaries
- “IFA”** : Asian Corporate Advisors Pte. Ltd., the independent financial adviser appointed to advise the Recommending Directors in relation to the Whitewash Resolution
- “IFA Letter”** : The letter dated 23 November 2018 from the IFA to the Directors in relation to the Whitewash Resolution
- “Independent Shareholders”** : Shareholders other than the Subscriber and its concert parties and parties not independent of them for the purposes of the Whitewash Resolution

DEFINITIONS

“Inter-conditional Resolutions”	:	Has the meaning ascribed to it in Section 1.7 of this Circular
“Interested Directors”	:	Has the meaning ascribed to it in Section 9 of this Circular
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 16 November 2018
“Letters”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“Listing and Quotation Notice”	:	The listing and quotation notice granted by the SGX-ST for the dealing in, listing of, and quotation for the Subscription Shares (including the Repayment Shares) on Catalist
“Longstop Date”	:	Has the meaning ascribed to it in Section 2.3.2(a) of this Circular
“LPS”	:	Loss per Share
“Madam Ong”	:	Has the meaning ascribed to it in Section 3 of this Circular
“Maybank”	:	Malayan Banking Berhad
“Maybank Loan Agreements”	:	Means, collectively, the following: <ul style="list-style-type: none">(a) US\$38.36 million Facilities Agreement dated 12 January 2016 between the Company as customer and Maybank as bank, hedging bank, commodity agent and security trustee, as amended by the supplemental letter of offer dated 5 April 2017 from Maybank to the Company;(b) US\$2.8 million Secured Term Loan Facility Agreement dated 23 December 2015 between the Company and Maybank;(c) US\$8.5 million Secured Revolving Credit Facility Agreement dated 31 July 2014 between the Company and Maybank;(d) US\$15.0 million Master Murabaha Agreement dated 3 April 2014 between the Company and Maybank as bank, hedging bank, commodity agent and security trustee, as amended by the supplemental letter of offer dated 5 April 2017 from Maybank to the Company; and(e) US\$8.4 million Commodity Murabaha Term Financing Facility dated 22 May 2015 between Atlantic Venture Inc. as customer and Maybank as bank
“Mr. Kum”	:	Has the meaning ascribed to it in Section 3 of this Circular
“Net Proceeds”	:	Has the meaning ascribed to it in Section 5 of this Circular
“Notice of EGM”	:	The notice of EGM as set out on pages N-1 to N-3 of this Circular
“Nominee Director(s)”	:	Has the meaning ascribed to it in Section 2.8 of this Circular
“NTA”	:	Net tangible assets

DEFINITIONS

“ Ordinary Resolutions ”	:	The ordinary resolutions to be proposed at the EGM, details of which are set out in this Circular and in the Notice of EGM
“ Proposed Subscription ”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“ Proxy Form ”	:	The proxy form attached to the Notice of EGM
“ Recommending Directors ”	:	The Directors who are independent for the purpose of the Whitewash Resolution, namely WSC, Mr. Tong Choo Cherng, Mr. Wong Chee Meng Lawrence, Mr. Goh Boon Chye and Mr. Eu Lee Koon
“ Repayment Shares ”	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular
“ SCF ”	:	SCF-VIII, L.P.
“ SCF Convertible Loan Agreement ”	:	The US\$13.0 million convertible loan agreement dated 4 January 2016 between the Company and SCF, as amended by the (a) first supplemental agreement dated 8 February 2016; (b) second supplemental agreement dated 4 January 2017; and (c) third supplemental agreement dated 14 April 2017
“ SCF Longstop Date ”	:	The date falling on the earlier of (i) 15 December 2018; and (ii) the date falling three (3) Business Days after receipt by the Company of the Aggregate Subscription Proceeds on Completion
“ Securities Account ”	:	Securities account maintained by Depositor with CDP, but not including a securities sub-account maintained with a Depository Agent
“ SFA ”	:	Securities and Futures Act (Chapter 289) of Singapore, as may be amended, supplemented or modified from time to time
“ SGX-ST ”	:	Singapore Exchange Securities Trading Limited
“ Share Repayment Notice ”	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular
“ Share Repayment Option ”	:	Has the meaning ascribed to it in Section 2.3.3 of this Circular
“ Shareholders ”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares, and where the context admits, mean the persons named as Depositors and whose Securities Accounts are credited with Shares
“ Shares ”	:	Ordinary shares in the capital of the Company
“ SIC ”	:	Securities Industry Council of Singapore
“ Sponsor ”	:	The Company’s sponsor, SAC Capital Private Limited
“ Subscriber ”	:	Saeed Investment Pte. Ltd.
“ Subscription Agreement ”	:	The Subscription Agreement entered into between the Company and the Subscriber on 15 July 2018, as amended and supplemented by the Letters

DEFINITIONS

“Subscription Price”	:	US\$0.09889 per Subscription Share
“Subscription Shares”	:	262,918,394 Shares to be subscribed by the Subscriber pursuant to the Proposed Subscription
“Substantial Shareholder”	:	A person who, in accordance with the Companies Act, has an interest in not less than 5% of the issued voting Shares
“Trading Day”	:	A day on which the SGX-ST is open for securities trading
“UAE Bank”	:	A United Arab Emirates Bank
“UAE Loan Agreements”	:	Means, collectively, the following: <ul style="list-style-type: none">(a) the US\$29.82 million Secured Loan Agreement dated 28 March 2018 between Atlantic Maritime Group FZE as borrower and UAE Bank as original lender;(b) the US\$11.0 million Secured Loan Agreement dated 31 January 2016 between Atlantic Maritime Group FZE as borrower and UAE Bank as original lender; and(c) the extension of banking facilities dated 5 September 2017 between Atlantic Maritime Group FZE as borrower and UAE Bank as original lender
“Vessels”	:	Has the meaning ascribed to it in Section 5 of this Circular
“Whitewash Resolution”	:	Has the meaning ascribed to it in Section 2.6 of this Circular
“Whitewash Waiver”	:	Has the meaning ascribed to it in Section 2.6 of this Circular
“WSC”	:	Mr. Wong Siew Cheong, Executive Chairman and Chief Executive Officer of the Company, as well as a Controlling Shareholder of the Company

Currencies, Units and Others

“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“US\$” and “US cents”	:	United States of America dollars and cents, respectively, being the lawful currency of United States of America
“%”	:	Per centum or percentage

The terms “**acting in concert**” and “**concert parties**” shall have the meanings ascribed to them in the Code.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “**subsidiary**” and “**treasury shares**” shall have the meanings ascribed to them in the Companies Act, respectively.

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 and *vice versa*. References to persons shall include corporations.

DEFINITIONS

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term or word defined under the Companies Act, the Catalist Rules, the SFA, the Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the Catalist Rules, the SFA, the Code or any statutory or regulatory modification thereof, as the case may be.

Any discrepancies in the figures included in this Circular between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of a day or date in this Circular is a reference to Singapore time or date, unless otherwise stated.

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LETTER TO SHAREHOLDERS

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200411055E)

Board of Directors

Wong Siew Cheong (Executive Chairman and CEO)
Tong Choo Cherng (Executive Director (Finance))
Wong Chee Meng Lawrence (Lead Independent Director)
Goh Boon Chye (Independent Director)
Eu Lee Koon (Independent Director)
Andrew Lyndon Waite (Non-Executive and Non-Independent Director)
Jeffrey William Ewen (Alternate Director to Andrew Lyndon Waite)

Registered Office

6 Battery Road #10-01
Singapore 049909

23 November 2018

To: The Shareholders of Atlantic Navigation Holdings (Singapore) Limited

Dear Sir/Madam

- (1) **THE PROPOSED ALLOTMENT AND ISSUANCE OF 262,918,394 SUBSCRIPTION SHARES TO THE SUBSCRIBER, COMPRISING UP TO 45,505,107 REPAYMENT SHARES UPON THE EXERCISE OF THE SHARE REPAYMENT OPTION, PURSUANT TO THE TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT; AND**
 - (2) **THE WHITEWASH RESOLUTION FOR WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE SUBSCRIBER AND ITS CONCERT PARTIES.**
-

1. INTRODUCTION

- 1.1 On 16 July 2018, the Company announced that it had, on 15 July 2018, entered into the Subscription Agreement with the Subscriber pursuant to which the Company has agreed to issue and allot the Subscription Shares to the Subscriber, and the Subscriber has agreed to subscribe for the Subscription Shares, at the Subscription Price, for an aggregate amount of US\$26.0 million (the “**Aggregate Subscription Proceeds**”) (the “**Proposed Subscription**”). Subsequent to the Subscription Agreement, the Company and the Subscriber agreed, by way of letters dated 1 October 2018, 1 November 2018 and 22 November 2018 (the “**Letters**”) to amend and vary the Subscription Agreement to, *inter alia*, extend the Deferred Deposit Conditions Precedent Date. Further details of the foregoing are set out in Section 2 of this Circular. Copies of the Company’s announcements dated 1 October 2018, 1 November 2018 and 22 November 2018, containing the key amendments in the Letters, are set out in Appendix B to this Circular.
- 1.2 The Proposed Subscription is not underwritten and there is no placement agent appointed for the purpose of this Proposed Subscription. The offer and allotment and issue of the Subscription Shares and the Repayment Shares is made pursuant to the exemption under Section 272B of the SFA. As such, no prospectus or offer information statement will be issued by the Company in connection therewith. None of the Subscription Shares and the Repayment Shares will be placed with any person or groups of persons as set out under Rule 812 of the Catalist Rules. For more details on the Proposed Subscription, please refer to Section 2 of this Circular.
- 1.3 Pursuant to Rule 805 of the Catalist Rules, except as provided in Rule 806, the Company must obtain the prior approval of Shareholders in general meeting of, *inter alia*, the issue of Shares. Accordingly, the Company will be seeking Shareholders’ approval at the EGM to allot and issue the Subscription Shares (which includes the Repayment Shares), on and subject to the terms of the Subscription Agreement.

LETTER TO SHAREHOLDERS

- 1.4 Pursuant to the terms of the Subscription Agreement, the Subscriber shall subscribe for the 262,918,394 Subscription Shares at the Subscription Price. The Subscription Shares represents (i) approximately 100.89% of the Existing Share Capital; and (ii) approximately 50.22% of the Enlarged Share Capital immediately after Completion. Immediately upon Completion, the Company's issued and paid-up share capital will increase from 260,593,750 Shares to 523,512,144 Shares, assuming there are no changes to the number of Shares (excluding treasury shares) before Completion.
- 1.5 Under Rule 803 of the Catalist Rules, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Upon Completion, the Subscriber will obtain a controlling interest in the Company. Accordingly, the Directors are convening the EGM to seek specific approval of the Shareholders to allot and issue the Subscription Shares (the Repayment Shares), on and subject to the terms of the Subscription Agreement.
- 1.6 Pursuant to the Subscription Agreement, the Company has also undertaken to the Subscriber that it shall, subject to, *inter alia*, the grant of the Whitewash Waiver (on terms acceptable to the Company and the Subscriber), convene a general meeting to seek the approval of the Independent Shareholders to waive their rights to receive a mandatory takeover offer from the Subscriber and its concert parties for all the Shares not already owned by them and persons acting in concert with them under Rule 14 of the Code, no later than the Longstop Date.
- 1.7 The purpose of this Circular is to provide Shareholders with relevant information relating to, and explaining the rationale for, the Proposed Subscription and the Whitewash Resolution and to seek Shareholders' approvals in relation thereto at the EGM to be held at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 on 10 December 2018 at 4 p.m.. The Notice of EGM is set out on pages N-1 to N-3 of this Circular.

Shareholders should note that Ordinary Resolutions 1 and 2 (collectively, the "Inter-conditional Resolutions") relating to the Proposed Subscription and the Whitewash Resolution, respectively, are inter-conditional upon each other. Accordingly, in the event that any of these Inter-conditional Resolutions is not approved, the other Inter-conditional Resolution would not be passed.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

2. THE PROPOSED SUBSCRIPTION

2.1 Proposed Subscription Obligations

Pursuant to the terms of the Subscription Agreement, the Subscriber shall subscribe for the 262,918,394 Subscription Shares at the Subscription Price. The Subscription Shares represent (i) approximately 100.89% of the Existing Share Capital; and (ii) approximately 50.22% of the Enlarged Share Capital immediately after Completion. Immediately upon Completion, the Company's issued and paid-up share capital will increase from 260,593,750 Shares to 523,512,144 Shares, assuming there are no changes to the number of Shares (excluding treasury shares) before Completion.

2.2 Conditions Precedent

The conditions precedent to Completion are as follows:

- (a) the Board authorising (i) entry into the Subscription Agreement and the transactions contemplated therein; (ii) subject to Shareholders' approval, the allotment and issue of the Subscription Shares and the Repayment Shares to the Subscriber; and (iii) the appointment in accordance with the Constitution, of such number of Nominee Directors so as to ensure that the Subscriber has adequate representation on the Board in proportion to its

LETTER TO SHAREHOLDERS

shareholding interests in the issued and paid-up share capital of the Company, such appointment to take effect on the Completion Date (or such later date as the Subscriber may agree);

- (b) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the warranties provided by the Subscriber or the Company in the Subscription Agreement;
- (c) evidence in writing that SCF:
 - (i) approves of and consents to the transactions contemplated by the Subscription Agreement, including the Proposed Subscription;
 - (ii) declines to exercise its right of first refusal over the opportunity to provide and fund the first US\$4,000,000 of new funding the Company proposes to raise through the issue of new shares after the date of the SCF Convertible Loan Agreement, where such share issue is proposed to occur below a price per share of US\$0.20 with respect to the issue of any Subscription Shares or Repayment Shares prior to the date falling on the SCF Longstop Date, whether under the SCF Convertible Loan Agreement, the Constitution or otherwise;
 - (iii) notwithstanding the terms of the SCF Convertible Loan Agreement, the Constitution or otherwise (including any unfulfilled conditions precedent or requirements to the Company's right to repay under the SCF Convertible Loan Agreement), it consents to the early repayment, prior to the specified maturity date, of all amounts outstanding under the SCF Convertible Loan Agreement (and it shall decline to exercise any rights of conversion on any attempt by the Company to repay such amounts from the proceeds of the Proposed Subscription) subject to:
 - (a) any such repayment occurring on or prior to the SCF Longstop Date; and
 - (b) any such repayment being a repayment in cash and in full of all amounts outstanding under the SCF Convertible Loan Agreement up to and including the maturity date; and
 - (iv) declines to exercise any right to convert any amount outstanding under the SCF Convertible Loan Agreement prior to the SCF Longstop Date.
- (d) evidence in writing that:
 - (i) notwithstanding the covenant that the Company and its subsidiaries shall not have any Financial Indebtedness (as defined in the UAE Loan Agreements) outstanding other than as permitted by the UAE Loan Agreements, the UAE Bank has waived its rights under the UAE Loan Agreements with respect to any breach of such covenant;
 - (ii) UAE Bank has consented to:
 - (A) the loan owing under the Al-Suwaiket Loan Agreement being outstanding and remaining due and payable without such loan being converted to equity or the share option granted by the Company in favour of Mr. Mubarak Abdullah Al-Suwaiket as security for the loan being called upon;
 - (B) the Company entering into the Subscription Agreement and the Company's drawdown on the balance of the loan under the UAE Loan Agreements; and
 - (iii) UAE Bank has waived its rights under the UAE Loan Agreements with respect to the Company's breach of the financial covenant to maintain a certain minimum net

LETTER TO SHAREHOLDERS

tangible worth of US\$80,000,000 and the requirement that WSC remains the majority shareholder of the Company;

- (e) evidence in writing that:
- (i) notwithstanding the respective covenants under the Maybank Loan Agreements that the Company shall not incur (or agree to incur) any Financial Indebtedness (as defined in the respective loan agreements), whether actual or contingent, without the prior written consent of Maybank, save for any Financial Indebtedness (as defined in the respective loan agreements) incurred by the Company from its shareholder or any related party which are expressly subordinated in favour of Maybank, Maybank has waived its rights under the Maybank Loan Agreements with respect to any breach of such covenants and has consented to the Company entering into the Subscription Agreement; and
 - (ii) Maybank has waived the requirement that WSC remains the majority shareholder of the Company;
- (f) confirmation in writing from each of UAE Bank, Maybank, and other lenders of the Company (other than Mr. Mubarak Abdullah Al-Suwaiket) (each an “**Existing Lender**” and collectively, the “**Existing Lenders**”) that no event(s) have occurred or been alleged to have occurred and no circumstances have arisen which:
- (i) constitute an event of default, or otherwise give rise to an obligation to repay (prematurely or otherwise), under the respective agreement(s) relating to borrowing or indebtedness in the nature of borrowing (or will do so with the giving of notice or lapse of time or both) with the relevant Existing Lender;
 - (ii) will lead to an encumbrance constituted or created in connection with borrowing or indebtedness in the nature of borrowing, a guarantee, an indemnity, or other obligation of the Company becoming enforceable (or will do so with the giving of notice or lapse of time or both);
 - (iii) would entitle the relevant Existing Lender (other than on a normal overdraft facility) to call in the whole or any part of the monies advanced or to enforce its security (or will do so with the giving of notice or lapse of time or both); or
 - (iv) would entitle the relevant Existing Lender to withdraw, reduce or not renew any existing facilities to the Company or alter any terms thereof to the Company’s disadvantage,

and that the entry into the Subscription Agreement and the performance of any obligations under the Subscription Agreement would not result in any of the events detailed in Sections 2.2(f)(i) to 2.2(f)(iv) above;

- (g) confirmation in writing from Mr. Mubarak Abdullah Al-Suwaiket that no event(s) have occurred or been alleged to have occurred and no circumstances have arisen which:
- (i) constitute an event of default under the respective agreement(s) relating to borrowing or indebtedness in the nature of borrowing with Mr. Mubarak Abdullah Al-Suwaiket; or
 - (ii) would entitle Mr. Mubarak Abdullah Al-Suwaiket to call in the whole or any part of the monies advanced or to enforce the security,

and that the entry into the Subscription Agreement and the performance of any obligations under the Subscription Agreement would not result in any of the events detailed in Sections 2.2(g)(i) and 2.2(g)(ii) above.

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- (h) evidence in writing that WSC has undertaken in favour of the Subscriber:
 - (i) to vote and to procure his nominee(s) and proxies (if any) to vote all of his Shares in favour of:
 - (A) all resolutions to approve the Proposed Subscription and the Whitewash Resolution and any related matters proposed at any general meeting to be convened and held in connection with the Proposed Subscription, or at any adjournment of such meeting; and
 - (B) subject to Completion, at all times all resolutions to appoint in accordance with the Constitution of the Company such number of the Subscriber's nominees as directors of the Company so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company;
 - (ii) acknowledging that it is the current intention of the Company and the Subscriber to maintain a public float for the Company and for the Company to comply with the relevant shareholding and distribution requirements of the Catalist Rules following Completion and agreeing that he shall, immediately after entry into the Subscription Agreement, use best efforts to dispose of such number of Shares as may be required to comply with the relevant shareholding and distribution requirements of the Catalist Rules following Completion;
 - (iii) that at any time from the date of the Subscription Agreement until immediately before Completion, save for any disposal of shares, with the Subscriber's consent, so to ensure that at least 10% of the total number of issued Shares in the enlarged issued and paid-up share capital of the Company after the Proposed Subscription (excluding preference shares, convertible equity securities and treasury shares) is held by the "public" as required under the Catalist Rules, not acquire or dispose of, or agree to acquire or dispose of, or create any encumbrance over any of his shares in the Company without prior written consent from the Subscriber;
 - (iv) that notwithstanding any agreement entered into between WSC and/or his Affiliates as lender and the Company and/or its related corporations as borrower/guarantor, for so long as the outstanding principal and interests under the SCF Convertible Loan Agreement remain unpaid, he shall not, and shall procure his Affiliates not to, require the Company and/or its related corporations to repay any Financial Indebtedness incurred by it from WSC and/or his Affiliates;
- (i) the SIC having granted the Subscriber and its concert parties, and not having revoked or repealed such grant, a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for the shares not held by it and its concert parties and from having to comply with the requirements of Rule 14 of the Code arising from the issuance of the Subscription Shares subject to:
 - (A) any conditions that the SIC may impose which are reasonably acceptable to the Subscriber; and
 - (B) the Shareholders approving at the EGM, the Whitewash Resolution for the waiver of the rights of the Independent Shareholders to receive a mandatory takeover offer from the Subscriber and persons acting in concert with it for all the shares not already owned by it and persons acting in concert with it, provided that the Subscriber and any persons acting in concert with it and any persons not independent of them abstain from voting on the Whitewash Resolution at the EGM;
- (j) the approval of the Shareholders for, *inter alia*, (a) the Proposed Subscription; and (b) the allotment and issue of the Subscription Shares;

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- (k) WSC undertaking in favour of the Company that for a period of not less than three (3) years after Completion, he shall not resign from his employment with the Company and/or his office as a Director provided that the terms of his employment during such period shall be no less favourable than his current terms of employment;
 - (l) all other authorisation, consent, approval, resolution, licence, exemption, filing, order, lodgement or registration or other document, opinion or assurance (collectively, the “**Authorisations**”) which the Subscriber reasonably considers to be necessary in connection with the entry into and performance of the transactions contemplated by the Subscription Agreement or for the validity or enforceability of the Subscription Agreement being obtained and where any Authorisations is subject to conditions, such conditions being satisfactory to the Subscriber acting reasonably;
 - (m) no material adverse change in the existing or prospective legal, financial, operational, business and tax positions of the Company occurring on or before Completion; and
 - (n) the Listing and Quotation Notice being issued by the SGX-ST,
- (collectively, “**Conditions Precedent**”).

As at the Latest Practicable Date, except for Sections 2.2(e) and 2.2(f), all the Conditions Precedent above have been satisfied. In relation to the condition set out in Section 2.2(i), on 7 September 2018, the SIC had waived the obligation for the Subscriber to make a mandatory offer under Rule 14 of the Code for the Company in the event the Subscriber acquires more than 30% of the Company’s total voting rights based on its Enlarged Share Capital as a result of subscribing for the Subscription Shares pursuant to the Subscription Agreement, subject to certain conditions as set out in Section 6.2 of this Circular.

2.3 Consideration

2.3.1 Upon the satisfaction of the last of the Conditions Precedent set out in Sections 2.2(a), 2.2(b) (for the purpose hereof, reference to the term “Completion Date” in Section 2.2(b) shall mean the date of satisfaction of waiver of the last of the Conditions Precedent under Sections 2.2(c) and 2.2(d)(ii)(B)), 2.2(c), 2.2(d)(ii)(B) and 2.2(h) of this Circular (“**Deposit Conditions Precedent**”), the Subscriber shall within five (5) Business Days pay to the Company, a sum of US\$4.5 million, as a refundable goodwill deposit (“**Deposit**”). As announced by the Company on 14 August 2018, the Deposit has received the Deposit amounting to US\$4.5 million from the Subscriber on the same day.

Upon Completion, the Deposit shall be set-off against the Aggregate Subscription Proceeds payable by the Subscriber.

2.3.2 Subject to the terms set out in Section 2.3.3 of this Circular, in the event:

- (a) any of the Conditions Precedent is not satisfied on or before 13 December 2018 or such later date as may be agreed by the Subscriber and the Company in writing (“**Longstop Date**”); or
- (b) any of the Conditions Precedent set out in Sections 2.2(a) to 2.2(h) of this Circular, save for the Deposit Conditions Precedent already satisfied in accordance with Section 2.3.1 of this Circular (“**Deferred Deposit Conditions Precedent**”) is not satisfied on or before the earlier of (i) 13 December 2018; and (ii) the Completion Date (“**Deferred Deposit Conditions Precedent Date**”),

the Company shall repay the Deposit in cash within six (6) months after (i) the Longstop Date (in the case of Section 2.3.2(a) of this Circular); and (ii) 15 August 2018 (in the case of Section 2.3.2(b) of this Circular). The repayment of the Deposit hereunder shall be made without (and free and clear of any deduction for) set-off or counterclaim.

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2.3.3 Share Repayment Option

Notwithstanding Section 2.3.2 of this Circular, if:

- (a) any of the Conditions Precedent is not satisfied on or before the Longstop Date; or
- (b) if any of the Deferred Deposit Conditions Precedent is not satisfied on or before the Deferred Deposit Conditions Precedent Date;

the Subscriber shall have the option (“**Share Repayment Option**”) to forthwith require the Company to repay the Deposit by the allotment and issuance of 45,505,107 fully paid new Shares (“**Repayment Shares**”) at US\$0.09889 per Repayment Share to the Subscriber. The Share Repayment Option may be exercised by the Subscriber at any time during the period commencing from no later than three (3) Business Days before (i) the Longstop Date (in the case of Section 2.3.3(a) of this Circular); and (ii) the Deferred Deposit Conditions Precedent Date (in the case of Section 2.3.3(b) of this Circular), and ending on the date falling six (6) months after the (I) Longstop Date (in the case of Section 2.3.3(a) of this Circular); and (II) 15 August 2018 (in the case of Section 2.3.3(b) of this Circular) (“**Share Repayment Notice**”). Upon the receipt of the Share Repayment Notice, and in the event the Conditions Precedent are not satisfied on or before the Longstop Date or the Deferred Deposit Conditions Precedent are not satisfied on or before the Deferred Deposit Conditions Precedent Date (as the case may be), the Company shall, within three (3) Business Days from the receipt of the Share Repayment Notice, *inter alia*:

- (a) allot and issue the Repayment Shares;
- (b) procure the appointment in accordance with the Constitution of such number of the Nominee Directors so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company, such appointment to take effect on the date of allotment and issue of the Repayment Shares (or such later date as the Subscriber may agree); and
- (c) deliver to the Subscriber a certified true copy of the Listing and Quotation Notice in relation to the Repayment Shares.

2.4 **Subscription Price and Repayment Shares Issue Price**

The Subscription Price and the issue price per Repayment Share of US\$0.09889 (or S\$0.1348 based on an exchange rate of US\$1:S\$1.3632) represents a premium of approximately 10.5% to the volume-weighted average price of S\$0.122 per Share, for the trades done on the SGX-ST for the full market day on 13 June 2018, being the last full market day which the Shares were traded preceding the date and up to the time the Subscription Agreement was signed.

The Subscription Price and the issue price per Repayment Share was arrived at after arm’s length negotiations between the Company and the Subscriber and on a willing buyer willing seller basis.

2.5 **Status and ranking of Subscription Shares and Repayment Shares**

The Subscription Shares and Repayment Shares when issued and allotted, will be free from all claims, charges, liens, mortgage, rent-charge, pledge, option, restriction, right of first refusal, right of pre-emption, moratorium, claim, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (or an agreement or commitment to create any of the same) and shall rank, *pari passu*, in all respects with the existing Shares, save that the Subscriber will not be entitled to any dividend, rights, allotments or other distributions in respect of the Subscription Shares or the Repayment Shares, the Record Date of which falls on or before the Completion Date (in the case of the Subscription Shares) or the date of the allotment and issue of the Repayment Shares, as the case may be. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

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2.6 Whitewash Waiver and Whitewash Resolution

The Company undertakes that it shall, as soon as practicable and in any event no later than the date falling seven (7) Business Days from the date of the Subscription Agreement, submit an application to the SIC to seek its waiver of the requirement for the Subscriber and its concert parties to make a general offer for the Shares under Rule 14 of the Code should the Subscriber's aggregate voting rights in the Company increase to 30% or more based on the enlarged issued capital of the Company as a result of the Proposed Subscription, and all obligations contemplated pursuant and/or in connection with the same ("**Whitewash Waiver**").

The Company further undertakes to the Subscriber that it shall, subject to, *inter alia*, the grant of the Whitewash Waiver (on terms acceptable to the Company and the Subscriber), convene a general meeting to seek the approval of the Shareholders who are independent of the Subscriber and its concert parties of a resolution (the "**Whitewash Resolution**") to waive their rights to receive a mandatory takeover offer from the Subscriber and its concert parties for all the Shares not already owned by them and persons acting in concert with them under Rule 14 of the Code, no later than the Longstop Date.

2.7 Post-Signing Covenants

Pursuant to the terms of the Subscription Agreement, the Company undertakes *inter alia*, to the Subscriber that, subject to Completion:

- (a) it shall at all times use its best endeavours to procure the appointment in accordance with its Constitution of such number of the Nominee Directors so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company;
- (b) notwithstanding any agreement entered into between WSC and/or his Affiliates as lender and the Company and/or its related corporations as borrower/guarantor, for so long as the outstanding principal and interests under the SCF Convertible Loan Agreement remain unpaid, the Company and/or its related corporations shall not repay any principal and/or interests in relation to any Financial Indebtedness incurred by it from WSC and/or his Affiliates; and
- (c) in the event that as a result of the allotment and issue of the Subscription Shares, the Company shall not be in compliance with the relevant shareholding and distribution requirements of the Catalist Rules, the Company shall undertake an allotment and issue of new Shares ("**Compliance Placement Shares**") to enable the Company to comply with such shareholding and distribution requirements of the Catalist Rules ("**Compliance Placement**"), and the Company shall grant to the Subscriber a first right to subscribe up to such number of Compliance Placement Shares required for the Subscriber to maintain the same shareholding percentage held by the Subscriber in the issued and paid-up share capital of the Company after completion of the Compliance Placement as is held by the Subscriber immediately after Completion.

2.8 Nominee Director(s)

Upon Completion, the Subscriber shall be entitled to appoint such number of the Subscriber's nominees as directors of the Company ("**Nominee Directors**") so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company.

2.9 Completion

Completion shall take place on a date falling five (5) Business Days from the satisfaction of all Conditions Precedent (or, if that day is not a business day, on the next business day), or such other date as the Company and the Subscriber shall agree to in writing ("**Completion Date**").

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If any of the Conditions Precedent set out in Sections 2.2(a) to 2.2(n) of this Circular is not satisfied on or before the Longstop Date or otherwise waived, the Company (in the case where the only Condition Precedent not satisfied or waived is in relation to Section 2.2(b) of this Circular in so far as it relates to the Subscriber's warranties as provided for in the Subscription Agreement) or the Subscriber (in all other cases) shall thereupon be entitled to terminate, by way of thirty (30) days' written notice to the other party, the Subscription Agreement and all rights and obligations thereunder (save as for certain clauses provided under the Subscription Agreement).

3. INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in Singapore on 8 May 2018 with its principal business in investment holding. The Subscriber was set up solely for the purpose of undertaking the Proposed Subscription. Mr. Kum Soh Har Michael ("**Mr. Kum**") and his wife, Madam Ong Bee Yong Lynda ("**Madam Ong**"), each own 50% of the shares of the Subscriber. Mr. Kum and Madam Ong are not related to the directors or controlling shareholders of Atlantic Navigation Holdings (Singapore) Limited.

The directors and shareholders of the Subscriber are acquaintances of WSC and were introduced to the Company by WSC. The Subscriber does not fall into the class of restricted persons as specified under Rule 812(1) of the Catalist Rules. No commission was paid or is payable by the Company to anyone in relation to the Proposed Subscription. The Subscription Shares are placed to the Subscriber as it has indicated an interest to invest in the Company, and the Subscriber is subscribing for the Subscription Shares purely for investment purpose.

The Company confirms that none of the Directors or substantial shareholders of the Company has, to the best of their knowledge, any connection (including business relationship) with the Subscriber or the Subscriber's directors or substantial shareholders.

4. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after Completion.

The financial effects of the Proposed Subscription on the Group have been computed based on the audited consolidated financial statements of the Group for FY2017 and the following bases and assumptions:

- (a) the financial effect on the consolidated NTA per Share of the Group after Completion is computed based on the assumption that the Proposed Subscription was completed on 31 December 2017;
- (b) the financial effect on the consolidated LPS of the Group after Completion is computed based on the assumption that the Proposed Subscription was completed on 1 January 2017; and
- (c) estimated expenses in connection with the Proposed Subscription of approximately US\$160,000.

For the avoidance of doubt, the financial effects on the NTA per Share and LPS had not taken into account any changes, if any, in the number of Shares in the share capital of the Company subsequent to 31 December 2017.

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Share capital of the Company and NTA per Share of the Group

	Before issuance of the Repayment Shares or the Subscription Shares (as the case may be)	After issuance of 45,505,107 Repayment Shares¹	After issuance of 262,918,394 Subscription Shares
Issued and paid-up share capital of the Company (US\$'000)	85,534	90,034	111,374
NTA of the Group (US\$'000)	75,454	79,954	101,294
Total number of issued and paid-up Shares	260,593,750	306,098,857	523,512,144
NTA per Share of the Group (US cents)	28.95	26.12	19.35

LPS of the Group

	Before issuance of the Repayment Shares or the Subscription Shares (as the case may be)	After issuance of 45,505,107 Repayment Shares²	After issuance of 262,918,394 Subscription Shares
Net loss for the year (US\$'000)	(13,156)	(13,156)	(13,156)
Weighted average number of Shares	260,593,750	306,098,857	523,512,144
Basic LPS (US cents)	(5.05)	(4.30)	(2.51)

5. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND INTENDED USE OF PROCEEDS

The Company is proposing to undertake the Proposed Subscription as it will allow the Company to (i) settle its payment obligations and accept delivery for the two (2) vessels remaining out of the seven (7) vessels pursuant to the shipbuilding agreement with a shipyard in the People's Republic of China, as announced by the Company on 9 June 2016 ("**Vessels**"), and the mobilisation costs and operating expenses relating to the deployment of the Vessels; (ii) fully repay the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement; and (iii) re-capitalise its balance sheet and increase its working capital and resources available so as to improve its cash flow.

¹ Based on the assumption that the repayment of the Deposit is made by way of issuance of Shares by the Company and the Proposed Subscription does not proceed to Completion.

² Based on the assumption that the repayment of the Deposit is made by way of issuance of Shares by the Company and the Subscription Agreement does not proceed to Completion.

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Based on the Subscription Price, the estimated gross proceeds from the Proposed Subscription due to the Company is expected to amount to US\$26.0 million (“**Gross Proceeds**”), and after deducting estimated expenses incurred in connection with the Proposed Subscription of US\$160,000 or 0.6% of the Gross Proceeds, is expected to amount to US\$25.8 million (“**Net Proceeds**”).

The Company originally agreed and undertook to the Subscriber that:

- (a) the Deposit of US\$4.5 million shall be used solely as follows:
- (i) firstly, to satisfy the Company’s payment obligations and accepting delivery for the Vessels and the mobilisation costs and operating expenses relating to the deployment of the Vessels, which will amount to approximately US\$3.4 million; and
 - (ii) thereafter, the balance of approximately US\$1.1 million for the Company’s working capital requirements; and
- (b) the Aggregate Subscription Proceeds (less the Deposit and estimated expenses for the Proposed Subscription) of US\$21.3 million shall be used solely as follows:
- (i) firstly, to fully repay within three (3) Business Days after the Completion Date the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement, which will amount to approximately US\$17.2 million; and
 - (ii) thereafter, the balance of approximately US\$4.1 million for the Company’s working capital requirements.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

On 25 October 2018, the Company announced that the Deposit of US\$4.5 million has been re-allocated and utilised in the following manner:

US\$ million	Original Amount Allocated	Amount Re-allocated	Amount Utilised	Balance
To satisfy the Company’s payment obligations and accepting delivery for the Vessels, and the mobilisation costs and operating expenses relating to the deployment of the Vessels	3.4	2.6	2.0	0.6
General working capital ³	1.1	1.9	1.9	–
Total	4.5	4.5	3.9	0.6

³ US\$0.5 million was used as part payment of outstanding to a shipyard and US\$1.4 million was used to cover the operating expenses of the Company’s fleet. The re-allocation was communicated to and agreed by the Subscriber.

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The Company will make periodic announcement(s) as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with use of proceeds as stated in this Circular. The Company will also provide a status report on the use of such Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. THE WHITEWASH RESOLUTION

6.1 Interest of the Subscriber

As at the Latest Practicable Date, the Subscriber does not hold any Shares in the Company. On Completion, the Subscriber will be issued 262,918,394 Subscription Shares, representing (i) approximately 100.89% of the Existing Share Capital; and (ii) approximately 50.22% of the Enlarged Share Capital immediately after Completion.

Under Rule 14 of the Code, except with the consent of the SIC, where any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of any class of share capital of a company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Therefore, pursuant to Rule 14 of the Code, the Subscriber will incur an obligation to make a mandatory general offer for the remaining Shares not owned, controlled or agreed to be acquired by it or its concert parties at the highest price paid or agreed to be paid by any of them for the Shares in the six (6) months preceding the allotment and issue of the Subscription Shares, unless such obligation is waived by the SIC and the Whitewash Resolution is approved by the Independent Shareholders at the EGM.

6.2 SIC Confirmation and Whitewash Waiver

On 7 September 2018, the SIC had waived the obligation for the Subscriber to make a mandatory offer under Rule 14 of the Code for the Company in the event the Subscriber acquires more than 30% of the Company's total voting rights based on its Enlarged Share Capital as a results of subscribing for the Subscription Shares pursuant to the Subscription Agreement, subject to the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Subscription Shares pursuant to the Subscription Agreement, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from the Subscriber;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Subscriber, its concert parties and parties not independent of it, as well as parties not independent of the Proposed Subscription, abstain from voting on the Whitewash Resolution;
- (d) the Subscriber and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (i) during the period between the date of the Announcement and the date Shareholders' approval is obtained for the Whitewash Resolution; and

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- (ii) in the six (6) months prior to the date of the Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Subscription;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Proposed Subscription;
 - (ii) the dilution effect to existing holders of voting rights upon the acquisition of the Subscription Shares by the Subscriber;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Subscriber and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to the Subscriber pursuant to the Subscription Agreement;
 - (v) specific and prominent reference to the fact that the conversion of the acquisition of the Subscription Shares would result in the Subscriber and its concert parties holding Shares carrying over 49% of the voting rights of the Company based on the Enlarged Share Capital, and the fact that the Subscriber and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company; and
 - (vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer;
- (g) this Circular states that the Whitewash Waiver granted by the SIC to the Subscriber and its concert parties from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in Sections 6.2(a) to 6.2(g) of this Circular;
- (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution should be obtained within three (3) months from the grant of the Whitewash Waiver from SIC, and the acquisition of the Subscription Shares by the Subscriber must be completed within three (3) months of the date of approval of the Whitewash Resolution.

In respect of Section 6.2(i) of this Circular, the SIC had on 20 November 2018 granted its consent to extend the deadline to obtain the approval of the Whitewash Resolution from 6 December 2018 (the date falling three (3) months from the grant of the Whitewash Waiver from SIC) to 13 December 2018.

As at the Latest Practicable Date, save for conditions set out under Sections 6.2(a), 6.2(d)(i) and 6.2(i) of this Circular which are expected to be satisfied only at or after the EGM, all other conditions imposed by the SIC set out above have been satisfied.

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6.3 The Whitewash Resolution

The Independent Shareholders are requested to vote by way of poll on the Whitewash Resolution as set out as an Ordinary Resolution in the Notice of EGM, waiving their rights to receive a general offer from the Subscriber and its concert parties for the remaining Shares that the Subscriber and its concert parties do not already own, control or have agreed to acquire.

Shareholders should note that the Proposed Subscription is conditional, *inter alia*, upon the passing of the Whitewash Resolution by the Independent Shareholders. In view of this, in the event that the Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Subscription will not proceed.

Independent Shareholders should also note that by voting for the Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from the Subscriber at the highest price paid by the Subscriber and its concert parties for the Shares in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code.

Upon the completion of the Proposed Subscription, the Subscriber and its concert parties will hold shares carrying over 49% of the voting rights of the Company based on the Enlarged Share Capital and accordingly, will be free to, as a group, acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.

6.4 Dilution

As at the Latest Practicable Date, the Company has in issue a total number of 260,593,750 Shares. Assuming that the Proposed Subscription proceeds to Completion and all the Subscription Shares are issued, the 262,918,394 Subscription Shares will represent approximately 50.22% of the Enlarged Share Capital immediately after Completion. Immediately upon Completion, the Company's issued and paid-up share capital will increase from 260,593,750 Shares to 523,512,144 Shares, assuming there are no changes to the number of Shares (excluding treasury shares) before the Completion.

As a result of the Proposed Subscription, the collective shareholding interests of the Independent Shareholders in the Company will be diluted. Such dilution effects are illustrated under Section 6.5 of this Circular, which sets out, *inter alia*, the changes in the shareholding interests of Shareholders in the Company after the Proposed Subscription.

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6.5 Changes to Shareholding

For illustrative purposes only and based on the assumptions set out below, the shareholding structure of the Company (i) as at the Latest Practicable Date before the Proposed Subscription; and (ii) after Completion of the Proposed Subscription is set out below:

	As at the Latest Practicable Date ¹ (Before the Proposed Subscription)				Immediately after the Proposed Subscription ²			
	Number of Shares			Total Interest	Number of Shares			Total Interest
	Direct Interest	Deemed Interest	Total Interest		Direct Interest	Deemed Interest	Total Interest	
Directors								
Wong Siew Cheong ³	173,099,000	33,375,000	206,474,000	79.23	173,099,000	33,375,000	206,474,000	39.44
Tong Choo Cherng	-	-	-	-	-	-	-	-
Wong Chee Meng Lawrence	-	-	-	-	-	-	-	-
Goh Boon Chye	-	-	-	-	-	-	-	-
Eu Lee Koon	-	-	-	-	-	-	-	-
Andrew Lyndon Waite	-	-	-	-	-	-	-	-
Jeffrey William Ewen	-	-	-	-	-	-	-	-
Substantial Shareholders (not being Directors)								
Chong Mee Chin	33,375,000	-	33,375,000	12.81	33,375,000	-	33,375,000	6.38
Subscriber	-	-	-	-	262,918,394	-	262,918,394	50.22

LETTER TO SHAREHOLDERS

	As at the Latest Practicable Date ¹ (Before the Proposed Subscription)				Immediately after the Proposed Subscription ²			
	Number of Shares			%	Number of Shares			%
	Direct Interest	Deemed Interest	Total Interest	Total Interest	Direct Interest	Deemed Interest	Total Interest	Total Interest
Kum Soh Har Michael ⁴	–	–	–	–	–	262,918,394	262,918,394	50.22
Ong Bee Yong Lynda ⁴	–	–	–	–	–	262,918,394	262,918,394	50.22
Other Non-Public Shareholders	N.A.	N.A.	10,000,000	3.84	N.A.	N.A.	10,000,000	1.91
Public Shareholders⁵	N.A.	N.A.	44,119,750	16.93	N.A.	N.A.	44,119,750	8.43

Notes:

- (1) Based on the Existing Share Capital of 260,593,750 Shares.
- (2) Based on the Enlarged Share Capital of 523,512,144 Shares.
- (3) Mr. Wong Siew Cheong is deemed to be interested in the shareholdings of his spouse, Madam Chong Mee Chin.
- (4) Mr. Kum Soh Har Michael and Madam Ong Bee Yong Lynda are deemed interested in Shares to be held by the Subscriber by virtue of Section 7 of the Companies Act.
- (5) "Public Shareholders" refers to Shareholders other than (a) Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; and (b) associates of the persons in sub-paragraph (a) above.

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7. SGX-ST LISTING AND QUOTATION NOTICE

The Company had on 12 November 2018, received the Listing and Quotation Notice from the SGX-ST for the listing of and quotation for, the Subscription Shares (including the Repayment Shares) on the SGX-ST subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements; and
- (b) Shareholders' approval being obtained at the extraordinary general meeting to be convened in connection with the Proposed Subscription.

The Listing and Quotation Notice is not to be taken as an indication of the merits of the Proposed Subscription, the Subscription Shares, the Repayment Shares, the Company, its subsidiaries and their securities.

8. OPINION OF THE IFA

Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA to advise the Recommending Directors in relation to the Whitewash Resolution.

A copy of the IFA Letter is reproduced in full in **Appendix A** to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider the recommendation of the Recommending Directors for the Whitewash Resolution in the context of this Circular before deciding on whether to approve the Whitewash Resolution.**

The advice of the IFA to the Recommending Directors in relation to the Whitewash Resolution has been extracted from the IFA Letter and is reproduced in italics below:

*In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints stated above inter-alia there being either no updated Valuation Reports or no valuation reports for 19 out of 24 Vessels owned by the Group) and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, we are of the view that the financial terms of the Proposed Subscription, being the subject of the Whitewash Resolution, are, on balance **FAIR, REASONABLE and NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders.*

For the purposes of evaluation of the Proposed Subscription, being the subject of the Whitewash Resolution, from a financial point of view, we have adopted the approach that the term "fair" and "reasonable" comprises two distinct concepts:

- (i) Whether issuance of subscription shares is "fair" relates to an opinion on the value of the subscription price. This is based strictly on a fundamental analysis and evaluation of the subscription price as set out in this Letter and based on information known to us and/or which is publicly available).*
- (ii) Whether issuance of subscription shares is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the issuance of subscription shares, which we consider relevant (being both quantitative and qualitative factors available and made known to us).*

*We consider the financial terms of the Proposed Subscription (which is the subject of the Whitewash Resolution) to be **FAIR**, from a financial point of view after factoring in, inter alia, the following:-*

- (a) The Group incurred loss after tax attributable to owners of the Company for the LTM ended 30 September 2018. Likewise, four (4) out of six (6) Selected Comparable Companies were also loss making for the LTM ended 30 September 2018. The Group's financial position in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity*

LETTER TO SHAREHOLDERS

appears to be within the range but higher than the median for the Selected Comparable Companies. The Group's financial position is weak with negative net working capital as at 30 September 2018, which we have considered in conjunction with the matters highlighted in the AR2017 pertaining to, *inter alia*, material uncertainty related to going concern as well as the Arbitration Notices.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the financial statements for the Group for FY2017 and 9M2018, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

- (b) The Subscription Price is fairly comparable (being in general at premiums) to the historical market prices for the Shares for the period 3 months prior to the Announcement Date. The Subscription Price represents: (a) premiums of approximately 10.5% over the VWCP for the Shares for the period 3-month prior to and including the Announcement Date; and (b) a premium of approximately 10.5% over the last transacted price of S\$0.122 per Share on the SGX-ST on 13 June 2018 (being the Last Trading Day for the Shares prior to the Announcement Date) and this is more favourable as compared to the simple average and the median for the Selected Comparable Transactions.
- (c) Favourable comparison of the valuation of the Group as implied by the Subscription Price with the Selected Comparable Companies in terms of the P/RNAV and P/RNTA after taking into account the financial performance and position of the Group vis-à-vis the Selected Comparable Companies.
- (d) The valuation of the Group, in terms of the Subscription Price to RNTA, is within the range and in line with the median for the Selected Comparable Transactions. In addition, the valuation of the Group, in terms of the Subscription Price to RNTA, is slightly higher than the median for the Selected Comparable Transactions with similar change in shareholding of the incoming shareholders (from 0% to more than 50%).

We also consider the financial terms of the Proposed Subscription (which is the subject of the Whitewash Resolution) to be **REASONABLE and NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders, from a financial point of view after factoring, *inter alia*, the following:-

- (a) The potential favourable financial impact of the Proposed Subscription on the Group's LPS, which we have viewed in the context that the approval of the Whitewash Resolution will allow the Company to raise gross proceeds of up to approximately US\$26.0 million (before deducting estimated expenses incurred in connection with the Proposed Subscription) as well as providing the Company with the required funding (i) settlement of the Company's payment obligations and accepting delivery for the two Vessels, including the mobilisation costs and operating expenses relating to the deployment of these Vessels; (ii) full repayment of the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement; and (iii) working capital requirements.
- (b) The rationale of the Proposed Subscription as described in Section 5 of the Circular. The Proposed Subscription is intended to raise funds for (i) settlement of the Company's payment obligations and accepting delivery for the two Vessels, including the mobilisation costs and operating expenses relating to the deployment of these Vessels; (ii) full repayment of the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement; and (iii) working capital requirements. We also note from Section 10 of the Circular that the Directors are of the view that the Proposed Subscription is in the best interests of the Company and its Shareholders.

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- (c) *The Directors' representation and confirmation that:-*
- (i) *The sufficiency of the Group's working capital requirement for the next 12 month and the ability of the Group to continue as going concern will depend on, inter alia, the successful completion of the Proposed Subscription.*
 - (ii) *Whilst significant efforts have been made by the Directors and Management to source for alternative offer with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Subscription.*

Recommendation

*Based on our assessment of financial terms of the Proposed Subscription, being the subject of the Whitewash Resolution as set out above, from a financial point of view, we advise the Recommending Directors to recommend that Independent Shareholders vote **in favour of the Whitewash Resolution** to be proposed at the EGM. We advise the Recommending Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, inter alia, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Recommending Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Whitewash Resolution.*

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company after the completion of the Proposed Subscription and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Whitewash Resolution.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

- (1) *Independent Shareholders should note that WSC has provided an undertaking in favour of the Subscriber, inter alia, to vote and to procure his nominee(s) and proxies (if any) to vote all of his Shares in favour the Proposed Subscription and the Whitewash Resolution. At as the Latest Practicable Date, WSC's total shareholdings interest in the Company is approximately 79.23%. The Ordinary Resolutions pertaining to the Proposed Subscription and the Whitewash Resolution required approval from majority Independent Shareholders and these will be achieved with WSC's voting in accordance with his undertaking.*
- (2) *Independent Shareholders should note that the Arbitration Notices are still pending as at the Latest Practicable Date and subject to further discussion and negotiation with the Claimant and thus there exist some uncertainty pertaining to the outcome. As such, the Directors and the Management are unable to quantify accurately the materiality of the claims under Arbitration Notices and the financial effect to the Group as at the Latest Practicable Date. In view of the uncertainty pertaining to the outcome, no views are being expressed with regards to the impact of the above litigation suit on the Group's NTA and financial performance. Independent Shareholders should note that the Group's NAV and NTA would be reduced (and thus, the discount of the Subscription Price from the Group's RNAV and RNTA would be smaller) in the event the Group is required to make a provision for the claims or in the event the claims materialise.*
- (3) *Independent Shareholders should note that their approval of the Whitewash Resolution is a condition precedent to the allotment and issue of Subscription Shares pursuant to the terms of the Subscription Agreement, and if Independent Shareholders do not vote in favour of the Whitewash Resolution, the Proposed Subscription will not take place.*

LETTER TO SHAREHOLDERS

- (4) *Independent Shareholders should note that by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive the General Offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for Shares in the past six (6) months preceding the commencement of the offer.*
- (5) *Independent Shareholders should note that the passing of the resolutions relating to the Proposed Subscription set out in the Circular are inter-conditional. This means that if any of the resolutions is not approved, the other resolutions would not be carried. In particular, Independent Shareholders should note that the Proposed Subscription is conditional upon Independent Shareholders voting in favour of the Whitewash Resolution. Therefore, if Independent Shareholders do not vote in favour of the Whitewash Resolution, the Proposed Subscription will not take place.*
- (6) *Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, PVE) or contracts entered or to be entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group, save for Independent Valuation Reports issued by the Independent Valuers in respect of the market value of the Group's Appraised Assets. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, PVE) including, inter alia the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors (including validity of the Valuation Reports) and the financial statements (audited and unaudited), where applicable for the assessment.*

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in the unaudited financial statements for the Company and the Group as at 30 September 2018 are true and fair.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the financial statements for the Group for FY2017 and 9M2018, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

- (7) *Our scope does not require us to express and we do not express, a view on the future growth prospects of the Company or the Group before and after the transactions stipulated in the Circular or the Whitewash Resolution or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern.*

Specific Objectives

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

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Each of Mr Andrew Lyndon Waite (Non-Executive and Non-Independent Director) and Mr Jeffrey William Ewen (Alternate Director to Andrew Lyndon Waite) ("**Interested Directors**") are nominee directors of SCF. As the Company is undertaking the Proposed Subscription to allow the Company to, *inter alia*, fully repay the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement, each of the Interested Directors are deemed interested in the Proposed Subscription.

LETTER TO SHAREHOLDERS

Save as disclosed in this Circular, none of the Directors or their respective associates, have any interest, direct or indirect, in the Proposed Subscription. Save as disclosed in this Circular, the Directors are not aware of any Substantial Shareholder or their respective associates, having any interest, direct or indirect, in the Proposed Subscription and have not received any notification of any interest in the Proposed Subscription from any Substantial Shareholder.

10. DIRECTORS' RECOMMENDATIONS

Shareholders should read and consider carefully the recommendation of the Recommending Directors and the opinion of the IFA in relation to the Whitewash Resolution in its entirety before giving their approvals pertaining to the Proposed Subscription. Shareholders are also urged to read carefully the terms and conditions of the Proposed Subscription, the rationale for the Proposed Subscription, the details of the Whitewash Resolution and the financial effects of the Proposed Subscription, as respectively set out in this Circular.

As the Interested Directors are deemed interested in the Proposed Subscription, each of them will abstain from making recommendation in respect of the Proposed Subscription.

In giving the recommendations, the Recommending Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Recommending 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 advisers immediately.

10.1 Proposed Subscription

The Recommending Directors having considered, *inter alia*, the terms of the Subscription Agreement, the financial effects and rationale of the Proposed Subscription, and after discussion with the management of the Company, are of the view that the Proposed Subscription is in the best interests of the Company and its Shareholders. Accordingly, the Recommending Directors recommend that Shareholders **VOTE IN FAVOUR** of the Ordinary Resolution relating to the Proposed Subscription at the EGM.

10.2 Whitewash Resolution

Having considered and reviewed, *inter alia*, the advice of the IFA as set out in **Appendix A** to this Circular, the Recommending Directors concur with the advice of the IFA and are of the opinion that the Whitewash Resolution is in the best interests of the Company and the Independent Shareholders. Accordingly, the Recommending Directors recommend that the Independent Shareholders **VOTE IN FAVOUR** of the Ordinary Resolution relating to the Whitewash Resolution at the EGM.

11. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that the sufficiency of the Group's working capital requirement for the next 12 months and the ability of the Group to continue as going concern will depend on, *inter alia*, the successful completion of the Proposed Subscription.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 to this Circular, will be held at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 on 10 December 2018 at 4 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolutions set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

13. ACTION TO BE TAKEN BY SHAREHOLDERS

13.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy or proxies to attend and vote on their behalf, may complete, sign and return the attached Proxy Form 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 at 6 Battery Road #10-01 Singapore 049909 not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. In such event, the Proxy Form will be deemed to be revoked.

13.2 When Depositor regarded as Shareholder

A Depositor shall not be entitled to attend, speak and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP not less than 72 hours before the time appointed for the holding of the EGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Circular 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 Proposed Subscription, the Subscription Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Proposed Subscription and the Group are fair and accurate in all material respects.

15. CONSENT FROM THE IFA

Asian Corporate Advisors Pte. Ltd., the IFA to the Recommending Directors in relation to the Whitewash Resolution, has given and has not withdrawn its consent to the issue of this Circular, with the inclusion of its name and the IFA Letter as set out in **Appendix A** to this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

16. CONSENTS FROM THE INDEPENDENT VALUERS

The Independent Valuers have given and have not withdrawn their consent to the issue of this Circular with the inclusion in this Circular of all references to their names and the Valuation Reports in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders during normal business hours at the registered office of the Company at 6 Battery Road #10-01 Singapore 049909 from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2017;
- (c) the Subscription Agreement;
- (d) the IFA letter;
- (e) the consent letter from the IFA;
- (f) the Valuation Reports (as defined in the IFA Letter); and
- (g) written consents from the Independent Valuers.

Yours faithfully

For and on behalf of the Board of Directors
ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

Tong Choo Cherng
Executive Director (Finance)

APPENDIX A

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE RECOMMENDING DIRECTORS OF ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

To:
The Recommending Directors (as defined herein)
6 Battery Road #10-01
Singapore 049909

23 November 2018

THE WHITEWASH RESOLUTION FOR WAIVER BY INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM SAEED INVESTMENT PTE. LTD. (THE “SUBSCRIBER”) AND ITS CONCERT PARTIES IN CONNECTION WITH THE PROPOSED SUBSCRIPTION OF 262,918,394 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (“SUBSCRIPTION SHARES”) TO THE SUBSCRIBER, COMPRISING UP TO 45,505,107 REPAYMENT SHARES (AS DEFINED HEREIN) UPON THE EXERCISE OF THE SHARE REPAYMENT OPTION, PURSUANT TO THE TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT (THE “PROPOSED SUBSCRIPTION”)

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the Circular (as defined below).

1. INTRODUCTION

Asian Corporate Advisors Pte. Ltd. (“**ACA**”) has been appointed as an independent financial adviser (“**IFA**”) to the directors of Atlantic Navigation Holdings (Singapore) Limited (“**Atlantic**” or the “**Company**”), who as at 16 November 2018 (the “**Latest Practicable Date**”) are considered independent (the “**Recommending Directors**”) for the purposes of making the recommendation to the Independent Shareholders in respect of the Whitewash Resolution (defined below). We note from the Circular that the Recommending Directors comprise Messrs Wong Siew Cheong (“**WSC**”), Tong Choo Cherng, Wong Chee Meng, Lawrence, Eu Lee Koon and Goh Boon Chye.

This letter (“**IFA Letter**” or “**Letter**”) has been prepared pursuant to Rule 14 and Appendix 1 of the Singapore Code on Take-overs and Mergers (“**Takeover Code**” or “**Code**”) as well as for the use by the Recommending Directors for the purposes of making a recommendation to Shareholders in respect of the Whitewash Resolution.

This IFA Letter sets out, *inter alia*, our views and evaluation of the whitewash resolution (the “**Whitewash Resolution**”) proposed as Ordinary Resolution 2 in the notice of the Extraordinary General Meeting (“**EGM**”) of the Company as set out in the circular dated 23 November 2018 (“**Circular**”) to be issued to the registered holders (“**Shareholders**”) of the issued ordinary shares (“**Shares**”) in the capital of the Company, which if passed by the Shareholders other than (i) the Subscriber; (ii) parties acting in concert with the Subscriber; (iii) parties not independent of the Subscriber; and (iv) parties not independent of the Proposed Subscription (“**Independent Shareholders**”), would result in a waiver by the Independent Shareholders of their rights to receive a mandatory general offer (“**General Offer**”) from the Subscriber and parties acting in concert with them in connection with the issue of the Subscription Shares under the Proposed Subscription. Likewise, it contains our recommendations to the Recommending Directors in relation to the Whitewash

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Resolution. It is prepared for inclusion in the Circular in connection with, *inter alia*, the Proposed Subscription and the Whitewash Resolution to be issued by the Company to the Shareholders.

Unless otherwise defined or where the context otherwise requires, definitions used in the Circular shall apply throughout this Letter. Certain of the figures and computations as enumerated or set out in this Letter are based on approximations and its accuracy is subject to rounding.

1.1 Background

On 16 July 2018 (the “**Announcement Date**”), the board of directors of the Company (“**Board**” or “**Directors**”) announced (the “**Announcement**”), *inter alia*, that the Company had entered into a subscription agreement dated 15 July 2018 (the “**Subscription Agreement**”) with Saeed Investment Pte. Ltd. (“**Saeed**” or the “**Subscriber**”), pursuant to which the Company agreed to allot and issue up to 262,918,394 Subscription Shares to the Subscriber at the subscription price per Subscription Share of US\$0.09889 (“**Subscription Price**”, equivalent to approximately S\$0.1348, based on the agreed exchange rate of US\$1.00: S\$1.3632) for an aggregate subscription amount of up to US\$26.0 million. Subsequently, the Company and the Subscriber have agreed, by way of a letters dated 1 October 2018, 1 November 2018 and 22 November 2018 (“**Letters**”) to amend and vary the Subscription Agreement to, *inter alia*, extend the Deferred Deposit Conditions Precedent Date (defined later). For the purpose of this IFA Letter, the term “Subscription Agreement” refers to the Subscription Agreement entered into between the Company and the Subscriber on 15 July 2018, as amended and supplemented by the Letters.

We note from the Circular that the Proposed Subscription is a fund-raising initiative by the Company to primarily (i) to settle the Company’s payment obligations and accepting delivery for the two (2) vessels remaining out of the seven (7) vessels pursuant to the shipbuilding agreement with a shipyard in the People’s Republic of China, as announced by the Company on 9 June 2016 (“**Vessels**”), and the mobilisation costs and operating expenses relating to the deployment of the Vessels; (ii) to fully repay the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement (as defined in the Circular); and (iii) re-capitalise the Company’s balance sheet and increase its working capital and resources available so as to improve its cash flow.

1.2 The Whitewash Resolution

Pursuant to Rule 14 of the Takeover Code, except with the consent from the Securities Industry Council (the “**Council**”), where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

As at the Latest Practicable Date, the Company has a total number of 260,593,750 Shares (excluding treasury shares) (“**Existing Share Capital**”) and the following outstanding convertible securities:-

- (i) 3,840,000 outstanding employee share options granted pursuant to the Atlantic 2008 ESOS and the Atlantic 2015 ESOS which are exercisable into 3,840,000 new Shares; and
- (ii) SCF Convertible Loan amounting to approximately US\$13.0 million which are convertible into 79,196,190 new Shares.

We note from the Circular that as at the Latest Practicable Date, the Subscriber does not hold any Shares in the Company and on completion of the Proposed Subscription (“**Completion**”); the Subscriber will be issued 262,918,394 Subscription Shares, representing (i) approximately 100.89% of the Existing Share Capital; and (ii) approximately 50.22% of the enlarged Share Capital immediately after issuance of the Subscription Shares (“**Enlarged Share Capital**”). Immediately upon

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Completion, the Company's issued and paid-up share capital will increase from 260,593,750 Shares to 523,512,144 Shares, assuming there are no changes to the number of Shares (excluding treasury shares) before the Completion.

Therefore, pursuant to Rule 14 of the Code, the Subscriber will incur an obligation to make a mandatory general offer for the remaining Shares not owned, controlled or agreed to be acquired by it or its concert parties at the highest price paid or agreed to be paid by any of them for the Shares, in the six (6) months preceding the allotment and issue of the Subscription Shares, unless such obligation is waived by the SIC and the Whitewash Resolution is approved by the Independent Shareholders at the EGM.

On 7 September 2018, the SIC had waived the obligation for the Subscriber to make a mandatory offer under Rule 14 of the Code for the Company in the event the Subscriber acquires more than 30% of the Company's total voting rights based on its Enlarged Share Capital as a result of subscribing for the Subscription Shares pursuant to the Subscription Agreement, subject to the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Subscription Shares pursuant to the Subscription Agreement, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from the Subscriber;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Subscriber, its concert parties and parties not independent of it, as well as parties not independent of the Proposed Subscription, abstain from voting on the Whitewash Resolution;
- (d) the Subscriber and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
 - (i) during the period between the date of the Announcement and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Subscription;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in the Circular:
 - (i) details of the Proposed Subscription;
 - (ii) the dilution effect to existing holders of voting rights upon the acquisition of the Subscription Shares by the Subscriber;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Subscriber and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to the Subscriber pursuant to the Subscription Agreement;

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- (v) specific and prominent reference to the fact that the conversion of the acquisition of the Subscription Shares would result in the Subscriber and its concert parties holding Shares carrying over 49% of the voting rights of the Company based on the Enlarged Share Capital, and the fact that the Subscriber and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company; and
- (vi) specific and prominent reference to the fact that Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for the Shares in the past six (6) months preceding the commencement of the offer;
- (g) the Circular states that the Whitewash Waiver granted by the SIC to the Subscriber and its concert parties from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in sub-paragraphs (a) to (g) above;
- (h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution should be obtained within three (3) months from the grant of the Whitewash Waiver from SIC, and the acquisition of the Subscription Shares by the Subscriber must be completed within three (3) months of the date of approval of the Whitewash Resolution.

We note from the Circular that In respect of sub-paragraph (i) above, the SIC had on 20 November 2018 granted its consent to extend the deadline to obtain the approval of the Whitewash Resolution from 6 December 2018 (the date falling three (3) months from the grant of the Whitewash Waiver from the SIC) to 13 December 2018.

As at the Latest Practicable Date, save for conditions set out under sub-paragraphs (a), (d)(i) and (i) above which are expected to be satisfied only at or after the EGM, all other conditions imposed by the SIC set out above have been satisfied.

Under the terms of the Subscription Agreement, it is a condition precedent to the allotment and issue of the Subscription Shares that, *inter alia*, the Shareholders approve the Whitewash Resolution for the waiver of the rights of the Independent Shareholders from receiving a General Offer from the Subscriber and its concert parties ("**Obligated Parties**") for all the Shares not already owned or controlled by the Obligated Parties following allotment and issue of the Subscription Shares.

The Independent Shareholders are requested to vote by way of poll on the Whitewash Resolution as set out as an Ordinary Resolution in the Notice of EGM, waiving their rights to receive a general offer from the Subscriber and its concert parties for the remaining Shares that the Subscriber and its concert parties do not already own, control or have agreed to acquire.

Shareholders should note that the Proposed Subscription is conditional, *inter alia*, upon the passing of the Whitewash Resolution by the Independent Shareholders. In view of this, in the event that the Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Subscription will not proceed.

Independent Shareholders should also note that by voting for the Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from the Subscriber at the highest price paid by the Subscriber and its concert parties for the Shares in the six (6) months preceding the commencement of the offer which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code.

Upon the completion of the Proposed Subscription, the Subscriber and its concert parties will hold shares carrying over 49% of the voting rights of the Company based on the Enlarged

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Share Capital and accordingly, will be free to, as a group, acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.

2. TERMS OF REFERENCE

ACA has been appointed to advise the Recommending Directors with respect to the Whitewash Resolution. We were neither a party to the negotiations entered into by the Company in relation to the proposed transactions, nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the proposed transactions, and we do not, by this Letter or otherwise, advise or form any judgement on the merits of the Proposed Subscription and the Whitewash Resolution (collectively, the “**Proposed Transactions**”) or the possibilities or feasibilities of the completion of the Proposed Transactions other than to form an opinion, strictly and solely on the bases set out herein on whether the financial terms of the Proposed Subscription being the subject of the Whitewash Resolution are fair and reasonable, and not prejudicial to the interests of the Independent Shareholders when considered in the context of the issuance of the Subscription Shares under the Proposed Subscription. Our scope does not include determining the independence of the Directors for the purpose of making recommendation in respect of the Whitewash Resolution.

We have confined our evaluation strictly and solely on the financial terms of the Proposed Subscription being the subject of the Whitewash Resolution and have not taken into account the commercial/financial risks and/or merits (if any) of or the timing for the Proposed Subscriptions contemplated in the Circular or the future financial performance or position for the Company and its subsidiaries (the “**Group**”) subsequent to the Proposed Subscriptions or the possibility/probability that the Group can improve their profitability or such other proposed corporate actions or that the anticipated benefits from the Proposed Subscription can be realised (as the case may be). Such evaluation or comment remains the responsibility of the Directors and management (“**Management**”) of the Company 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 view as set out in this Letter.

In the course of our evaluation, we have held discussions with Directors and Management, *inter alia*, regarding their assessment of the rationale for the Proposed Subscription set out in the Circular and have examined publicly available information collated by us including the audited financial statements and unaudited financial statements as well as information including material information or developments pertaining to the Company and the Group (both written and verbal), provided to us by Directors and Management or where applicable professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance or condition of the Group as reflected in the unaudited financial statements for the Group for financial period nine (9) months ended 30 September 2018 (“**9M2018**”). Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group after the completion of the Proposed Subscription stipulated in the Circular. We are not required under our scope and terms of reference nor are we able to discuss, comment, opine, or advise on the Group’s financial performance, position and conditions after 30 September 2018. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group after 30 September 2018 or the completion of the transactions stipulated in the Circular. Our evaluation and opinion and

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recommendation do not and cannot take into account future or prospective performance of the Company or the Group and neither are we responsible for it. Accordingly, estimates or analysis or evaluation of the merits of the Company or the Group or the Whitewash Resolution, if any, in this IFA Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

In the course of our evaluation, we also note that there is a material uncertainty related to going concern expressed by the independent auditor of the Company (the “**Independent Auditor**”) named in the annual report of the Company for the financial year ended 31 December 2017 (“**AR2017**”). We noted from page 34 of the AR2017 that the opinion of the Independent Auditor was not modified in respect of this matter. The extract of the material uncertainty related to going concern expressed by the Independent Auditor are set out in Section 5.2 of this Letter and can be found in page 34 of the AR2017. Independent Shareholders should also read the material uncertainty related to going concern together with the Notes 2 and 34 to the audited financial statements for the Group for the financial year ended 31 December 2017 (“**FY2017**”).

Our opinion in this IFA Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Recommending Directors (as well as Independent Shareholders of the Company who would be receiving the Circular and this IFA Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available information, other information provided by the Company, Directors and Management as well as those disclosed in the Circular and economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial year end for the Company or the Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Whitewash Resolution and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided by the Directors contained therein. The Directors have confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Whitewash Resolution or the Proposed Subscription stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Whitewash Resolution or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, property, vessels and equipment (“**PVE**”)) or contracts entered or to be entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group, save for the valuation reports dated (i) 28 March 2018 issued by Altech Maritime Consultants Pte. Ltd.; (ii) 26 March 2018 and 16 July 2018 issued by Cleghorn Wilton & Associates, Ltd.; and (iii) 27 June 2018 issued by Ritchie & Bisset (Far East) Pte. Ltd. (collectively, the “**Independent Valuers**”) in respect of the probable fair value and/or market value of the Group’s selected vessels (the “**Appraised Assets**”) as at the respective valuation dates (collectively, referred as the “**Valuation Reports**”). With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, PVE) including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the

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Directors (including the validity of the Valuation Reports) and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in their unaudited financial statements for 9M2018 and audited financial statements for FY2017 are true and fair. The Directors have also confirmed that to the best of its knowledge, nothing has come to their attention which may render the unaudited financial statements for 9M2018 and audited financial statements for FY2017 for the Group to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact *inter alia* the valuation or appraisal of assets and liabilities including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information or our analysis or information presented in this Letter to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the unaudited financial statements for 9M2018, and the audited financial statements for the Group for FY2017, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group before and after the transactions stipulated in the Circular or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Whitewash Resolution or the other transactions or resolutions stipulated in the Circular or the returns that the Independent Shareholders may have owning the Shares or voting for or voting against the Whitewash Resolution or the proposed transactions or resolutions stipulated in the Circular or on the future financial performance of the Company or the Group or the plans (if any) for each of them.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Recommending Directors to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment objectives or portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this IFA Letter or the Whitewash Resolution or the Company or the Group or the Shares or the new Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Recommending Director. As such, Recommending Directors are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this IFA Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Whitewash Resolution or its recommendation, following the date of the issue of this IFA Letter.

This Letter is addressed to the Recommending Directors in connection with and for the sole purposes of their evaluation of the financial terms of the Proposed Subscription, being the subject of the Whitewash Resolution. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Whitewash Resolution and/or at the forthcoming EGM. In addition, any references to our Letter or

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opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. THE PROPOSED SUBSCRIPTION

Details on the Proposed Subscription and the salient terms of the Subscription Agreement are set out in Section 2 of the Circular. Recommending Directors should advise Independent Shareholders to read the terms and conditions contained therein carefully. A summary of the salient terms of the Subscription Agreement are as follows:

“2. THE PROPOSED SUBSCRIPTION

2.1 Proposed Subscription Obligations

Pursuant to the terms of the Subscription Agreement, the Subscriber shall subscribe for the 262,918,394 Subscription Shares at the Subscription Price. The Subscription Shares represent (i) approximately 100.89% of the Existing Share Capital; and (ii) approximately 50.22% of the Enlarged Share Capital immediately after Completion. Immediately upon Completion, the Company's issued and paid-up share capital will increase from 260,593,750 Shares to 523,512,144 Shares, assuming there are no changes to the number of Shares (excluding treasury shares) before Completion.

2.2 Conditions Precedent

The conditions precedent to Completion are as follows:

- (a) the Board authorising (i) entry into the Subscription Agreement and the transactions contemplated therein; (ii) subject to Shareholders' approval, the allotment and issue of the Subscription Shares and the Repayment Shares to the Subscriber; and (iii) the appointment in accordance with the Constitution, of such number of Nominee Directors so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company, such appointment to take effect on the Completion Date (or such later date as the Subscriber may agree);*
- (b) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the warranties provided by the Subscriber or the Company in the Subscription Agreement;*
- (c) evidence in writing that SCF:*
 - (i) approves of and consents to the transactions contemplated by the Subscription Agreement, including the Proposed Subscription;*
 - (ii) declines to exercise its right of first refusal over the opportunity to provide and fund the first US\$4,000,000 of new funding the Company proposes to raise through the issue of new shares after the date of the SCF Convertible Loan Agreement, where such share issue is proposed to occur below a price per share of US\$0.20 with respect to the issue of any Subscription Shares or Repayment Shares prior to the date falling on the SCF Longstop Date, whether under the SCF Convertible Loan Agreement, the Constitution or otherwise;*

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- (iii) *notwithstanding the terms of the SCF Convertible Loan Agreement, the Constitution or otherwise (including any unfulfilled conditions precedent or requirements to the Company's right to repay under the SCF Convertible Loan Agreement), it consents to the early repayment, prior to the specified maturity date, of all amounts outstanding under the SCF Convertible Loan Agreement (and it shall decline to exercise any rights of conversion on any attempt by the Company to repay such amounts from the proceeds of the Proposed Subscription) subject to:*

 - (a) *any such repayment occurring on or prior to the SCF Longstop Date; and*
 - (b) *any such repayment being a repayment in cash and in full of all amounts outstanding under the SCF Convertible Loan Agreement up to and including the maturity date; and*
- (iv) *declines to exercise any right to convert any amount outstanding under the SCF Convertible Loan Agreement prior to the SCF Longstop Date.*
- (d) *evidence in writing that:*

 - (i) *notwithstanding the covenant that the Company and its subsidiaries shall not have any Financial Indebtedness (as defined in the UAE Loan Agreements) outstanding other than as permitted by the UAE Loan Agreements, the UAE Bank has waived its rights under the UAE Loan Agreements with respect to any breach of such covenant;*
 - (ii) *UAE Bank has consented to:*

 - (A) *the loan owing under the Al-Suwaiket Loan Agreement being outstanding and remaining due and payable without such loan being converted to equity or the share option granted by the Company in favour of Mr. Mubarak Abdullah Al-Suwaiket as security for the loan being called upon;*
 - (B) *the Company entering into the Subscription Agreement and the Company's drawdown on the balance of the loan under the UAE Loan Agreements; and*
 - (iii) *UAE Bank has waived its rights under the UAE Loan Agreements with respect to the Company's breach of the financial covenant to maintain a certain minimum net tangible worth of US\$80,000,000 and the requirement that WSC remains the majority shareholder of the Company;*
- (e) *evidence in writing that:*

 - (i) *notwithstanding the respective covenants under the Maybank Loan Agreements that the Company shall not incur (or agree to incur) any Financial Indebtedness (as defined in the respective loan agreements), whether actual or contingent, without the prior written consent of Maybank, save for any Financial Indebtedness (as defined in the respective loan agreements) incurred by the Company from its shareholder or any related party which are expressly subordinated in favour of Maybank, Maybank has waived its rights under the Maybank Loan Agreements with respect to any breach of such covenants and has consented to the Company entering into the Subscription Agreement; and*

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- (ii) *Maybank has waived the requirement that WSC remains the majority shareholder of the Company;*
- (f) *confirmation in writing from each of UAE Bank, Maybank, and other lenders of the Company (other than Mr. Mubarak Abdullah Al-Suwaiket) (each an "Existing Lender" and collectively, the "Existing Lenders") that no event(s) have occurred or been alleged to have occurred and no circumstances have arisen which:*
- (i) *constitute an event of default, or otherwise give rise to an obligation to repay (prematurely or otherwise), under the respective agreement(s) relating to borrowing or indebtedness in the nature of borrowing (or will do so with the giving of notice or lapse of time or both) with the relevant Existing Lender;*
- (ii) *will lead to an encumbrance constituted or created in connection with borrowing or indebtedness in the nature of borrowing, a guarantee, an indemnity, or other obligation of the Company becoming enforceable (or will do so with the giving of notice or lapse of time or both);*
- (iii) *would entitle the relevant Existing Lender (other than on a normal overdraft facility) to call in the whole or any part of the monies advanced or to enforce its security (or will do so with the giving of notice or lapse of time or both); or*
- (iv) *would entitle the relevant Existing Lender to withdraw, reduce or not renew any existing facilities to the Company or alter any terms thereof to the Company's disadvantage,*
- and that the entry into the Subscription Agreement and the performance of any obligations under the Subscription Agreement would not result in any of the events detailed in Sections 2.2(f)(i) to 2.2(f)(iv) above;*
- (g) *confirmation in writing from Mr. Mubarak Abdullah Al-Suwaiket that no event(s) have occurred or been alleged to have occurred and no circumstances have arisen which:*
- (i) *constitute an event of default under the respective agreement(s) relating to borrowing or indebtedness in the nature of borrowing with Mr. Mubarak Abdullah Al-Suwaiket; or*
- (ii) *would entitle Mr. Mubarak Abdullah Al-Suwaiket to call in the whole or any part of the monies advanced or to enforce the security,*
- and that the entry into the Subscription Agreement and the performance of any obligations under the Subscription Agreement would not result in any of the events detailed in Sections 2.2(g)(i) and 2.2(g)(ii) above.*
- (h) *evidence in writing that WSC has undertaken in favour of the Subscriber:*
- (i) *to vote and to procure his nominee(s) and proxies (if any) to vote all of his Shares in favour of:*
- (A) *all resolutions to approve the Proposed Subscription and the Whitewash Resolution and any related matters proposed at any general meeting to be convened and held in connection with the Proposed Subscription, or at any adjournment of such meeting; and*
- (B) *subject to Completion, at all times all resolutions to appoint in accordance with the Constitution of the Company such number of the Subscriber's nominees as directors of the Company so as to ensure that the Subscriber has adequate representation on the*

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Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company;

- (ii) *acknowledging that it is the current intention of the Company and the Subscriber to maintain a public float for the Company and for the Company to comply with the relevant shareholding and distribution requirements of the Catalist Rules following Completion and agreeing that he shall, immediately after entry into the Subscription Agreement, use best efforts to dispose of such number of Shares as may be required to comply with the relevant shareholding and distribution requirements of the Catalist Rules following Completion;*
- (iii) *that at any time from the date of the Subscription Agreement until immediately before Completion, save for any disposal of shares, with the Subscriber's consent, so to ensure that at least 10% of the total number of issued Shares in the enlarged issued and paid-up share capital of the Company after the Proposed Subscription (excluding preference shares, convertible equity securities and treasury shares) is held by the "public" as required under the Catalist Rules, not acquire or dispose of, or agree to acquire or dispose of, or create any encumbrance over any of his shares in the Company without prior written consent from the Subscriber;*
- (iv) *that notwithstanding any agreement entered into between WSC and/or his Affiliates as lender and the Company and/or its related corporations as borrower/guarantor, for so long as the outstanding principal and interests under the SCF Convertible Loan Agreement remain unpaid, he shall not, and shall procure his Affiliates not to, require the Company and/or its related corporations to repay any Financial Indebtedness incurred by it from WSC and/or his Affiliates;*
- (i) *the SIC having granted the Subscriber and its concert parties, and not having revoked or repealed such grant, a waiver of their obligation to make a mandatory offer under Rule 14 of the Code for the shares not held by it and its concert parties and from having to comply with the requirements of Rule 14 of the Code arising from the issuance of the Subscription Shares subject to:*

 - (A) *any conditions that the SIC may impose which are reasonably acceptable to the Subscriber; and*
 - (B) *the Shareholders approving at the EGM, the Whitewash Resolution for the waiver of the rights of the Independent Shareholders to receive a mandatory takeover offer from the Subscriber and persons acting in concert with it for all the shares not already owned by it and persons acting in concert with it, provided that the Subscriber and any persons acting in concert with it and any persons not independent of them abstain from voting on the Whitewash Resolution at the EGM;*
- (j) *the approval of the Shareholders for, inter alia, (a) the Proposed Subscription and (b) the allotment and issue of the Subscription Shares;*
- (k) *WSC undertaking in favour of the Company that for a period of not less than three (3) years after Completion, he shall not resign from his employment with the Company and/or his office as a Director provided that the terms of his employment during such period shall be no less favourable than his current terms of employment;*
- (l) *all other authorisation, consent, approval, resolution, licence, exemption, filing, order, lodgement or registration or other document, opinion or assurance (collectively, the "Authorisations") which the Subscriber reasonably considers to be necessary in connection with the entry into and performance of the transactions contemplated by the Subscription Agreement or for the validity or enforceability of the Subscription*

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Agreement being obtained and where any Authorisations is subject to conditions, such conditions being satisfactory to the Subscriber acting reasonably;

(m) no material adverse change in the existing or prospective legal, financial, operational, business and tax positions of the Company occurring on or before Completion; and

(n) the Listing and Quotation Notice being issued by the SGX-ST,

(collectively, "**Conditions Precedent**").

As at the Latest Practicable Date, except for Sections 2.2(e) and 2.2(f), all the Conditions Precedent above have been satisfied. In relation to the condition set out in Section 2.2(i), on 7 September 2018, the SIC had waived the obligation for the Subscriber to make a mandatory offer under Rule 14 of the Code for the Company in the event the Subscriber acquires more than 30% of the Company's total voting rights based on its Enlarged Share Capital as a result of subscribing for the Subscription Shares pursuant to the Subscription Agreement, subject to certain conditions as set out in Section 6.2 of this Circular.

2.3 Consideration

2.3.1 Upon the satisfaction of the last of the Conditions Precedent set out in Sections 2.2(a), 2.2(b) (for the purpose hereof, reference to the term "Completion Date" in Section 2.2(b) shall mean the date of satisfaction of waiver of the last of the Conditions Precedent under Sections 2.2(c) and 2.2(d)(ii)(B)), 2.2(c), 2.2(d)(ii)(B) and 2.2(h) of this Circular ("**Deposit Conditions Precedent**"), the Subscriber shall within five (5) Business Days pay to the Company, a sum of US\$4.5 million, as a refundable goodwill deposit ("**Deposit**"). As announced by the Company on 14 August 2018, the Deposit has received the Deposit amounting to US\$4.5 million from the Subscriber on the same day.

Upon Completion, the Deposit shall be set-off against the Aggregate Subscription Proceeds payable by the Subscriber.

2.3.2 Subject to the terms set out in Section 2.3.3 of this Circular, in the event:

(a) any of the Conditions Precedent is not satisfied on or before 13 December 2018 or such later date as may be agreed by the Subscriber and the Company in writing ("**Longstop Date**"); or

(b) any of the Conditions Precedent set out in Sections 2.2(a) to 2.2(h) of this Circular, save for the Deposit Conditions Precedent already satisfied in accordance with Section 2.3.1 of this Circular ("**Deferred Deposit Conditions Precedent**") is not satisfied on or before the earlier of (i) 13 December 2018 and (ii) the Completion Date ("**Deferred Deposit Conditions Precedent Date**"),

the Company shall repay the Deposit in cash within six (6) months after (i) the Longstop Date (in the case of Section 2.3.2(a) of this Circular); and (ii) 15 August 2018 (in the case of Section 2.3.2(b) of this Circular). The repayment of the Deposit hereunder shall be made without (and free and clear of any deduction for) set-off or counterclaim.

2.3.3 Share Repayment Option

Notwithstanding Section 2.3.2 of this Circular, if:

(a) any of the Conditions Precedent is not satisfied on or before the Longstop Date; or

(b) if any of the Deferred Deposit Conditions Precedent is not satisfied on or before the Deferred Deposit Conditions Precedent Date;

the Subscriber shall have the option ("**Share Repayment Option**") to forthwith require the Company to repay the Deposit by the allotment and issuance of 45,505,107 fully paid new

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Shares ("**Repayment Shares**") at US\$0.09889 per Repayment Share to the Subscriber. The Share Repayment Option may be exercised by the Subscriber at any time during the period commencing from no later than three (3) Business Days before (i) the Longstop Date (in the case of Section 2.3.3(a) of this Circular); and (ii) the Deferred Deposit Conditions Precedent Date (in the case of Section 2.3.3(b) of this Circular); and ending on the date falling six (6) months after the (I) Longstop Date (in the case of Section 2.3.3(a) of this Circular); and (II) 15 August 2018 (in the case of Section 2.3.3(b) of this Circular) ("**Share Repayment Notice**"). Upon the receipt of the Share Repayment Notice, and in the event the Conditions Precedent are not satisfied on or before the Longstop Date or the Deferred Deposit Conditions Precedent are not satisfied on or before the Deferred Deposit Conditions Precedent Date (as the case may be), the Company shall, within three (3) Business Days from the receipt of the Share Repayment Notice, inter alia:

- (a) allot and issue the Repayment Shares;
- (b) procure the appointment in accordance with the Constitution of such number of the Nominee Directors so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company, such appointment to take effect on the date of allotment and issue of the Repayment Shares (or such later date as the Subscriber may agree); and
- (c) deliver to the Subscriber a certified true copy of the Listing and Quotation Notice in relation to the Repayment Shares.

2.4 Subscription Price and Repayment Shares Issue Price

The Subscription Price and the issue price per Repayment Share of US\$0.09889 (or S\$0.1348 based on an exchange rate of US\$1:S\$1.3632) represents a premium of approximately 10.5% to the volume-weighted average price of S\$0.122 per Share, for the trades done on the SGX-ST for the full market day on 13 June 2018, being the last full market day which the Shares were traded preceding the date and up to the time the Subscription Agreement was signed.

The Subscription Price and the issue price per Repayment Share was arrived at after arm's length negotiations between the Company and the Subscriber and on a willing buyer willing seller basis.

2.5 Status and ranking of Subscription Shares and Repayment Shares

The Subscription Shares and Repayment Shares when issued and allotted, will be free from all claims, charges, liens, mortgage, rent-charge, pledge, option, restriction, right of first refusal, right of pre-emption, moratorium, claim, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (or an agreement or commitment to create any of the same) and shall rank, *pari passu*, in all respects with the existing Shares, save that the Subscriber will not be entitled to any dividend, rights, allotments or other distributions in respect of the Subscription Shares or the Repayment Shares, the Record Date of which falls on or before the Completion Date (in the case of the Subscription Shares) or the date of the allotment and issue of the Repayment Shares, as the case may be. "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

2.6 Whitewash Waiver and Whitewash Resolution

The Company undertakes that it shall, as soon as practicable and in any event no later than the date falling seven (7) Business Days from the date of the Subscription Agreement, submit an application to the SIC to seek its waiver of the requirement for the Subscriber and its concert parties to make a general offer for the Shares under Rule 14 of the Code should the Subscriber's aggregate voting rights in the Company increase to 30% or more based on the

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enlarged issued capital of the Company as a result of the Proposed Subscription, and all obligations contemplated pursuant and/or in connection with the same ("**Whitewash Waiver**").

The Company further undertakes to the Subscriber that it shall, subject to, inter alia, the grant of the Whitewash Waiver (on terms acceptable to the Company and the Subscriber), convene a general meeting to seek the approval of the Shareholders who are independent of the Subscriber and its concert parties of a resolution (the "**Whitewash Resolution**") to waive their rights to receive a mandatory takeover offer from the Subscriber and its concert parties for all the Shares not already owned by them and persons acting in concert with them under Rule 14 of the Code, no later than the Longstop Date.

2.7 Post-Signing Covenants

Pursuant to the terms of the Subscription Agreement, the Company undertakes inter alia, to the Subscriber that, subject to Completion:

- (a) it shall at all times use its best endeavours to procure the appointment in accordance with its Constitution of such number of the Nominee Directors so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company;
- (b) notwithstanding any agreement entered into between WSC and/or his Affiliates as lender and the Company and/or its related corporations as borrower/guarantor, for so long as the outstanding principal and interests under the SCF Convertible Loan Agreement remain unpaid, the Company and/or its related corporations shall not repay any principal and/or interests in relation to any Financial Indebtedness incurred by it from WSC and/or his Affiliates; and
- (c) in the event that as a result of the allotment and issue of the Subscription Shares, the Company shall not be in compliance with the relevant shareholding and distribution requirements of the Catalist Rules, the Company shall undertake an allotment and issue of new Shares ("**Compliance Placement Shares**") to enable the Company to comply with such shareholding and distribution requirements of the Catalist Rules ("**Compliance Placement**"), and the Company shall grant to the Subscriber a first right to subscribe up to such number of Compliance Placement Shares required for the Subscriber to maintain the same shareholding percentage held by the Subscriber in the issued and paid-up share capital of the Company after completion of the Compliance Placement as is held by the Subscriber immediately after Completion.

2.8 Nominee Director(s)

Upon Completion, the Subscriber shall be entitled to appoint such number of the Subscriber's nominees as directors of the Company ("**Nominee Directors**") so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company.

2.9 Completion

Completion shall take place on a date falling five (5) Business Days from the satisfaction of all Conditions Precedent (or, if that day is not a business day, on the next business day), or such other date as the Company and the Subscriber shall agree to in writing ("**Completion Date**").

If any of the Conditions Precedent set out in Sections 2.2(a) to 2.2(n) of this Circular is not satisfied on or before the Longstop Date or otherwise waived, the Company (in the case where the only Condition Precedent not satisfied or waived is in relation to Section 2.2(b) of this Circular in so far as it relates to the Subscriber's warranties as provided for in the

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Subscription Agreement) or the Subscriber (in all other cases) shall thereupon be entitled to terminate, by way of thirty (30) days' written notice to the other party, the Subscription Agreement and all rights and obligations thereunder (save as for certain clauses provided under the Subscription Agreement)."

The Company had on 12 November 2018, received the Listing and Quotation Notice from the SGX-ST for the listing of and quotation for, the Subscription Shares (including the Repayment Shares) on the SGX-ST subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements; and
- (b) Shareholders' approval being obtained at the extraordinary general meeting to be convened in connection with the Proposed Subscription.

The Listing and Quotation Notice is not to be taken as an indication of the merits of the Proposed Subscription, the Subscription Shares, the Repayment Shares, the Company, its subsidiaries and their securities.

4. INFORMATION ON THE SUBSCRIBER

Information on the Subscriber is set out in Section 3 of the Circular. We recommend that Independent Shareholders read those pages of the Circular carefully.

5. EVALUATION OF THE WHITEWASH RESOLUTION

In assessing the financial terms of the Proposed Subscription, being the subject of the Whitewash Resolution, we have taken into account the following pertinent factors as well as others in this Letter, which we consider will have a significant bearing on our assessment:-

- (i) Rationale for the Proposed Subscription and use of proceeds;
- (ii) Financial performance and position of the Group;
- (iii) The Group's net asset value ("**NAV**") and net tangible asset ("**NTA**");
- (iv) Market quotation and trading activity for the Shares;
- (v) Relative valuation analysis;
- (vi) Analysis of comparable transactions; and
- (vii) Other relevant considerations.

These factors are discussed in detailed in the ensuing sections.

In our assessment of the Proposed Subscription, being the subject of the Whitewash Resolution, we have applied certain valuation ratios and a brief description of such valuation ratios are as follows:-

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- (i) **EV/EBITDA** “EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.
- The “EV/EBITDA” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
- (ii) **Price-to-Earnings (“PER”)** The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
- (iii) **Price-to-NTA (“P/NTA”)** The P/NTA ratio is the ratio of the relevant prices of the shares to the NTA value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value.
- The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
- (iv) **Price-to-NAV (“P/NAV”)** The P/NAV ratio is the ratio of the relevant prices of the shares to the NAV of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.
- The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

5.1. Rationale for the Proposed Subscription and use of proceeds

The rationale for the Proposed Subscription and the intended use of proceeds have been extracted from Section 5 of the Circular and is set out in italics below. We recommend that the Recommending Directors advise Independent Shareholders to read this paragraph of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated:

“5. RATIONALE FOR THE PROPOSED SUBSCRIPTION AND INTENDED USE OF PROCEEDS

The Company is proposing to undertake the Proposed Subscription as it will allow the Company to (i) settle its payment obligations and accept delivery for the two (2) vessels

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remaining out of the seven (7) vessels pursuant to the shipbuilding agreement with a shipyard in the People's Republic of China, as announced by the Company on 9 June 2016 ("Vessels"), and the mobilisation costs and operating expenses relating to the deployment of the Vessels; (ii) fully repay the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement; and (iii) re-capitalise its balance sheet and increase its working capital and resources available so as to improve its cash flow.

Based on the Subscription Price, the estimated gross proceeds from the Proposed Subscription due to the Company is expected to amount to US\$26.0 million ("**Gross Proceeds**"), and after deducting estimated expenses incurred in connection with the Proposed Subscription of US\$160,000 or 0.6% of the Gross Proceeds, is expected to amount to US\$25.8 million ("**Net Proceeds**").

The Company originally agreed and undertook to the Subscriber that:

- (a) the Deposit of US\$4.5 million shall be used solely as follows:
- (i) firstly, to satisfy the Company's payment obligations and accepting delivery for the Vessels and the mobilisation costs and operating expenses relating to the deployment of the Vessels, which will amount to approximately US\$3.4 million; and
 - (ii) thereafter, the balance of approximately US\$1.1 million for the Company's working capital requirements; and
- (b) the Aggregate Subscription Proceeds (less the Deposit and estimated expenses for the Proposed Subscription) of US\$21.3 million shall be used solely as follows:
- (i) firstly, to fully repay within three (3) Business Days after the Completion Date the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement, which will amount to approximately US\$17.2 million; and
 - (ii) thereafter, the balance of approximately US\$4.1 million for the Company's working capital requirements.

Pending the deployment of the Net Proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

On 25 October 2018, the Company announced that the Deposit of US\$4.5 million has been re-allocated and utilised in the following manner:

US\$ million	Original Amount Allocated	Amount Re-allocated	Amount Utilised	Balance
To satisfy the Company's payment obligations and accepting delivery for the Vessels, and the mobilisation costs and operating expenses relating to the deployment of the Vessels	3.4	2.6	2.0	0.6
General working capital ³	1.1	1.9	1.9	-
Total	4.5	4.5	3.9	0.6

³ US\$0.5 million was used as part payment of outstanding to a shipyard and US\$1.4 million was used to cover the operating expenses of the Company's fleet. The re-allocation was communicated to and agreed by the Subscriber.

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The Company will make periodic announcement(s) as and when the Net Proceeds are materially disbursed and whether the disbursements are in accordance with use of proceeds as stated in this Circular. The Company will also provide a status report on the use of such Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation."

5.2 Historical financial performance, condition and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for FY2015, FY2016 and FY2017, and the unaudited financial statements of the Group for 9M2017 and 9M2018:

Summary of Income Statements

Figures in US\$'000 ⁽¹⁾	Unaudited 9M2018	Unaudited 9M2017	Audited FY2017	Audited FY2016	Audited FY2015
Revenue	42,856	23,533	33,874	29,806	49,758
Cost of services	(32,332)	(20,547)	(30,603)	(24,522)	(27,826)
Gross profit	10,524	2,986	3,271	5,284	21,932
Other income ⁽²⁾	174	17	57	222	71
Operating expenses ⁽³⁾	(4,588)	(4,626)	(7,284)	(15,043)	(6,656)
Finance costs	(5,918)	(3,052)	(8,522)	(1,812)	(1,336)
Share of results of a joint venture	1,028	-	77	-	-
Profit / (loss) before income tax	1,220	(4,675)	(12,401)	(11,347)	14,053
Profit / (loss) after tax	73	(5,176)	(13,156)	(11,427)	14,053
Profit / (loss) after tax attributable to owners of the Company	73	(5,176)	(13,156)	(11,427)	14,053

Summary of Consolidated Statements of Financial Position

Figures in US\$'000 ⁽¹⁾	Unaudited 9M2018	Audited FY2017	Audited FY2016	Audited FY2015
Non-current assets	186,890	160,249	165,688	109,470
Current assets	24,694	18,279	13,827	20,998
Non-current liabilities	64,706	63,136	40,919	11,173
Current liabilities	71,210	39,797	53,540	23,208
Total borrowings ⁽⁴⁾	102,911	82,208	78,049	24,412
Shareholders' equity	75,668	75,595	85,056	96,087
Net working capital	(46,516)	(21,518)	(39,713)	(2,210)
Gearing ratio (times)	1.4	1.1	0.9	0.3

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Summary of Statements of Cash Flows

Figures in US\$'000 ⁽¹⁾	Unaudited 9M2018	Unaudited 9M2017	Audited FY2017	Audited FY2016	Audited FY2015
Net cash generated from / (used in) operating activities	12,664	(1,051)	(2,746)	10,564	17,560
Net cash used in investing activities	(31,694)	(1,189)	(563)	(66,826)	(14,602)
Net cash generated from / (used in) financing activities	21,258	4,895	2,591	52,942	(4,751)
Net increase / (decrease) in cash and cash equivalents	2,228	2,655	(718)	(3,320)	(1,793)
Cash and cash equivalents as at end of financial period / year	2,451	3,596	223	941	4,261

Notes:

- (1) Figures and computation presented in this section are subject to rounding.
- (2) Other income comprises finance income and other miscellaneous income.
- (3) Operating expenses comprise administrative expenses, marketing and distribution expenses and other expenses.
- (4) Total borrowings include all bank loans and borrowings as well as interest bearing Shareholder's loan.

We note the following:

(i) Increasing revenue in FY2017 and 9M2018

The Group's revenue decreased from approximately US\$49.8 million in FY2015 to approximately US\$29.8 million in FY2016, attributed mainly by the lower revenue in marine logistics services ("MLS") division from approximately US\$47.3 million to approximately US\$26.8 million in FY2016. The decrease in MLS's revenue was mainly due to lower daily charter rates ("DCR") and lower utilisation of the Company's fleet in FY2016. Meanwhile, the Group's revenue for ship repair, fabrication and other marine services ("SRM") division increased from approximately US\$2.5 million in FY2015 to approximately US\$3.0 million in FY2016, due to higher level of repairs work undertaken on third party vessels in FY2016.

The Group's revenue increased from approximately US\$29.8 million in FY2016 to approximately US\$33.9 million in FY2017, attributed mainly by the higher revenue in MLS from approximately US\$26.8 million in FY2016 to approximately US\$32.4 million in FY2017. The increase in MLS's revenue was mainly due to deployment of the Group's lift-boat and a cross-chartered vessel on time charter with Middle Eastern National Oil Company ("MENOC"). Meanwhile, the revenue for SRM division decreased from approximately US\$3.0 million in FY2016 to approximately US\$1.5 million in FY2017 due to lower level of repair works undertaken on third party vessels as a result of the slowdown in the marine and offshore industry.

The Group's revenue increased significantly from approximately US\$23.5 million in 9M2017 to approximately US\$42.9 million in 9M2018, attributed mainly by the higher revenue in MLS (increased from approximately US\$22.3 million in 9M2017 to approximately US\$41.7 million in 9M2018). The increase in MLS's revenue was mainly due to higher rate of utilisation of owned vessels, coupled with deployment of the Group's second lift-boat, deployment of two front runners and three new vessels to support long term contracts with MENOC. Meanwhile, the revenue for SRM division decreased slightly from approximately US\$1.2 million in 9M2017 to approximately US\$1.1 million in 9M2018 due to lower level of repair works undertaken on third party vessels. It is noted that the Group's revenue for 9M2018 is approximately 26.5% higher than its revenue for FY2017.

(ii) Declining gross margin from FY2015-2017, but improvement seen in 9M2018

Gross profit margin from MLS business declined from approximately 43.6% in FY2015 to approximately 12.3% and 7.1% in FY2016 and FY2017 respectively, primarily attributable to a result

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of lower charter hire rates due to competitive pressure and increase in depreciation attributable to the newly purchased lift boat. However, gross profit margin from MLS business improved from approximately 9.9% in 9M2017 to approximately 24.3% in 9M2018, primarily attributable as a result of a higher utilisation of owned vessel, deployment of Group's lift-boats deployment of two front runners and three new vessels, and higher day charter rates for long-term contracts with MENOC.

Gross profit margin from SRM business improved from approximately 52.0% in FY2015 to approximately 66.7% in both FY2016 and FY2017, due to decrease in cost of services. However, gross profit margin from SRM business declined from approximately 64.8% in 9M2017 to approximately 35.4% in 9M2018, mainly due to more competitive pricing.

The Group recorded gross profit of approximately US\$21.9 million, US\$5.3 million, US\$3.3 million, US\$3.0 million and US\$10.5 million in FY2015, FY2016, FY2017, 9M2017 and 9M2018 respectively with corresponding gross profit margin of approximately 44.1%, 17.7%, 9.7%, 12.7% and 24.6% respectively.

(iii) Other income, operating expenses and finance costs

The Group reported other income approximately US\$71 thousand, US\$222 thousand, US\$57 thousand and US\$174 thousand for FY2015, FY2016, FY2017 and 9M2018 respectively. Other income for FY2017 comprised income mainly from interest income of approximately US\$2 thousand and miscellaneous income of approximately US\$55 thousand. Meanwhile for FY2016, other income mainly consisted of interest income of approximately US\$11 thousand, insurance claim of approximately S\$74 thousand, miscellaneous income of approximately US\$80 thousand and net gain on disposal of PVE of US\$57 thousand. For FY2015, other income mainly consisted of interest income of approximately US\$13 thousand, write back of allowance for doubtful trade debts of approximately US\$39 thousand, miscellaneous income of approximately US\$17 thousand and net gain on disposal of PVE of US\$2 thousand. The Group's other income amounted to US\$174 thousand for 9M2018 (comprising mainly income from recovery of insurance claim related to a machine's failure, reimbursement of consumable, receipt of credit notes and reversal of provisions for material cost of services) as compared to US\$17 thousand for 9M2017 (comprising mainly gain from the disposal of vessel held for sale).

Total operating expenses (comprising administrative expenses, marketing and distribution expenses and other expenses) amounted to approximately US\$6.7 million, US\$15.0 million, US\$7.3 million and US\$4.6 million in FY2015, FY2016, FY2017 and 9M2018 respectively. The lower total operating expenses in FY2017 (as compared to FY2016) was mainly attributed to decrease in write-off of PVE and decrease in impairment loss on PVE. Meanwhile, the higher total operating expenses in FY2016 as compared to FY2015 was mainly due to the increased write-off of PVE and increased impairment loss on PVE.

The Group recorded finance costs of approximately US\$1.3 million, US\$1.8 million, US\$8.5 million and US\$5.9 million in FY2015, FY2016, FY2017 and 9M2018 respectively. Finance costs for FY2017 comprised interest expense on bank loans of approximately US\$4.5 million, interest expense on loan from shareholder of approximately US\$0.4 million and loss on extinguishment of convertible loan instrument of approximately US\$3.6 million. Meanwhile for FY2016, finance cost comprised interest expense on bank loan of approximately US\$1.8 million and interest expense on loan from Shareholder of approximately US\$24 thousand. Finance cost for FY2015 comprised only interest expense on bank loans of approximately US\$1.3 million. Finance costs increased from approximately US\$3.1 million in 9M2017 to approximately US\$5.9 million in 9M2018 primarily due to an increase in finance charges as a result of new bank borrowings of US\$20.4 million and private borrowings of US\$8.5 million for the acquisition of new five vessels.

(iv) Loss making in FY2016 to FY2017 but profitable in 9M2018

The Group reported profit after tax attributable to owners of the Company of approximately US\$14.1 million in FY2015 but subsequently has been in loss making position in FY2016 and FY2017. with loss after tax attributable to owners of the Company of approximately US\$11.4 million and US\$13.2 million respectively. The Group recorded small profit after tax attributable to owners of the Company of approximately US\$73 thousand in 9M2018 as compared to loss after tax attributable to owners of the

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Company of approximately US\$5.2 million in 9M2017. The Group's small profit after tax attributable to owners of the Company in 9M2018 was supported mainly by higher revenue and gross profit, share of results in a joint venture of approximately US\$1.0 million and absence of other expense in 9M2018.

(v) Assets and liabilities

As at 30 September 2018, the Group's total assets amounted to approximately US\$211.6 million comprising non-current assets of approximately US\$186.9 million and current assets of approximately US\$24.7 million. The Group's non-current assets as at 30 September 2018 consisted mainly of PVE of approximately US\$185.2 million, intangible asset of approximately US\$0.1 million, investment in a joint venture of approximately US\$1.1 million, prepayment of approximately US\$426 thousand and intangible asset of approximately US\$141 thousand. The Group's current assets as at 30 September 2018 comprised inventories of approximately US\$85 thousand, trade and other receivables of approximately US\$17.1 million, prepayments of approximately US\$1.6 million, cash and bank balances of approximately US\$4.6 million and bank deposits pledged of approximately US\$1.4 million.

The Group recorded total liabilities of approximately US\$135.9 million as at 30 September 2018 comprising current liabilities of approximately US\$71.2 million and non-current liabilities of approximately US\$64.7 million. The Group's current liabilities as at 30 September 2018 consisted of trade and other payables of approximately US\$18.4 million, other liabilities of approximately US\$14.1 million and loans and borrowings of approximately US\$38.7 million. The Group's non-current liabilities as at 30 September 2018 consisted of provision of approximately US\$0.5 million, other payables of approximately US\$7.3 million and loans and borrowings of approximately US\$56.8 million.

(vi) Negative net working capital during the period reviewed

The Group recorded negative net working capital during FY2015 to 9M2018 period. The Group's negative net working capital had worsened from approximately US\$2.2 million as at end of FY2015 to approximately US\$39.7 million as at end of FY2016. Subsequently, the Group's negative net working capital had improved to approximately US\$21.5 million as at end of FY2017 but worsened to approximately US\$46.5 million as at end of 9M2018 mainly due to an increase of approximately US\$31.4 million in current liabilities (contributed by reclassification of borrowings including convertible loan and its payment-in-kind interest of US\$14.6 million from non-current liabilities to current liabilities, current portion of new borrowings of approximately US\$4.6 million, increase in bank overdraft of approximately US\$1.6 million, increase in payment-in-kind interest of approximately US\$1.1 million, increase in trade and other payables of approximately US\$3.7 million, and increase other liabilities of approximately US\$8.6 million; which was partially offset by repayment of current portion of term loans of US\$2.8 million) which, was partially offset by an increase in current assets of US\$6.4 million (contributed by increases in trade and other receivables of approximately US\$0.7 million, prepayments of approximately US\$0.7 million, cash and bank balances of approximately US\$3.9 million and bank deposits pledged of approximately US\$1.2 million, partially offset by a decrease in inventories of approximately US\$0.1 million).

(vii) Increase in gearing ratio during the period reviewed

The shareholders' equity attributable to the owners of the Company decreased from approximately US\$96.1 million as at 31 December 2015 to approximately US\$85.1 million, and US\$75.6 million as at 31 December 2016 and 31 December 2017 respectively, mainly due to the losses incurred during the said period. Subsequently, the shareholders' equity attributable to the owners of the Company increased slightly to approximately US\$75.7 million as at 30 September 2018 attributed to the profit after tax of approximately US\$73 thousand recorded in 9M2018.

Total debt of the Group (comprising loans and borrowings and Shareholder's loan) has increased from approximately US\$24.4 million as at 31 December 2015 to approximately US\$78.0 million, US\$82.2 million, and US\$102.9 million as at 31 December 2016, 31 December 2017, and 30 September 2018 respectively.

In view of the above, the Group's debt to equity ratio has increased from approximately 0.3 times as at 31 December 2015 to approximately 0.9 times, 1.1 times, and 1.4 times as at 31 December 2016, 31 December 2017 and 30 September 2018 respectively.

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(viii) Cash flow generated from operating activities

The Group recorded positive net cash flow generated from operating activities of approximately US\$17.6 million, US\$10.6 million and US\$12.7 million in FY2015, FY2016 and 9M2018 respectively, but recorded negative cash flow from operating activities of approximately US\$2.7 million in FY2017.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the financial statements for the Group for FY2017 and 9M2018, there has been no material changes to the assets and liabilities, financial position, condition and performance of the Group.

Material uncertainty related to going concern

We note that the Independent Auditor's Report dated 11 June 2018 ("**Independent Auditor's Report**") on the Group's and Company's financial statements for FY2017 contained material uncertainty related to going concern. The following paragraphs as set out in italics below are extracted from the Independent Auditor's Report (page 34 of the AR2017) and Note 2.1 and 34 to the audited financial statements of the Group for FY2017. We recommend that Recommending Directors advise Shareholders to read those sections of the AR2017 carefully:-

"Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements. The Group incurred a net loss of US\$13,156,000 during the financial year ended 31 December 2017 and as at that date, the Group's current liabilities exceeded its current assets by US\$21,518,000. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows from its operations as well as secure funding to support its committed capital expenditure in the near term. The Group's actions after the balance sheet date are disclosed in Note 34 to the financial statements. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter."

Note 2.1 and Note 34 to the financial statements are produced below.

"2.1 Basis of presentation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US\$") and all values are rounded to the nearest thousand (US\$'000), except when otherwise indicated.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

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The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 will be similar to the impact on adoption of FRS 109, FRS 115 and FRS 116 as disclosed in Note 2.3.

Going concern uncertainty

The Group incurred a net loss of US\$13,156,000 (2016: net loss of US\$11,427,000) during the financial year ended 31 December 2017 and as at that date, the Group's current liabilities exceeded its current assets by US\$21,518,000 (2016: US\$39,713,000). The financial statements have been prepared on a going concern basis as the management is reasonably confident that the Group will be able to generate sufficient cash flows from its operations as well as secure funding to support its committed capital expenditure in the near term. The Group's actions after the balance sheet date are disclosed in Note 34 to the financial statements.

34. Events occurring after the reporting period

- (i) On 28 March 2018, the Group entered into a loan agreement with a third party Saudi Arabian representative ("SA REP") pursuant to which SA REP extended a loan of US\$8.5 million with interest rate of 10% per annum to the Group. The loan would be applied towards the cash portion of the purchase price of the Group's new vessel deliveries. The principal and interest amounts are repayable over 5 years, starting on the date the Group receives the amount of the loan. The Group has received the full amount of the loan.
- (ii) On 28 March 2018, the Group entered into a loan agreement with one of its principal bankers pursuant to which the bank extended a term loan of US\$29.8 million at 3 months LIBOR + 4.5% interest rate to the Group. The loan would be applied towards the cash portion of the purchase price of the Group's new vessel deliveries. The principal amount is to be fully repaid in 28 equal quarterly instalments over a period of 7 years. Interest is repayable every 3 months after the date of receipt of the loan by the Group.
- (iii) The Group is currently working with potential lender to support its short-term working capital cash flows as well as funding to support its committed capital expenditure. The Group expects finalisation of the funding arrangements in the near future."

The Directors and the Management confirmed that the sufficiency of the Group's working capital for the next 12 months and the ability of the Group to continue as going concern will depend on, *inter alia*, the successful completion of the Proposed Subscription and the cash flow generated from deployment of certain vessels.

Key audit matters

We note that the Independent Auditor's Report on the Group's and Company's financial statements for FY2017 contained key audit matters. The following paragraphs as set out in italics below are extracted from the Independent Auditor's Report (page 35 to 37 of the AR2017). We recommend that Recommending Directors advise Shareholders to read this section of the AR2017 carefully:-

"Key Audit Matters

Key audit matters are matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our

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audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Carrying value of vessels

The Group owned 17 vessels with a carrying value of US\$155,460,000 as at 31 December 2017. At each reporting period, the Group assesses whether there are indicators of impairment and if there are such indicators, an estimate is made of the recoverable amount of the asset concerned. Management has assessed that vessels with low utilisation rate during the period, committed to loss making charters or unutilised as at end of each reporting period, are indicators of impairment and based on the assessment, as at 31 December 2017, 4 vessels have indicators of impairment. The impairment test was conducted by comparing the carrying amount of the vessels to their respective recoverable amount. Based on the outcome of the impairment tests, the Group noted that there was no impairment as at year end.

Management has assessed the recoverable amounts of operating vessels based on its value in use calculations by performing cash flow projections over its remaining useful lives. This assessment required management to use significant judgement over the assumptions and estimates for the projections.

We carried out procedures to understand management's process for identifying impairment indicators and considered management's assessment of impairment. Our audit procedures, amongst others, in assessing the appropriateness of the recoverable amounts determined by management included:

- Reviewed the basis of management's assessment of the estimated useful lives and residual values of the vessels;
- Assessed management's evaluation of indicators of impairment for the vessels;
- Reviewed management's assessment of recoverable amounts of the vessels through the following:
 - Assessed the key assumptions used in value in use calculations, including vessels projected future charter rates, utilisation rate and gross margin, by comparing to historical data and market outlook;
 - Evaluated the discount rates used to determine the present value by comparing to external observable data, which was assisted by our internal valuation specialists; and
 - Reviewed management's analysis of the sensitivity of the recoverable amount to changes in the key assumptions.

We also assessed the adequacy of the relevant disclosures in the financial statements. The management's conclusion on the impairment test and the related disclosures are included in Note 3.2b and Note 11. The accounting policies for property, vessels and equipment and its relevant disclosures, and the key sources of estimation uncertainty in relation to impairment of non-financial assets are disclosed in Note 2.6, Note 11 and Note 3.2b respectively.

2. Trade receivables and allowance for doubtful debts

Trade receivables of US\$11,888,000 as at 31 December 2017 were significant to the Group as they represent 65% of the total current assets as at 31 December 2017. The credit worthiness of customers may be impacted by certain micro and macroeconomic conditions, resulting in overdue trade receivables. The collectability of trade receivables is a key element of the Group's working capital management. The Group performs a collectability assessment on the outstanding amount due from each customer on a monthly basis. In certain circumstances, the Group also accepts offsetting arrangements with customers to offset trade receivables with trade payables, when the customer is also a vendor. In addition, trade receivables impairment assessment other than those with offsetting arrangements require significant management judgement in providing allowance for doubtful debts for those accounts that have higher risk of non-collectability. As such, we determined that this is a key audit matter.

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Our audit procedures, amongst others, in response to the above mentioned key audit matter:

- Obtained an understanding of the credit policies and credit assessment procedures;*
- Evaluated Group's processes and controls relating to the monitoring of trade receivables;*
- Evaluated the adequacy of the allowance for doubtful accounts through the following:*
 - Reviewed Management's assessment through the analysis of the debtors aging report to identify any long overdue receivables and reviewed their historical pattern of settlement;*
 - Discussed with management on the collectability of receivables and adequacy of doubtful receivables allowances, and inquire management if there are any known disputed receivables;*
 - Reviewed the collectability of the trade receivables by way of obtaining evidence of receipts subsequent to the balance sheet date from the customers;*
 - Selected samples to circulate trade receivables confirmation. For non-replies, we have performed alternative audit work by checking to supporting sales and delivery documents or checking subsequent cash settlements by vouching to receipts in the form of bank advices or equivalent and bank statements; and*
 - Reviewed for offsetting arrangements during the financial year, if any;*

We assessed the adequacy of the Group's disclosures on the trade receivables, the key sources of estimation uncertainty in relation to impairment of loans and receivables, and the related risks such as credit risk and liquidity risk in Notes 19, Note 3.2c and Note 31 to the financial statements respectively.

3. Valuation of convertible loan

In January 2016, the Company entered into a convertible loan agreement (the "Loan Agreement") with a third party pursuant to which the third party extended a loan of US\$13,000,000 to the Company (the "Convertible Loan"). The Convertible Loan matured on 31 December 2016.

In January 2017, the Company entered into a second supplemental agreement ("Second Supplemental Agreement") to further amend, revise and vary the terms of the Loan Agreement (as amended by the First Supplemental Agreement on 8 February 2016). The maturity date of the Loan Agreement was extended from 31 December 2016 to 3 January 2019. In addition, the conversion price and interest rate were changed under the Second Supplemental Agreement. The Company is required to assess the fair value of the convertible loan pursuant to the Second Supplemental Agreement at its inception. The Company engaged an external valuation expert to perform the valuation. This exercise involved various underlying assumptions and techniques used by the external valuation expert. The key assumptions are included in Note 21 to the financial statements.

Our audit procedures, amongst others, in response to the above mentioned key audit matter:

- Obtained and reviewed the Second Supplemental Agreement;*
- Reviewed Management's assessment on the classification of the Second Supplemental Agreement;*
- Assessed the credentials of the valuers and their ability to perform a reasonable valuation;*
- Evaluated the methodology and assumptions used in the valuation report, which was assisted by our internal valuation specialists; and*
- Assessed the key assumptions used in the valuation, including expected volatility of the underlying SGD share price and the expected volatility of USD/SGD spot rate, risk-free rate and market interest rate, assisted by our internal valuation specialists.*

We also assessed the adequacy of the relevant disclosures in the financial statements. The related disclosures are included in Note 2.18, Note 3.2d and Note 21 to the financial statements. The key sources of estimation uncertainty in relation to the valuation of convertible loan are disclosed in Note 3.2d to the financial statements."

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Outlook

In the Group's results announcement for 9M2018, the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:-

"As announced on 25 October 2018, the Group has taken the delivery of the remaining two (2) new vessels out of seven (7) new vessels and has completed its existing fleet upgrade and expansion program. The Group will continue to review specific opportunities within its core market in the Middle East where offshore energy and production levels are being maintained.

With the increase in the oil price and MENOC's commitment to increase production levels, activity in the Middle East exploration and production sectors (our primary markets) is increasing and new field development programs which were on hold are starting up again. The Group expects charter rates in the Middle East region to remain competitive but the Group expects its fleet utilization to improve due to the deployment of seven (7) new vessels to support contracts secured by the Group and a greater demand across the region in line with the increase in activity and stated growth and production strategies of the MENOCs.

The Group expects continuing competitive pressure on charter rates due to the continuing excess tonnages from other more adversely affected regions that's moved into the Middle East. The Group continues to align itself to this situation and has been focusing on maintaining and protecting the high level of utilization of its existing fleet and securing employment for its vessels at competitive market rates. The focus on cost control will continue without sacrificing operational efficiency or service level. The Group continues to explore and receive new businesses opportunities with existing and new clients. The Group also continues to evaluate its capital structure to ensure that we will be able to undertake these new businesses and meet all its obligations.

As mentioned in paragraph 8 above, the Group has entered into the Subscription Agreement with the Subscriber. Circular containing, inter alia, further information on the Subscription Agreement (and the transactions contemplated thereunder), and the notice to convene the extraordinary general meeting will be dispatched by the Company to the shareholders in due course.

As announced on 1 October 2018, there is no material development on the Notices of Arbitration referred to the Hong Kong International Arbitration Centre. The Group will continue to work with the Claimant, its counsel and the Claimant's counsel on the payment of US\$500,000 and schedule a meeting with the Claimant's management to seek an amicable settlement of the disputes and cease the arbitration proceedings."

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5.3 The Group's NAV and NTA

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 but not limited to land use rights, goodwill, trademarks and brand names) over a reasonable period of time 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 nor does it take into account the hypothetical sale of assets in a non-orderly or over a short period of time. It does not illustrate the values of 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 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 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 or over a short period of time. It does not illustrate the values of which assets may actually be realised or disposed of.

In assessing the Subscription Price in relation to the NAV and NTA per Share of the Group as at 30 September 2018, we have reviewed the unaudited statement of financial position of the Group as at 30 September 2018 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on an NTA approach, but would be included in NAV approach. Save as disclosed in the unaudited statement of financial position of the Group as at 30 September 2018, the Company's announcements on the SGX-Net and the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, that there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited balance sheet as at 30 September 2018 in accordance with the Singapore Financial Reporting Standards which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at the Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 30 September 2018, save as disclosed in the unaudited financial statement of the Group as at 30 September 2018, the Company's announcements on the SGX-Net and the Circular. In addition, the Directors are of the opinion that save as disclosed the Company's announcements on the SGX-Net and the Circular, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 September 2018 are true and fair. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

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Consolidated Unaudited Balance Sheet as at 30 September 2018⁽¹⁾	US\$'000
<u>Non-Current Assets</u>	
PVE	185,217
Intangible assets	141
Investment in a joint venture	1,106
Prepayments	426
	186,890
<u>Current Assets</u>	
Inventories	85
Trade and other receivables	17,067
Prepayments	1,553
Cash and bank balances	4,556
Bank deposits pledged	1,433
	24,694
<u>Non-Current Liabilities</u>	
Provisions	534
Other payables	7,332
Loans and borrowings	56,840
	64,706
<u>Current Liabilities</u>	
Trade and other payables	18,353
Other liabilities	14,118
Loans and borrowings	38,739
	71,210
NAV attributable to the owners of the Company	75,668
Less: Intangible assets	(141)
NTA as at 30 September 2018	75,527
NAV per Share (US\$)⁽²⁾	0.2904
NTA per Share (US\$)⁽²⁾	0.2898
Subscription Price (US\$)	0.09889
Discount of Subscription Price from the Group's NAV per Share	(65.9)%
Discount of Subscription Price from the Group's NTA per Share	(65.9)%

Notes:

- (1) The figures above are based on the Group's unaudited financial statement for 9M2018. The figures and computations above are subject to rounding.
- (2) The figures are computed based on the Company's issued Share capital of 260,593,750 Shares as at the Latest Practicable Date.

For illustrative purposes only, the Group's NAV as at 30 September 2018 is approximately US\$75.7 million or approximately US\$0.2904 for each Share. The Subscription Price represents a discount of approximately 65.9% from the Group's NAV per Share as at 30 September 2018. The Group's NTA as at 30 September 2018 is approximately US\$75.5 million or approximately US\$0.2898 for each Share. The Subscription Price represents a discount of approximately 65.9% from the Group's NTA per Share as at 30 September 2018.

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Revalued NAV (“RNAV”) and/or Revalued NTA (“RNTA”)

In our evaluation of the Subscription Price, we have also considered whether there are (1) any material transactions subsequent to 30 September 2018 that may materially affect the Group’s NAV and NTA, and (2) any assets which should be valued at an amount that is materially different from that which recorded in the unaudited balance sheet of the Group as at 30 September 2018.

We understand from the Directors that the Company has commissioned the Independent Valuers, to provide the probable fair value and/or market value of the Appraised Assets in connection with the Group’s borrowings from the financial institutions. With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation PVE) including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Independent Valuers’ Background

The information on the background of the Independent Valuers set out below is based on information provided by and/or representations made by the respective Independent Valuers. We have not conducted an independent review or verification of and are not responsible for the accuracy of the statements and information below.

(i) Altech Maritime Consultants Pte. Ltd. (“**AMC**”)

AMC commenced business in December 1992, to provide various survey and consultancy services to the marine, petroleum and offshore industries. Their surveying services include technical consultancy services for owners, pre-purchase condition surveys, insurance survey and tank calibration services for major oil installation in Singapore. Since December 1992, AMC has been fully accepted and recognised as valuer for most of the major financial institutions in Singapore. AMC has also performed valuation of vessels for companies listed on the SGX-ST.

(ii) Cleghorn, Wilton & Associates, Ltd. (“**CWA**”)

CWA was established in 1976 in the United Arab Emirates as a marine consulting & engineering company. CWA serves a large base of National & International clients for their marine & engineering consultancy requirements. They have performed valuation of vessels for companies in the Middle East, Far East and the Indian sub-continent.

(iii) Ritchie & Bisset (Far East) Pte. Ltd. (“**RB**”)

The roots of firm RB was actually put down in Singapore in 1866 after a British sailing ship foundered in the South China Sea and one of the survivors Charles Fitock, ship's carpenter reached Singapore. In early 1982 they were re-formed to "Ritchie & Bisset (Far East) Pte. Ltd." The main services provided by RB are classification, ship surveying, insurance surveys, pre-purchase surveys, superintendence, expert witness, new building supervision and Oil Companies International Forum (OCIMF) inspection. RB has also performed valuation of vessels for companies listed on the SGX-ST.

All the Independent Valuers are acting as panels in banks and finance houses.

We recommend that the Recommending Directors advise Shareholders to note and review carefully the contents of the Valuation Reports (which are made available for inspection at the registered office of the Company) in its entirety including, where applicable, the assumptions made and the basis for the assumptions.

To carry out the valuation exercise, AMC and RB adopted replacement cost approach whilst CWA adopted comparable market approach.

The below tables illustrate the Group’s vessels and capital work-in-progress with their respective probable fair value and/or market value as well as net book value (“**NBV**”) as at 30 September 2018 and should be read in conjunction with the full text of the Valuation Reports (which are made available for inspection).

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Appraised Assets

No.	Vessel Name	Valuation Date	Probable fair value or market value (US\$'000)	Valuation methodology	Independent Valuer	NBV as at 30 September 2018 (US\$'000)
	Appraised Assets					
	Vessels					
1	AOS Provider ⁽²⁾	28/3/2018	4,700 – 5,200	Replacement Cost Approach	AMC	7,378
2	AOS Handler ⁽²⁾	28/3/2018	4,700 – 5,200	Replacement Cost Approach	AMC	7,728
3	AOS Energy ⁽²⁾	28/3/2018	1,200 – 1,300	Replacement Cost Approach	AMC	1,225
4	AOS Star ⁽²⁾	28/3/2018	1,650 – 1,750	Replacement Cost Approach	AMC	1,757
5	AOS Victory ⁽²⁾	28/3/2018	8,200 – 8,700	Replacement Cost Approach	AMC	13,092
6	AOS Swift ⁽²⁾	28/3/2018	2,300 – 2,600	Replacement Cost Approach	AMC	3,587
7	AOS Triumph ^{(1) (2)}	28/3/2018	3,519 – 3,774	Replacement Cost Approach	AMC	5,114
8	AOS Valiant ⁽²⁾	26/3/2018	5,830	Comparable Market Approach	CWA	5,999
9	AOS Venture ⁽²⁾	26/3/2018	5,830	Comparable Market Approach	CWA	5,981
10	AOS Hauler	16/7/2018	8,000	Comparable Market Approach	CWA	7,728
11	AOS Honour	16/7/2018	3,500	Comparable Market Approach	CWA	3,290
12	AOS Neptune	16/7/2018	13,500 – 14,000	Comparable Market Approach	CWA	13,754
13	AOS Valor ⁽²⁾	26/3/2018	5,830	Comparable Market Approach	CWA	6,085
14	AOS Emerald ⁽²⁾	26/3/2018	9,020	Comparable Market Approach	CWA	8,919
15	AOS Maintainer 1	27/6/2018	41,000	Replacement Cost Approach	RB	58,740
	Capital work-in-progress					
16	AOS Eagle ⁽²⁾	26/3/2018	5,500	Comparable Market Approach	CWA	5,669
17	AOS Vision ^{(2) (3)}	26/3/2018	5,830	Comparable Market Approach	CWA	5,300 ⁽⁴⁾
18	AOS Sapphire ^{(2) (3)}	26/3/2018	9,020	Comparable Market Approach	CWA	8,200 ⁽⁴⁾
	Sub total		139,129 – 141,884			169,546

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Notes:

- (1) *The Company owns 51% of AOS Triumph under joint operation arrangement with Atlantic Navigation Holdings Inc. The market value of this vessel is apportioned accordingly with the interest owned by the Company.*
- (2) *The Valuation Reports for AOS Provider, AOS Handler, AOS Energy, AOS Star, AOS Victory, AOS Swift, AOS Triumph, AOS Valiant, AOS Venture, AOS Eagle, AOS Valor, AOS Emerald, AOS Vision and AOS Sapphire are more than six (6) months old. The Directors and Management are of the view that there is no material change to the probable fair value and/or market value of the said Vessels as at the respective valuation date and as at the Latest Practicable Date. With respect to such valuations, we are not experts in the evaluation (including without limitation, market or business value or economic potential) or appraisal of assets and liabilities (including without limitation, PVE) and have relied on the opinion of the Directors (including the validity of the Valuation Reports) and the financial statements (audited and unaudited), where applicable for the assessment.*
- (3) *As announced on 25 October 2018, the Company had on 18 October 2018, drawn down on the balance of US\$9.4 million of the 7-year Term Loan Facility to pay for AOS Vision and AOS Sapphire. As highlighted previously, the Company had also utilised US\$2.0 million of the Deposit to satisfy the Company's payment obligations and accepting the delivery for the Vessels. The Group has taken the delivery of these two (2) Vessels and they will be mobilized to the Middle East to support the long-term charter contracts of US\$236 million by a MENOC which was awarded in May 2016.*
- (4) *These amounts refer to the final purchase price for AOS Vision and AOS Sapphire which have been provided and confirmed by the Management.*

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Non-Appraised Vessels

No.	Vessel Name	Estimated Value (US\$'000)	Valuation Approach	NBV as at 30 September 2018 (US\$'000)
	Non-Appraised Vessels			
19	ES Thunder ^{(1) (2)}	1,230 – 1,305	Probable fair value ⁽²⁾	1,542
20	AOS Power ⁽³⁾	7,657	NBV ⁽³⁾	7,657
21	Delta – 22 ⁽³⁾	15,263	NBV ⁽³⁾	15,263
22	AOS 102 ⁽³⁾	750	NBV ⁽³⁾	750
23	AOS 104 ⁽³⁾	885	NBV ⁽³⁾	885
24	AOS 101 ⁽⁴⁾ (disposed)	558	NBV ⁽⁴⁾	558
	Sub total	26,343 – 26,418		26,655

Notes:

- (1) The Company owns 15% of ES Thunder under joint operation arrangement with Atlantic Navigation Holdings Inc. The estimated value of ES Thunder is apportioned accordingly with the interest owned by the Company.
- (2) The Directors and Management represented and confirmed that the fair value of ES Thunder and AOS Victory is similar in view of their similar specifications (including inter alia type of vessels, capacity and age).
- (3) The Directors and Management are of the view that there are no material differences between the estimated fair value of the 4 Non-Appraised Vessels (being AOS Power, Delta-22, AOS 102, and AOS 104) and their respective book value. Hence, no valuation has been done for these Vessels.
- (4) The Company disposed AOS 101 in October 2018 for approximately US\$680 thousand. This resulted in a gain on disposal of approximately US\$122 thousand.

The Appraised Assets accounted for approximately 85.8% and 80.1% of the Group's aggregate PVE, and Group's total assets as at 30 September 2018 respectively. The Directors and Management represented and confirmed the following:-

- (i) They have noted that the Valuation Reports for AOS Provider, AOS Handler, AOS Energy, AOS Star, AOS Victory, AOS Swift, AOS Triumph, AOS Valiant, AOS Venture, AOS Eagle, AOS Valor, AOS Emerald, AOS Vision and AOS Sapphire are more than six (6) months old. ACA has requested the Company to update the Valuation Reports for the said Vessels as they were more than six (6) months old. However no updated Valuation Reports were provided for ACA analysis.

We understand that after considering, *inter alia*, the deployment and utilisation record of the Vessels, the daily charter rates secured for the Vessels and its good operating conditions (including the fact that AOS Valiant, AOS Venture, AOS Emerald, AOS Valor, AOS Eagle, AOS Vision and AOS Sapphire are brand new vessels), the Directors and Management are of the opinion that there is no material differences between the probable fair value and/or market value of the said Vessels as indicated in their respective Valuation Reports as at their respective valuation dates and the current fair value and/or market value of the said Vessels as at the Latest Practicable Date.

- (ii) The remaining PVE with a net book value of approximately US\$28.1 million as at 30 September 2018, for which no valuation has been commissioned, consisted of 6 non-appraised Vessels ("**Non-Appraised Vessels**", including AOS 101 which has been disposed of in October 2018) with net book value of approximately US\$26.7 million, dry-docking with net book value of approximately US\$1.3 million and machinery and equipment, motor vehicles and office equipment with total aggregate net book value of approximately US\$0.1 million.
- (iii) Taking into consideration, *inter alia*, the deployment and utilisation record of the Vessels, the daily charter rates secured for the Vessels and the value-in-use assessment carried out on the Vessels, the Directors and Management are of the view that there are no material differences between the estimated fair value of the 4 Non-Appraised Vessels (being AOS Power, Delta 22,

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AOS 102 and AOS 104) and their respective NBV as at 30 September 2018. In addition, for ES Thunder, the Directors and Management represented and confirmed that the fair value of ES Thunder and AOS Victory is similar in view of their similar specifications (including *inter alia* type of vessels, capacity and age).

As such, the request from ACA for the Company to obtain fair value and/or market value for ES Thunder, AOS Power, Delta-22, AOS 102, and AOS 104 were not acceded to.

- (iv) AOS 101 has been disposed of in October 2018 for approximately US\$680 thousand and resulted in a gain on disposal of approximately US\$122 thousand (which was recorded subsequent to the balance sheet date of 30 September 2018).
- (v) They are aware of and satisfied with the selection of the Appraised Assets for the valuation exercise.
- (vi) They had reviewed the Valuation Reports to understand, where applicable, the assumptions used by the Independent Valuers and the information relied upon by the Independent Valuers in arriving at the probable fair value and/or the market value of the Appraised Assets. 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 Valuers are reasonable and confirmed that the Independent Valuers has been provided with information that to the best of their knowledge or belief is true, complete 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 Valuers to be untrue, inaccurate or incomplete in any respect or misleading.

We have not made any independent evaluation or appraisal of the PVE and we have been furnished by the Company with the Valuation Reports in respect of the fair value and/or the probable fair value of the Appraised Assets. With respect to such valuation, we are not experts in the evaluation or appraisal of the PVE and have relied on the Valuation Reports for the fair value and/or the probable fair value of the Appraised Assets and opinion of and confirmation from the Directors that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated market value of the remaining PVE highlighted above for which no valuation was obtained and their respective book value.

For illustrative purpose only, the Group's RNAV and RNTA has been calculated based on the revaluation deficit as described in the following table (assuming the hypothetical sale of the Appraised Assets as at 30 September 2018, at the values as ascertained by the Independent Valuers) and presented in the table below. The Directors and the Management have also confirmed to us that there will be no potential tax liability arising from hypothetical sale of the Appraised Assets, which are subject to valuation, were to be sold at the probable fair value and/or the market value ascribed by the Independent Valuers.

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The Group's RNAV and RNTA⁽¹⁾	US\$'000
Probable fair value and/or market value of the Appraised Assets	139,129 – 141,884
Estimated value of the Non-Appraised Vessels ⁽²⁾	26,343 – 26,418
	165,472 – 168,302
Less: Aggregate NBV of the Appraised Assets, Non-Appraised Vessels and dry-docking as at 30 September 2018 ⁽²⁾	(197,523)
Revaluation deficit	(32,051) – (29,221)
The Group's NAV as at 30 September 2018	75,668
Less: Revaluation deficit	(32,051) – (29,221)
Add: Gain on disposal of vessel – AOS 101 ⁽²⁾	122
The Group's RNAV	43,739 – 46,569
Less: Intangible assets	(141)
The Group's RNTA	43,598 – 46,428
RNAV per Share (US\$)	0.1678 – 0.1787
RNTA per Share (US\$)	0.1673 – 0.1782
Discount of the Subscription Price from the Group's RNAV per Share	(41.1)% - (44.7)%
Discount of the Subscription Price from the Group's RNTA per Share	(40.9)% - (44.5)%

Notes:

(1) The figures computation presented in the table above are subject to rounding.

(2) The figure is provided and confirmed by the Management.

For illustrative purposes only, the Group's RNAV per Share is between approximately US\$0.1678 to US\$0.1787. The Subscription Price represents a discount of between approximately 41.1% to 44.7% from the Group's RNAV per Share. The Group's RNTA per Share is between approximately US\$0.1673 to US\$0.1782. The Subscription Price represents a discount of between approximately 40.9% to 44.5% from the Group's RNTA per Share.

Recommending Directors are advised to assess the evaluation of the Subscription Price vis-à-vis the Group's RNAV and RNTA per Share in conjunction with the Group's weak financial performance (loss making in FY2016 and FY2017 but with marginal profit in 9M2018) and financial position with negative net working capital as at 30 September 2018, and the matters highlighted in the AR2017 pertaining to, *inter alia*, material uncertainty related to going concern and key audit matters on, *inter alia*, carrying value of Vessels as well as the Arbitration Notices (defined later) pertaining to claims as announced on 20 September 2018 and 1 October 2018.

In connection with the Group's RNAV and RNTA shown above, we wish to highlight the following:-

- (i) Although the Group's RNAV and RNTA shown above include revaluation deficit on the Appraised Assets, Independent Shareholders should note that the Group has not realised the deficit on such assets as at the Latest Practicable Date, and that there is no assurance that the revaluation deficit eventually recorded by the Group on the Appraised Assets as described above (in the event that such assets are disposed) will be the same as that indicated above. As such, the above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or vessels of the Group can be disposed of at the estimated values indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA is realisable or distributable to the Shareholders of the Group or the Company.

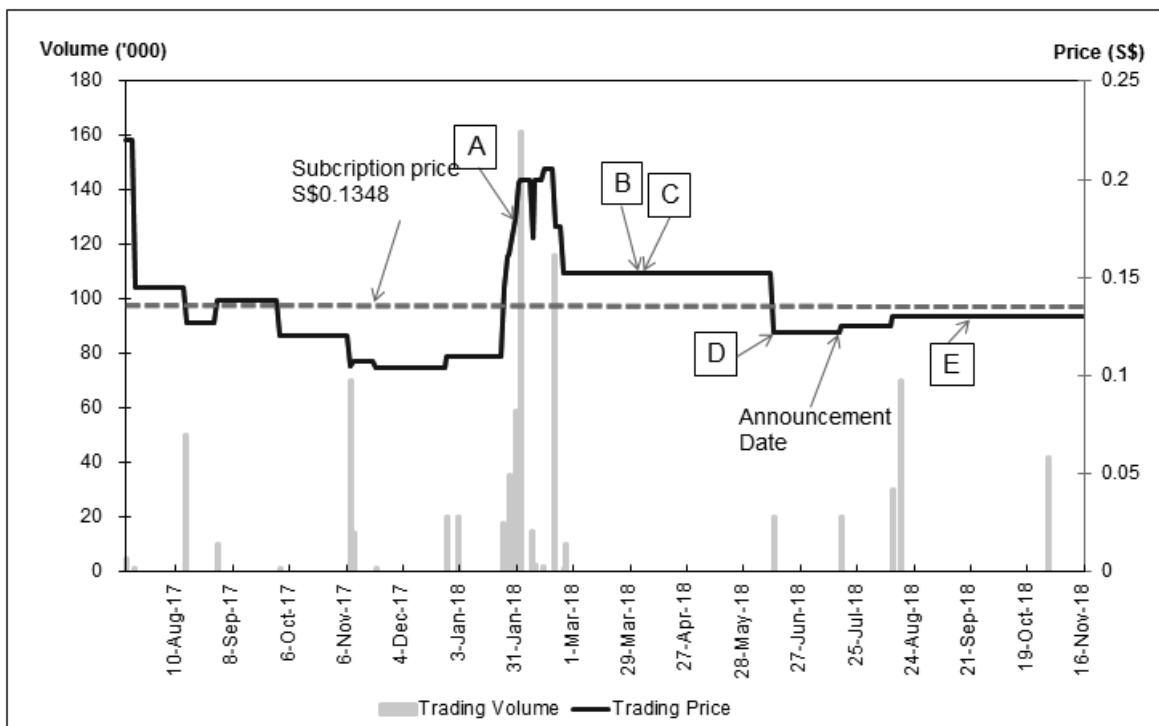
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- (ii) In connection with the Arbitration Notices (please refer to Section 6.5 of this Letter for further details), the Directors and the Management have represented and confirmed that the Arbitration Notices are still pending as at the Latest Practicable Date and subject to further discussion and negotiation with the Claimant and thus there exist some uncertainty pertaining to the outcome. As such, the Directors and the Management are unable to quantify accurately the materiality of the claims under the Arbitration Notices and the financial effect to the Group as at the Latest Practicable Date. In view of the uncertainty pertaining to the outcome, no views are being expressed with regards to the impact of the above litigation suit on the Group's NTA and financial performance. Independent Shareholders should note that the Group's NAV and NTA would be reduced (and thus, the discount of the Subscription Price from the Group's RNAV and RNTA would be smaller) in the event the Group is required to make a provision for the claims or in the event the claims materialise.
- (iii) Key audit matters highlighted by the Independent Auditor for FY2017 in connection with *inter alia* carrying value of the vessels.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time (on the assumption of orderly disposal) and is only relevant in the event that the Group decides to change the nature of its business or to release or convert the use of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Group as a going concern nor can it capture or illustrate any value for the Group's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realised or disposed.

5.4 Market quotation and trading activities for the Shares

The historical price chart for the Shares (based on the closing prices and the number of Shares traded on a daily basis) during the period commencing from 17 July 2017 (being the Market Day 12 months prior to the Announcement Date) and ending on the Latest Practicable is set out below:–



Source: SGX-ST

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Notes:

- A. *Announcement on potential sale of a substantial equity stake in the Company.*
- B. *Announcement on termination of discussion on potential sale of a substantial equity stake in the Company and loan agreement between Mr. Mubarak Abdullah Al-Suwaiket and Atlantic Maritime Group Fze (“AMG”).*
- C. *Announcement on AMG obtaining a 7-year commodity term loan facility.*
- D. *Announcement on the material uncertainty related to going concern.*
- E. *Announcement on Arbitration Notices (defined later).*

For the period commencing from 17 July 2017 and ending on 13 July 2018 (being the Last Market Day prior to the Announcement Date) (both dates inclusive), we note that closing prices for the Shares were above the Subscription Price on 138 Market Days out of the total 250 Market Days, below the Subscription Price on 112 Market Days out of the total 250 Market Days. In addition, for the period commencing from 17 July 2017 and ending on 13 July 2018, the highest transacted prices for the Shares was S\$0.220, which is substantially higher than the Subscription Price and the closing prices for the Shares have declined by approximately 44.5% from S\$0.22 as at 17 July 2017 to S\$0.122 as at 13 June 2018, being the Last Trading Day prior to the Announcement Date. The trading in the Shares was halted from 11 July 2018 and the trading halt was lifted after the release of the Announcement which was prior to the opening of the market on the Announcement Date. We note that the prices for the Shares increased slightly to S\$0.125 on 18 July 2018, being the first Trading Day immediately after the Announcement Date.

We also note that for the period commencing from 25 January 2018 and ended on 2 February 2018, the market prices for the Shares had increased from S\$0.11 to S\$0.20 as at the market close on 2 February 2018. During the said period, the total number of Shares traded was 306.9 thousand Shares representing an average daily trading volume of approximately 43.8 thousand Shares, which is substantially higher as compared to the historical average daily trading volume for the 12 months period prior to the Announcement. We note that on 31 January 2018, the Company announced that it together with its major Shareholder was in discussion with Gulf Navigation Holding PJSC (“GulfNav”) are in discussion to the potential sale of the major Shareholder’s equity interest in the Company.

For the period commencing from 16 July 2018 (being the Announcement Date) till the Latest Practicable Date, the Shares were only traded on 4 Trading Days out of 88 Market Days. It is noted that the trading in the Shares was halted from 13 September 2018 and was subsequently lifted on 20 September 2018 (after the release of the announcement on the Arbitration Notices prior to the opening of the market). The prices for the Shares were below the Subscription Price during the period commencing on the Announcement Date to the Latest Practicable Date. We further note that prices for the Shares have fluctuated during the said period and increased by approximately 6.6% to close at S\$0.130 per Share on 31 October 2018, being the Last Trading Day preceding the Latest Practicable Date.

As a general market comparison and observation, the Catalist Index (“**Catalist Index**”) declined by approximately 21.3% for the period commencing from 17 July 2017 and ending on 13 July 2018 and subsequently further decreased by approximately 15.1% from the Announcement Date till the Latest Practicable Date. The Shares have underperformed the Catalist Index for the period commencing from 17 July 2017 and ending on 13 July 2018, but outperformed the Catalist Index for the period commencing from the Announcement Date till the Latest Practicable Date.

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices for the Shares.

The volume-weighted closing price (“**VWCP**”), the highest and lowest transacted prices and the average daily trading volume for the Shares, for the period commencing from 17 July 2017 to the Latest Practicable Date are set out below:-

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	VWCP per Share ⁽¹⁾ (S\$)	Premium/ (Discount) of the Subscription Price over/from VWCP 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 12 months prior to the Announcement Date						
Last 12 months	0.161	(16.4)%	0.101	0.220	2,698	0.006%
Last 6 months	0.179	(24.8)%	0.110	0.220	3,945	0.009%
Last 3 months	0.122	10.5%	0.122	0.152	345	0.001%
Last 1 month ⁽⁶⁾	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Last transacted price on 13 June 2018 (being the Last Trading Day immediately preceding the Announcement Date) ⁽⁴⁾	0.122	10.5%	0.122	0.122	20,000	0.045%
For the period commencing on the Announcement Date to the Latest Practicable Date						
Till the Latest Practicable Date	0.129	4.2%	0.122	0.130	1,952	0.004%
Last transacted price on 31 October 2018 (being the Last Trading Day preceding the Latest Practicable Date) ⁽⁵⁾	0.130	3.7%	0.130	0.130	42,000	0.095%

Source: SGX-ST

Notes:

- (1) The VWCP had been weighted based on the last transacted prices of the Shares and traded volumes for the relevant trading days for each of the periods.
- (2) The average daily trading volume of the Shares is 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 the approximately 44,119,750 Shares or approximately 16.9% of the issued Shares held by Public Shareholders (being Shareholders other than (a) Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; and (b) associates of the persons in sub-paragraph (a) above) as at the Latest Practicable Date and as enumerated in Section 6.5 of the Circular.
- (4) This represents the last transacted price instead of VWCP for the Shares on 13 June 2018, being the Last Trading Day preceding the Announcement Date.
- (5) This represents the last transacted price instead of VWCP and trading volume for the Shares on 31 October 2018, being the Last Trading Day preceding the Latest Practicable Date. The Shares were not traded on the Latest Practicable Date.
- (6) There was no trading for the Shares during the 1-month period prior to and including the Announcement Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note that the Subscription Price represents:

- (i) a premium of approximately 10.5% over the last transacted price of S\$0.122 per Share on the SGX-ST on 13 June 2018 (being the Last Trading Day for the Shares prior to the Announcement Date);
- (ii) a discount of approximately 16.4% and 24.8% from the VWCP for the Shares for the 12-month and 6-month period prior to and including the Announcement Date;
- (iii) a premium of approximately 10.5% over the VWCP for the Shares for the 3-month period prior to and including the Announcement Date;
- (iv) a premium of approximately 4.2% over the VWCP for the Shares for the period commencing after the Announcement Date and ending on the Latest Practicable Date; and

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- (v) a premium of approximately 3.7% over the last transacted price of S\$0.130 per Share on 31 October 2018, being the Last Trading Day preceding the Latest Practicable Date.

For illustrative purpose only, based on the number of Shares traded on a daily basis during the period commencing from 17 July 2017 and ending on the Latest Practicable Date, we note that:-

- (i) from 17 July 2017 to 13 July 2018, being the Market Day 12 months prior to and ending on the Last Trading Day prior to the Announcement Date (both dates inclusive), the Shares were only traded on 24 Trading Days out of the total 250 Market Days during the period, with the total number of Shares traded being approximately 666.4 thousand Shares and an average daily trading volume of approximately 2.7 thousand Shares for the period, which represents approximately 0.001% of the issued Share capital as at the Latest Practicable Date or approximately 0.006% of the issued Share capital held by Public Shareholders as at the Latest Practicable Date.
- (ii) for the period commencing from 16 July 2018, being the Announcement Date, till the Latest Practicable Date (both dates inclusive), Shares were only traded on 4 Trading Days out of the total 88 Market Days during the period, with the total number of Shares traded being approximately 162 thousand Shares and an average daily trading volume of approximately 2.0 thousand Shares, which represents approximately 0.001% of the issued Share capital as at the Latest Practicable Date or approximately 0.004% of the issued Share capital held by Public Shareholders as at the Latest Practicable Date.

We note that trading for the Shares is erratic and that the number of Shares traded for the 1 year period prior to the Announcement Date is relatively low as compared to the number of issued Shares as at the Latest Practicable Date whilst for the period immediately after the Announcement Date until the Latest Practicable Date, the number of Shares traded is significantly low as compared to the number of issued Shares as at the Latest Practicable Date. We note that the number of Shares that were traded on a daily basis for the period commencing after the Announcement Date till the Latest Practicable Date is lower than the number of Shares that were traded on a daily basis during the 12-months and 6-months period prior to the Announcement Date but higher than the number of Shares that were traded on a daily basis during 3-months period prior to the Announcement Date. In addition, the Shares were only traded on 24 Trading Days out of the total 250 Market Days for the period 12-months prior to the Announcement Date and 4 Trading Days out of the total 88 Market Days for the period commencing from the Announcement Date to the Latest Practicable Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value in view of the lack of liquidity for the Shares (in terms of number of Shares traded on daily basis), they nonetheless represent the prices for transactions between willing buyer and willing seller.

We observed that the closing prices for the Shares has decreased significantly by approximately 44.5% for the period commencing from 17 July 2017 and ending on 13 June 2018 (being the Last Trading Day prior to the Announcement Date) and increased by approximately 6.6% from the Announcement Date to the Latest Practicable Date. As mentioned earlier, the prices for the Shares had underperformed the Catalist Index for the period 12-months prior to the Announcement Date, but outperformed the Catalist Index for the period commencing from the Announcement Date till the Latest Practicable Date. Subsequent to the Announcement Date, the market prices for the Shares appear to be lower than the Subscription Price.

The performance of the Shares as compared to the Catalist Index and the continued lack of liquidity for the Shares for the period from the Announcement Date to the Latest Practicable Date may, *inter alia*, be a reflection of the Proposed Subscription and the developments within the Group as announced in the SGXNET as well as prospects or demand for the Shares on or after the Announcement Date.

Independent Shareholders should note that there is no assurance that the prices and average volume of Shares traded on a daily basis will be maintained or that the transacted prices for the Shares or the average volume of Shares traded on a daily basis after completion of the Proposed Subscription (or if

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the Proposed Subscription lapses) will be at the same levels prevailing during the period commencing from the Announcement Date and ending on the Latest Practicable Date.

Recommending Directors should also note that the past trading performance for the Shares may not be relied upon as an indication or promise of its future trading performance.

5.5 Relative valuation analysis

In evaluating the Subscription Price, we have considered the financial performance, financial positions and valuation statistics of selected comparable companies (the “**Selected Comparable Companies**”) that may, in our view, be broadly comparable to the existing core business of the Group prior to the transaction, which are principally engaged in marine logistics services.

The Selected Comparable Companies have been identified after a search was carried out on the SGX-ST and evaluation of the companies operating in the same industry as the Group. We have had discussions with the Directors about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Group prior to the transaction. In our selection process, we have also considered PACC Offshore Services Holdings Ltd and Pacific Radiance Ltd. We did not include PACC Offshore Services Holdings Ltd in the Selected Comparable Companies in view of its substantially higher market capitalisation as at the Latest Practicable Date as compared to the Company. In addition, we did not include Pacific Radiance Ltd. in the Selected Comparable Companies as its shares have been suspended since February 2018. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. The Selected Comparable Companies may or may not have similar business operations or similar assets as the Group, accounting policies with respect to the values for which the assets or the revenue and cost are recorded or the relevant financial period compared may differ from the Group.

We advise Recommending Directors, to note that there may not be any company listed on any relevant stock exchange 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 Selected Comparable Companies as the business of these companies, their 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. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn 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.

Recommending 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 financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

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Selected Comparable Companies	Market capitalisation (\$ million)	Business activities
<p>Ezion Holdings Limited (“Ezion”)</p> <p><i>Listed on SGX-ST</i></p>	163.1	The group is engaged in providing offshore marine logistics and support services. It also provides development, ownership, and chartering of strategic offshore assets.
<p>Falcon Energy Group Limited (“Falcon”)</p> <p><i>Listed on SGX-ST</i></p>	25.4	The group is engaged in providing marine, oil and gas services.
<p>CH Offshore Ltd (“CH Offshore”)</p> <p><i>Listed on SGX-ST</i></p>	71.2	The group is engaged in providing marine support services in South East Asia and internationally. It is involved in the ownership and chartering of vessels.
<p>Kim Heng Offshore & Marine Holdings Limited (“Kim Heng”)</p> <p><i>Listed on SGX-ST</i></p>	56.7	The group is engaged in providing offshore rig mover and marine support services which includes construction, fabrication works, installation, afloat repairs, refurbishment, and maintenance for drilling rigs and vessels, offshore production modules, systems, and platforms.
<p>Marco Polo Marine Limited (“Marco Polo”)</p> <p><i>Listed on SGX-ST</i></p>	70.4	The group is engaged in ship chartering, ship building and repair, and brokering services
<p>Vallianz Holdings Limited (“Vallianz”)</p> <p><i>Listed on SGX-ST</i></p>	117.2	The group is engaged in providing marine support services, primarily marine asset ownership, leasing, and fleet management.

Source: The SGX-ST and respective companies' website

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The following tabulates the salient ratios for comparative financial performance, condition and position for the Selected Comparable Companies and the Group:

Relative Performance of the Group

Selected Comparable Companies	LTM ROE ⁽¹⁾ (%)	LTM net profit margin ⁽²⁾ (%)	LTM asset turnover ⁽³⁾ (times)	Total liabilities ⁽⁴⁾ / shareholder equity ⁽⁵⁾ (times)	Total borrowings ⁽⁶⁾ / shareholder equity ⁽⁵⁾ (times)
Ezion	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.04	3.6	3.2
Falcon	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.1	4.8	2.7
CH Offshore	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.1	0.3	0.1
Kim Heng	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.2	0.8	0.5
Marco Polo	145.0%	631.2%	0.2	0.1	0.0005
Vallianz	5.7%	7.5%	0.3	1.6	1.1
MAXIMUM	145.0%	631.2%	0.3	4.8	3.2
MINIMUM	5.7%	7.5%	0.04	0.1	0.0005
MEDIAN	75.3%	319.4%	0.2	1.2	0.8
SIMPLE AVERAGE	75.3%	319.4%	0.2	1.8	1.3
Group	n.m.⁽⁸⁾	n.m.⁽⁸⁾	0.3	1.8	1.4

Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) The last twelve months ("LTM") return on equity ("ROE") is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the consolidated equity holders excluding minority interest of the respective companies.
- (2) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to shareholders to the most recent twelve months total consolidated revenue of the respective companies.
- (3) LTM asset turnover is the ratio of the most recent twelve months total consolidated revenue to the total consolidated assets of the respective companies.
- (4) Total liabilities include all the liabilities of the respective companies but exclude any contingent liabilities, if any.
- (5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies.
- (6) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.
- (7) Ezion, Falcon, CH Offshore and Kim Heng incurred a loss after tax attributable to owners of approximately US\$969.0 million, US\$78.3 million, US\$25.8 million and S\$18.2 million respectively for the LTM ended 30 September 2018. Hence, the LTM ROE and LTM net profit margin ratios for Ezion, Falcon, CH Offshore and Kim Heng are negative and not meaningful.
- (8) The Group incurred a loss after tax attributable to owners of the Company of approximately US\$7.9 million for the LTM ended 30 September 2018. Hence, the Group's LTM ROE and LTM net profit margin ratios are negative and not meaningful.

For illustrative purposes only, we note the following:

- (i) The Group incurred a loss after tax attributable to owners of the Company of approximately US\$7.9 million for the LTM ended 30 September 2018. Hence, the Group's LTM ROE and LTM net profit margin are negative and not meaningful. For illustrative purposes only, we note that four (4) out of six (6) Selected Comparable Companies were also loss making with negative LTM ROE and LTM net profit margin.
- (ii) The Group's asset turnover is within the range and higher than the simple average and the median for the Selected Comparable Companies.

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- (iii) The Group's total liabilities to shareholders' equity ratio is within the range, in line with the simple average but higher than the median for the Selected Comparable Companies whilst the Group's total borrowings to shareholders' equity ratio is within the range, but higher than both the median and the simple average for the Selected Comparable Companies. It is noted that for the Group to achieve total borrowings to shareholders' equity ratio of 0.8 times (which is the median for the Selected Comparable Companies), its shareholders' equity would have to be increased by approximately US\$53.0 million (based on the total borrowings of approximately US\$102.9 million as at 30 September 2018), while the Net Proceeds to be raised from the Proposed Subscription is approximately US\$25.8 million.

In summary, the historical financial performance of the Group as reflected by the LTM ROE and LTM net profit margin are negative and not meaningful due to the losses incurred for the LTM ended 30 September 2018. It is noted that four (4) out of six (6) Selected Comparable Companies were also loss making with negative LTM ROE and LTM net profit margin. The Group's asset turnover ratio appears to be higher than the simple average and the median for the Selected Comparable Companies. The Group's financial position in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity appears to be within the range, but higher than the median for the Selected Comparable Companies.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while the valuation of the Group is based on the Subscription Price and the last transacted price for the Shares as at the Latest Practicable Date. All the valuation statistics are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statement or audited financial statements from their annual reports or result announcements.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Group should be evaluated in the context of their relative financial performance and position:

Selected Comparable Companies	Market Capitalisation (\$ m)	LTM EV/EBITDA ⁽¹⁾ (times)	LTM PER ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)	P/NTA ⁽⁴⁾ (times)	Premium/(discount) over/from NTA (%)
Ezion	163.1	n.m. ⁽⁵⁾	n.m. ⁽⁵⁾	0.3	0.3	(72.7)%
Falcon	25.4	n.m. ⁽⁶⁾	n.m. ⁽⁶⁾	0.4	0.4	(62.7)%
CH Offshore	71.2	n.m. ⁽⁷⁾	n.m. ⁽⁷⁾	0.5	0.5	(45.8)%
Kim Heng	56.7	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾	0.8	0.8	(19.2)%
Marco Polo	70.4	0.3	0.4	0.6	0.6	(38.4)%
Vallianz	117.2	9.6	6.0	0.3	0.3	(66.3)%
MAXIMUM	163.1	9.6	6.0	0.8	0.8	(19.2)%
MINIMUM	25.4	0.3	0.4	0.3	0.3	(72.7)%
MEDIAN	70.8	5.0	3.2	0.5	0.5	(54.2)%
SIMPLE AVERAGE	84.0	5.0	3.2	0.5	0.5	(50.9)%
Group						
Subscription Price Latest Practicable Date	35.1 33.9	10.4 10.4	n.m.⁽⁹⁾ n.m.⁽⁹⁾	0.6⁽¹⁰⁾ 0.6⁽¹⁰⁾	0.6⁽¹⁰⁾ 0.6⁽¹⁰⁾	(40.9)%-(44.5)% (43.5)%-(47.0)%

Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) The LTM EV/EBITDA for the Selected Comparable Companies for is based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Marco Polo is based on the most recent twelve months period ended 30 June 2018. The EBITDA for Ezion, Falcon, CH Offshore, Kim Heng and Vallianz are based on the most recent twelve months period ended 30 September 2018.
- (2) The LTM PERs for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Marco Polo is based on the most recent twelve

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months period ended 30 June 2018. The earnings after tax for Ezion, Falcon, CH Offshore, Kim Heng and Vallianz are based on the most recent twelve months period ended 30 September 2018.

- (3) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Marco Polo is based on the figures as at 30 June 2018. The NAV for Ezion, Falcon, CH Offshore, Kim Heng and Vallianz are based on the figures as at 30 September 2018.
- (4) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Marco Polo is based on the figures as at 30 June 2018. The NTA for Ezion, Falcon, CH Offshore, Kim Heng and Vallianz are based on the figures as at 30 September 2018.
- (5) Ezion incurred a loss after tax attributable to equity holders and negative EBITDA of approximately US\$969.0 million and US\$837.1 million respectively for the LTM ended 30 September 2018. Hence, Ezion's LTM PER and LTM EV/EBITDA ratios are negative and not meaningful.
- (6) Falcon incurred a loss after tax attributable to equity holders and negative EBITDA of approximately US\$78.3 million and US\$57.7 million respectively for the LTM ended 30 September 2018. Hence, Falcon's LTM PER and LTM EV/EBITDA ratios are negative and not meaningful.
- (7) CH Offshore incurred a loss after tax attributable to equity holders and negative EBITDA of approximately US\$25.8 million and US\$18.6 million respectively for the LTM ended 30 September 2018. Hence, CH Offshore's LTM PER and LTM EV/EBITDA ratios are negative and not meaningful.
- (8) Kim Heng incurred a loss after tax attributable to equity holders and negative EBITDA of approximately S\$18.2 million and S\$9.1 million respectively for the LTM ended 30 September 2018. Hence, Kim Heng's LTM PER and LTM EV/EBITDA ratios are negative and not meaningful.
- (9) The Group incurred a loss after tax attributable to equity holders of approximately US\$7.9 million for the LTM ended 30 September 2018. Hence, the Group's LTM PER is negative and not meaningful.
- (10) For the Group, the computation for P/NAV and P/NTA is based on the Group's RNAV and RNTA per Share. Please refer to Section 5.3(a) of this IFA Letter for the computation of the Group's RNAV and RNTA per Share.

Relative valuation for the Group

For illustrative purposes only, we note the following:

- (i) The market capitalisation of the Group as implied by both the Subscription Price and the last transacted price for the Shares as at the Latest Practicable Date is lower than most of the Selected Comparable Companies save for Falcon. We note that trading statistics for companies with higher market capitalisation may be different from those with lower market capitalisation and this may be attributed to the relative liquidity in terms of number or value of shares traded as well as relative interest in the shares of companies with larger market capitalisations. Hence, comparison of the valuation ratios for the Group and the Selected Comparable Companies are necessarily limited and presented herein for illustrative purpose only.
- (ii) The Group recorded a loss after tax attributable to owners of the Company of approximately US\$7.9 million for the LTM ended 30 September 2018. Hence, the valuation of the Group in terms of LTM PER ratio as implied by both the Subscription Price and last transacted price for the Shares as at Latest Practicable Date is negative and not meaningful. Meanwhile, the Group reported EBITDA of approximately US\$11.9 million for the LTM ended 30 September 2018. The LTM EV/EBITDA of the Group (as implied by the Subscription Price) of approximately 10.4 times is higher and more favourable than Marco Polo and Vallianz (being the two Selected Comparable Companies with positive LTM EBITDA).
- (iii) The valuation of the Group in terms of P/RNAV and P/RNTA (as implied by both the Subscription Price and last transacted price for the Shares as at the Latest Practicable Date and based on the Group's RNAV and RNTA) is within the range and slightly higher than the simple average and the median for the Selected Comparable Companies. We note that all of the Selected Comparable Companies recorded impairment losses for their vessels in their latest financial year after taking into account *inter alia* value in use or market value of the vessels.

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- (iv) There was a mandatory unconditional cash offer for CH Offshore, which was announced on 26 July 2018. For illustrative purpose only, we note from the circular dated 24 August 2018 issued by CH Offshore that the offer price was at 0.5 times of its RNAV and this slightly lower than the P/RNAV ratio for the Group (as implied by the Subscription Price). We further note that at the close of the mandatory unconditional cash offer for CH Offshore on 7 September 2018, the shareholding of the offeror and its concert has increased from approximately 52.72% to approximately 54.98%.

In summary, the valuation of Group as implied by the Subscription Price in terms of LTM EV/EBITDA, is higher than Marco Polo and Vallianz (being the two Selected Comparable Companies with positive LTM EBITDA). The valuation of the Group in terms LTM PER ratio, as implied by the Subscription Price and the last transacted price for the Shares as at the Latest Practicable Date is not meaningful in view of the loss incurred in the LTM ended 30 September 2018. Meanwhile, the valuation of the Group in terms of P/NAV and P/NTA (as implied by both the Subscription Price and last transacted price for the Shares as at the Latest Practicable Date and based on the Group's RNAV and RNTA) is within the range and slightly higher than the median and the simple average for the Selected Comparable Companies.

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Company including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of the Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably use the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Recommending Directors members 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 financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

5.6 Analysis of comparable transactions

In our assessment of the reasonableness of the Subscription Price, the discount from the last transacted prices prior to the Announcement Date as implied by the Subscription Price and the effects of the dilution on the voting rights for Independent Shareholders, we have reviewed transactions which involves issuance of shares for cash by companies listed on the SGX-ST, wherein a whitewash resolution was sought from shareholders (the "**Selected Comparable Transactions**") and similar to the Whitewash Resolution sought.

We have tabulated the Selected Comparable Transactions to illustrate the typical issue or placement price to NTA, premium/discount represented by the issue or placement price to the last traded price for the relevant share on the market day immediately preceding the date of the relevant announcement, wherein the shares were last traded. Shareholders should note that some of these Selected Comparable Transactions are more than 3 years old and as such references or observation made herein is necessarily limited.

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Company	Date of announcement	Resultant shareholding of incoming shareholder in the company	Issue/ placement price (\$)	Premium over/(discount to) last transacted price prior to announcement (%)	Issue/placement price to NTA⁽¹⁾ (times)
GSH Corporation Limited	30-Mar-12	From 14.99% to 57.76%	0.007	(36.4)	0.5
Scintronic Corporation Limited	17-Sep-12	From 0% to 53.31%	0.014	(35.7)	0.6
Metax Engineering Corporation Limited	25-Oct-12	From 0% to 41.00%	0.053	(41.1)	1.9
China New Town Development Company Limited	18-Jan-13	From 0% to 54.32%	0.044	(44.0)	0.4
CarrierNet Global Ltd	25-Feb-13	From 33.32% to 53.72%	0.011	(38.9)	4.1
KLW Holdings Limited	15-Nov-13	From 0% to 50.6%	0.020	(20.0)	2.1
Edition Ltd. (formerly known as <i>Oniontech Limited</i>)	21-Feb-14	From 0% to 68.13%	0.030	11.1	0.3
ChinaVision Media Group Limited	11-Mar-14	From 0% to 59.83%	HK\$0.50	(21.9)	2.5
Cacola Furniture International Limited	02-Oct-14	From 0% to 79.43%	n.a. ⁽²⁾	(10.0)	n.m. ⁽³⁾
Xpress Holdings Limited	05-Dec-14	From 0.58% to 57.66%	0.007	(22.2)	21.2
Asiatravel.com Holdings Ltd	27-Nov-15	From 11.41% to 63.49%	0.200	(14.9)	4.3
Eucon Holding Limited	11-Dec-15	From 0% to 88.54%	0.018	(35.7)	n.m. ⁽⁴⁾
Singapore eDevelopment Limited	29-Jan-16	From 28.31% to 48.41%	0.060	100.0	0.9

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Company	Date of announcement	Resultant shareholding of incoming shareholder in the company	Issue/ placement price (\$)	Premium over/(discount to) last transacted price prior to announcement (%)	Issue/placement price to NTA⁽¹⁾ (times)
Huan Hsin Holdings Ltd	24-Feb-16	From 0% to up to 90.1%	0.022	10.0	n.m. ⁽⁵⁾
OKH Global Ltd	05-Apr-16	From 0% to 43.0%	0.100	(19.4)	0.4 ⁽⁶⁾
Swee Hong Limited	14-Mar-16	From 0% to 50.62%	0.0029	(97.7)	n.m. ⁽⁷⁾
Jason Holdings Limited	21-Dec-16	From 19.81% to 92.18%	0.0005	(99.2)	0.04
SunMoon Food Company Limited	3-Jan-17	From 0% to 51.12%	0.045	(53.1)	1.5
SIIC Environment Holdings Ltd.	16-Jan-17	From 37.56% to 45.94%	0.630	11.5	n.m. ⁽⁸⁾
AEI Corporation Ltd	8-Aug-17	From 0% to 68.31%	0.800	35.6	0.5 ⁽⁹⁾
Gaylin Holdings Limited	23-Oct-17	From 0% to 75.64%	0.050	(47.4)	0.2 ⁽¹⁰⁾
MAXIMUM				100.0	21.2
MINIMUM				(99.2)	0.04
MEDIAN				(22.2)	0.6⁽¹¹⁾
SIMPLE AVERAGE				(22.4)	1.3⁽¹¹⁾
The Group	16-Jul-18	From 0% to 50.22%	0.1348	10.50	0.6⁽¹²⁾

Source: Circulars for the respective companies

Notes:

- (1) The NTA of the respective companies are based on their respective NTA values as set out in their respective circular for their above mentioned transactions.
- (2) Subscription Price is determined to be at a discount of ten percent (10%) to WVAP of the price traded on the day the company received the subscription request.
- (3) Cocola Furniture International Limited's P/NTA is deemed not meaningful as the computation will require many assumptions including reference price.

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- (4) *Eucon Holding Limited recorded a negative NTA of approximately S\$3.0 million and negative revalued NTA of S\$1.0 million as at 30 June 2016.*
- (5) *Based on the Adjusted NTL per Share. To note that the transaction for Huan Hsin Holdings Ltd has not been completed but has obtained shareholders' approval on 8 June 2018.*
- (6) *Based on revalued NTA as at 31 March 2016.*
- (7) *Swee Hong Limited recorded a negative NTA of approximately S\$47.1 million as at 31 March 2016.*
- (8) *SIIC Environment Holdings Ltd. recorded a negative NTA of approximately RMB466.5 million as at 31 December 2016.*
- (9) *Based on revalued NTA as at 31 December 2017.*
- (10) *Based on revalued NTA as at 30 September 2017.*
- (11) *The median and simple average computation excluded Xpress Holdings Limited's issue/placement price to NTA of 21.2 times which is deemed as outlier.*
- (12) *Based on the Group's RNTA per Share. Please refer to Section 5.3(a) of this IFA Letter for the computation of the Group's RNTA per Share.*

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For illustrative purposes only, the valuation of the Group, in terms of the Subscription Price to RNTA, is within the range and in line with the median for the Selected Comparable Transactions. It is noted that upon issuance and allotment of the 262,918,394 Subscription Shares pursuant to the Proposed Subscription, the Subscriber's shareholding in the Company will increase from nil to approximately 50.22%. We wish to highlight that in the event only Selected Comparable Transactions whereby the shareholding of the incoming shareholders increased from 0% to more than 50% (similar to the Proposed Subscription) are considered, the simple average and the median of issue/placement price to NTA is approximately 1.0 times and 0.5 times respectively. Thus, the valuation of the Group, in terms of the Subscription Price to RNTA, is slightly higher than the median for the Selected Comparable Transactions with similar change in shareholding of the incoming shareholders.

We wish to highlight that the premium of approximately 10.5% as implied by the Subscription Price over the last transacted price for the Shares prior to the Announcement Date is within the range of premiums and discounts for the Selected Comparable Transactions and more favourable as compared to the median and the simple average for the Selected Comparable Transactions, which is at discount of approximately 22.2% and 22.4% respectively. The relatively better pricing of the Subscription Price in terms of the comparison with the last transacted price for the Shares prior to the Announcement Date should be assessed in the context of the low liquidity for the Shares commencing from 12 months prior to the Announcement Date (where the average daily trading volume for the Shares were only approximately 2.7 thousand or approximately 0.001% of the total outstanding Shares as at the Latest Practicable Date and Shares were only traded on 24 Trading Days out of the total 250 Market Days). It is generally accepted that the less actively traded the shares, the lesser the reliance on market prices as a determination of the fair value of the shares. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value, they represent for prices for transactions between willing buyer and willing seller.

Independent Shareholders should note that as the circumstances for each of the companies listed and the transactions outlined above are unique and as the companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria, the analysis is limited. Further, the list of Selected Comparable Transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Proposed Subscription and the Selected Comparable Transactions serves as an illustrative guide only.

6. OTHER RELEVANT CONSIDERATIONS

6.1 No Alternative offers to the Proposed Subscription

The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offer, which is comparable in nature, size and scope to the Proposed Subscription.

We also understand from Directors that they had considered other fund raising alternatives, including but not limited to search for other strategic investors/partners, and obtaining external borrowings from financial institutions, before eventually deciding to proceed with the Proposed Subscription. The Directors note that the Group's currently weak financial performance and position (in particular, the losses recorded during the past two consecutive financial years and negative net working capital for the Group) with material uncertainty related to going concern issued by the Independent Auditor makes it difficult to seek any meaningful amount of external borrowing from financial institutions or funds from investor without a significant discount to the Share price.

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6.2 Dilution Impact

It is important to note that upon Completion of the Proposed Subscription and issuance of the Consideration Shares, the shareholdings of existing Independent Shareholders will be affected. In evaluating the dilution impact of the Proposed Subscription on the existing Independent Shareholders, we have considered the following:

	As at the Latest Practicable Date ⁽¹⁾				Immediately after the Proposed Subscription ⁽²⁾			
	(Before the Proposed Subscription)			% Total Interest	(After the Proposed Subscription)			% Total Interest
	Direct Interest	Deemed Interest	Total Interest		Direct Interest	Deemed Interest	Total Interest	
Directors								
Wong Siew Cheong ⁽³⁾	173,099,000	33,375,000	206,474,000	79.23	173,099,000	33,375,000	206,474,000	39.44
Tong Choo Cherrng	-	-	-	-	-	-	-	-
Wong Chee Meng Lawrence	-	-	-	-	-	-	-	-
Goh Boon Chye	-	-	-	-	-	-	-	-
Eu Lee Koon	-	-	-	-	-	-	-	-
Andrew Lyndon Waite	-	-	-	-	-	-	-	-
Jeffrey William Ewen	-	-	-	-	-	-	-	-
Substantial Shareholders (not being Directors)								
Chong Mee Chin	33,375,000	-	33,375,000	12.81	33,375,000	-	33,375,000	6.38
Subscriber	-	-	-	-	262,918,394	-	262,918,394	50.22
Kum Soh Har Michael ⁽⁴⁾	-	-	-	-	-	262,918,394	262,918,394	50.22
Ong Bee Yong Lynda ⁽⁴⁾	-	-	-	-	-	262,918,394	262,918,394	50.22
Other Non-public Shareholders	N.A.	N.A.	10,000,000	3.84	N.A.	N.A.	10,000,000	1.91
Public Shareholders⁽⁵⁾	N.A.	N.A.	44,119,750	16.93	N.A.	N.A.	44,119,750	8.43
Existing Independent Shareholders	N.A.	N.A.	260,593,750	100.00	N.A.	N.A.	260,593,750	49.78
TOTAL			260,593,750	100.00			523,512,144	100.00

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Notes:

- (1) Computed based on the Existing Share Capital of 260,593,750 Shares as at the Latest Practicable Date.
- (2) Computed based on the Enlarged Share Capital of 523,512,144 Shares.
- (3) Mr Wong Siew Cheong is deemed to be interested in the shareholdings of his spouse, Madam Chong Mee Chin.
- (4) Mr. Kum Soh Har Michael and Madam Ong Bee Yong Lynda are deemed interested in Shares to be held by the Subscriber by virtue of Section 7 of the Companies Act.
- (5) Public Shareholders refers to Shareholders other than (a) Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; and (b) associates of the persons in sub-paragraph (a) above.

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Based on the above illustration, we note that following the issuance of 262,918,394 Subscription Shares pursuant to the completion of the Proposed Subscription, the number of Shares in issue will increase from 260,593,750 Shares to 523,512,144 Shares. The Subscriber's shareholding will increase from 0.00% as at the Latest Practicable Date to 50.22% following the issuance of 262,918,394 Subscription Shares pursuant to the Completion of the Proposed Subscription. Lastly, we note that the shareholdings of the existing Independent Shareholders will decrease from approximately 100.00% as at the Latest Practicable Date to approximately 49.78% following the issuance of 262,918,394 Subscription Shares pursuant to the Completion of the Proposed Subscription.

6.3 Pro forma financial effects of the Proposed Subscription

The pro forma financial effects of the Proposed Subscription and its underlying assumptions can be found in Section 4 of the Circular. We recommend that the Recommending Directors advise the Independent Shareholders to read those pages of the Circular carefully.

For illustrative purpose only, we note from Section 4 of the Circular that the Group's NTA per Share would decline from approximately 28.95 US\$ cents as at 31 December 2017 to approximately 26.12 US\$ cents (after issuance of the Repayment Shares) and approximately 19.35 US\$ cents (after the Completion of the Proposed Subscription and issuance of the Subscription Shares). The Group's loss per Share would improve from approximately 5.05 US\$ cent for FY2017 to approximately 4.30 US\$ cents (after issuance of the Repayment Shares) and approximately 2.51 US\$ cent (after the Completion of the Proposed Subscription and issuance of the Subscription Shares). It is noted that the Group was loss making and the improvement in the Group's loss per Share after the Completion of the Proposed Subscription was mainly caused by the dilution arising from the issuance of the Subscription Shares.

6.4 No assurance of profitability or prices for Shares

We would like to highlight that there is no assurance that the injection of new funds from the proceeds of the Proposed Subscription and/or the steps taken or to be taken by the Company subsequent to the Proposed Subscription to improve its financial position and performance will be successful or would result in an enhancement of Shareholders' value.

We note that based on the unaudited financial statements for the Group for 9M2018, the Group had current liabilities which exceeded current assets by approximately US\$46.5 million while the Net Proceeds from the Proposed Subscription is approximately US\$25.8 million. In addition, as highlighted earlier, for the Group to achieve total borrowings to shareholders' equity ratio of 0.8 times (which is the median for the Selected Comparable Companies), its shareholders' equity would have to be increased by approximately US\$53.0 million (based on the total borrowings of approximately US\$102.9 million as at 30 September 2018), while the Net Proceeds to be raised from the Proposed Subscription is approximately US\$25.8 million.

6.5 Material Litigation

As announced on 20 September 2018, the Company and the wholly-owned subsidiary of the Group, AMG, have received Notices of Arbitration dated 27 July 2018 and 29 August 2018 (the "**Arbitration Notices**"), from the legal representative of Guangxin Shipbuilding & Heavy Industry Co. Ltd. (the "**Claimant**") as follow:-

(i) Arbitration Notice dated 27 July 2018 (the "**First Arbitration Notice**")

The claims made by the Claimant are in relation to a shipbuilding contract dated 16 September 2013, amended by an addendum dated 7 January 2016 (collectively, the "**PSV Shipbuilding Agreement**"). Pursuant to the PSV Shipbuilding Agreement, the parties agreed that the Claimant shall construct and sell to AMG, a 75 metre Platform Supply Vessel (the "**PSV**"). AMG had failed to make the balance payment of US\$3,030,000 (the "**Outstanding Sum**") within the deadline set by the Claimant. The Company has, in the capacity as the parent company of AMG, also executed irrevocable letters of guarantee in favour of the Claimant to guarantee the Outstanding Sum. Pursuant to the First

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Arbitration Notice, the Claimant is claiming from AMG and the Company for the Outstanding Sum and related interests and costs.

The Directors and the Management have represented and confirmed that the said PSV is under the name of AOS Neptune and the Outstanding Sum has been recorded as liability under "Trade and Other Payables" account of the audited financial statements of the Group since FY2016.

(ii) Arbitration Notice dated 29 August 2018 (the "Second Arbitration Notice")

The claims made by the Claimant are in relation to a shipbuilding contract dated 10 April 2014, amended by addendums dated 14 August 2014 and 7 December 2016 (collectively, the "**LV Shipbuilding Agreement**"), the parties agreed that the Claimant shall construct and sell to AMG, a self-propelled self-elevating liftboat vessel (the "**Liftboat Vessel**"). The Company, in the capacity as parent company of AMG, also executed performance guarantees in favour of the Claimant of the obligations of AMG under the Shipbuilding Agreement. After serving the notice of rescission to AMG on 8 March 2017 (the "**Notice of Rescission**"), the Claimant sold the Liftboat Vessel to a third party. Pursuant to the Second Arbitration Notice, the Claimant is claiming from AMG and the Company for the damages suffered from the sale of the Liftboat Vessel to the third party of amounting to US\$5,825,600, and related interests and costs.

The Group has disclosed its potential liability for the deficiency if the Claimant incurs a loss on the sale of the Liftboat Vessel to a third party pursuant to the Notice of Rescission in Note 33 (Events occurring after the reporting period) and Note 30 (Contingent liabilities) to the audited financial statements of the Group for FY2016 and FY2017, respectively. However, no provision has been made as the amounts cannot be reliably quantified.

The relevant contents of Note 33 (Events occurring after the reporting period), point (v), to the audited financial statements of the Group for FY2016 in connection with the Liftboat Vessel has been extracted from the AR2016 and is set out in italics below.

"33. Events occurring after the reporting period

(v) The Group has been working on the cancellation of, and has on, 8 March 2017, received a Notice of Rescission from the ship builder, for a ship building contract of a self-propelled self-elevating lift boat committed under a shipbuilding agreement entered in the financial year ended 2014 which was expected to be delivered in first half of the financial year ended 2017. As at 31 December 2016, the Group had written off US\$5.34 million relating to deposit and capitalisation of interest cost.

Based on the Notice of Rescission, the Group is liable for the deficiency if the shipbuilder incurs a loss on the sale of the vessel to another party. Based on the fair valuation of the vessel, the Group does not expect to suffer any loss. Such amounts, if it were to materialise, cannot be reliably quantified at this juncture. Accordingly, no provision has been made in the financial statements."

The relevant contents of Note 30 (Contingent liabilities) to the audited financial statements of the Group for FY2017 in connection with the Liftboat Vessel has been extracted from the AR2017 and set out in italics below.

"30. Contingent liabilities

The Group had been working on the cancellation of, and had on, 8 March 2017, received a Notice of Rescission from the ship builder, for a ship building contract of a self-propelled self-elevating lift boat committed under a shipbuilding agreement entered in the financial year ended 2014 which was expected to be delivered in first half of the financial year ended 2017. As at 31 December 2016, the Group had written off US\$5.34 million relating to deposit and capitalisation of interest cost.

Based on the Notice of Rescission, the Group continues to be liable for the deficiency if the shipbuilder incurs a loss on the sale of the vessel to another party. Such amounts, if it were to

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materialise, cannot be reliably quantified at this juncture. Accordingly, no provision has been made in the financial statements.”

We note from the same announcement that the Company and AMG have appointed a legal adviser in Hong Kong to act and respond to the Arbitration Notices to safeguard and protect the interest of the Group. The Group has been in negotiation with the Claimant to amicably settle the disputes and cease the arbitration proceedings. An amount of US\$500,000 (or equivalent to S\$685,000) has been paid to the Claimant in relation to the First Arbitration Notice and discussions are on-going for a proposed instalment payment on the First Arbitration Notice.

The Claimant has, in the meantime, agreed to withhold the arbitration proceedings under the Second Arbitration Notice until 28 September 2018, subject to receiving the abovementioned US\$500,000 (or equivalent to S\$685,000) in their bank account. The Company is currently waiting for the Claimant's confirmation on the receipt of fund and the withholding of the arbitration proceedings under the Second Arbitration Notice. As announced on 1 October 2018, there was no material development on the Arbitration Notices referred to the Hong Kong International Arbitration Centre. The Group will continue to follow up with the Claimant for the confirmation on the receipt of US\$500,000 in the Claimant's bank account and schedule a meeting with the Claimant's management to negotiate an amicable settlement of the disputes and cease the arbitration proceedings.

The Directors and the Management have represented and confirmed that the Arbitration Notices are still pending as at the Latest Practicable Date and subject to further discussion and negotiation with the Claimant and thus there exist some uncertainty pertaining to the outcome. As such, the Directors and the Management are unable to quantify accurately the materiality of the claims under the Arbitration Notices and the financial effect to the Group as at the Latest Practicable Date. In view of the uncertainty pertaining to the outcome, no views are being expressed with regards to the impact of the above litigation suit on the Group's NTA and financial performance. Independent Shareholders should note that the Group's NAV and NTA would be reduced (and thus, the discount of the Subscription Price from the Group's RNAV and RNTA would be smaller) in the event the Group is required to make a provision for the claims or in the event the claims materialise.

Save for the above Arbitration Notices, the Directors and Management have represented and confirmed that as at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

6.6 Undertaking by WSC

We note from the Circular that one of the conditions precedent for the Proposed Subscription is evidence in writing that WSC has undertaken in favour of the Subscriber:-

- (i) to vote and to procure his nominee(s) and proxies (if any) to vote all of his Shares in favour of:
 - (A) all resolutions to approve the Proposed Subscription and the Whitewash Resolution and any related matters proposed at any general meeting to be convened and held in connection with the Proposed Subscription, or at any adjournment of such meeting; and
 - (B) subject to Completion, at all times all resolutions to appoint in accordance with the Constitution of the Company such number of the Subscriber's nominees as directors of the Company so as to ensure that the Subscriber has adequate representation on the Board in proportion to its shareholding interests in the issued and paid-up share capital of the Company;
- (ii) acknowledging that it is the current intention of the Company and the Subscriber to maintain a public float for the Company and for the Company to comply with the relevant shareholding and distribution requirements of the Catalist Rules following Completion and agreeing that he shall,

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immediately after entry into the Subscription Agreement, use best efforts to dispose of such number of Shares as may be required to comply with the relevant shareholding and distribution requirements of the Catalist Rules following Completion;

- (iii) that at any time from the date of the Subscription Agreement until immediately before Completion, save for any disposal of shares, with the Subscriber's consent, so to ensure that at least 10% of the total number of issued shares in the enlarged issued and paid-up share capital of the Company after the Proposed Subscription (excluding preference shares, convertible equity securities and treasury shares) is held by the "public" as required under the Catalist Rules, not acquire or dispose of, or agree to acquire or dispose of, or create any encumbrance over any of his shares in the Company without prior written consent from the Subscriber;
- (iv) that notwithstanding any agreement entered into between WSC and/or his Affiliates (as defined in the Subscription Agreement) as lender and the Company and/or its related corporations as borrower/guarantor, for so long as the outstanding principal and interests under the SCF Convertible Loan Agreement remain unpaid, he shall not, and shall procure his Affiliates not to, require the Company and/or its related corporations to repay any Financial Indebtedness incurred by it from WSC and/or his Affiliates.

As at the Latest Practicable Date, WSC's total shareholdings interest in the Company is approximately 79.23%. The Ordinary Resolutions pertaining to the Proposed Subscription and the Whitewash Resolution require approval from majority Independent Shareholders and these will be achieved with WSC's voting in accordance with his undertaking.

6.7 Inter-conditionality of the Proposed Subscription and the Whitewash Resolution

Shareholders should note that Ordinary Resolutions 1 and 2 (collectively, the "**Inter-conditional Resolutions**") relating to the Proposed Subscription and the Whitewash Resolution, respectively, are inter-conditional upon each other. Accordingly, in the event that any of these Inter-conditional Resolutions is not approved, the other Inter-conditional Resolution would not be passed.

7. OPINION

In arriving at our recommendation in respect of the Whitewash Resolution, we have taken into account, *inter alia*, the following factors summarised below as well as others elaborated elsewhere in our Letter and this include the confirmation from the Directors on the valuation of the Appraised Assets and the Arbitration Notices (including but not limited to the uncertainty of the outcome and inability to quantify the materiality of the claims and the financial effects).

Our recommendation or opinion is by no means an indication of the merits of the prospects, financial performance and position of the Company and the Group or the prices at which the Shares would trade after the completion of the Proposed Subscription or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern or whether the expected benefits arising from the Proposed Subscription can be materialised.

Save for the Valuation Reports in connection with the probable fair value and/or market value of the Appraised Assets, we have not been furnished with the valuation for the remaining PVE and have relied on the Directors' confirmation that, *inter alia*, (i) as at the Latest Practicable Date, there are no material differences between the estimated fair value of the 4 Non-Appraised Vessels (being AOS Power, Delta-22, AOS 102, and AOS 104) and the remaining PVE for which no valuation was obtained and their respective net book value; (ii) the fair value of ES Thunder is similar to the fair value of AOS Victory in view of their similar specifications (including, *inter alia*, type of vessels, capacity and age) and (iii) despite the Valuation Reports for fourteen (14) Vessels are more than six (6) months old, no updated Valuation Reports are required as there is no material change to the probable fair value and/or market value of the fourteen (14) Vessels as at the respective valuation dates and as at the Latest Practicable Date. Our views, recommendation and opinion are necessarily limited and subject to these matters. This is purely a summary of the factors that have been highlighted in this Letter and Shareholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter.

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The following should be read in conjunction with, and in the context of, the full text of this Letter.

- (a) The rationale of the Proposed Subscription as described in Section 5 of the Circular. We note from Section 5 of the Circular that the Proposed Subscription is intended to raise funds for (i) settlement of the Company's payment obligations and accepting delivery for the two Vessels, including the mobilisation costs and operating expenses relating to the deployment of these Vessels; (ii) full repayment of the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement; and (iii) working capital requirements.
- (b) The current financial performance and position of the Group. The Group reported profit after tax attributable to owners of the Company of approximately US\$14.1 million in FY2015 but subsequently it recorded loss after tax attributable to owners of the Company of approximately US\$11.4 million and US\$13.2 million in FY2016 and FY2017 respectively. The Group recorded marginal profit after tax attributable to owners of the Company of approximately US\$73 thousand in 9M2018. The Group recorded negative net working capital during the period reviewed (9M2018: negative US\$46.5 million) and its gearing ratio has increased from approximately 0.3 times as at 31 December 2015 to approximately 1.4 times as at 30 September 2018.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the financial statements for the Group for FY2017 and 9M2018, there has been no material changes to the assets and liabilities, financial position, condition and performance of the Group.

- (c) The material uncertainty related to going concern for the Group as highlighted in the Independent Auditor's Report for FY2017 which we have assessed in conjunction with the Directors' confirmation that the sufficiency of the Group's working capital for the next 12 months and the ability of the Group to continue as going concern will depend on, *inter alia*, the successful completion of the Proposed Subscription and the cash flow generated from deployment of certain Vessels.
- (d) The Group incurred loss after tax attributable to owners of the Company for the LTM ended 30 September 2018. Likewise, four (4) out of six (6) Selected Comparable Companies were also loss making for the LTM ended 30 September 2018. The Group's financial position in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity appears to be within the range but higher than the median for the Selected Comparable Companies. It is noted that for the Group to achieve total borrowings to shareholders' equity ratio of 0.8 times (which is the median for the Selected Comparable Companies), its shareholders' equity for the Group would have to be increased by approximately US\$53.0 million (based on the total borrowings of approximately US\$102.9 million as at 30 September 2018), while the Net Proceeds to be raised from the Proposed Subscription is approximately US\$25.8 million. In addition, we note that based on the unaudited financial statements for the Group for 9M2018, the Group had current liabilities which exceeded current assets by approximately US\$46.5 million while the Net Proceeds from the Proposed Subscription is approximately US\$25.8 million.
- (e) The Subscription Price (as set out in Section 5 of this Letter) after taking into account, *inter alia*, the following factors:-
 - (i) The Subscription Price represents a discount of approximately 65.9% from both the Group's NAV and NTA per Share as at 30 September 2018.
 - (ii) The Subscription Price represents a discount of approximately 41.1% to 44.7% from the Group's RNAV per Share and approximately 40.9% to 44.5% from the Group's RNTA per Share. Recommending Directors are advised to assess the evaluation of the Subscription Price vis-à-vis the Group's RNAV and RNTA per Share in conjunction with the Group's weak financial performance (loss making in FY2016 and FY2017 but with marginal profit in 9M2018) and financial position with negative net working capital as at 30 September 2018, and the matters highlighted in the AR2017 pertaining to, *inter alia*,

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material uncertainty related to going concern and key audit matters on, *inter alia*, carrying value of Vessels as well as the Arbitration Notices pertaining to claims as announced on 20 September 2018 and 1 October 2018.

- (iii) The comparison of the Subscription Price and the historical prices for the Shares:-
- The Subscription Price represents a premium of approximately 10.5% over the last transacted price of S\$0.122 per Share on the SGX-ST on 13 June 2018 (being the Last Trading Day for the Shares preceding the Announcement Date);
 - The Subscription Price represents a discount of approximately 16.4% and 24.8% from the VWCP for the Shares for the period 12-month and 6-month prior to and including the Announcement Date;
 - The Subscription Price represents a premium of approximately 10.5% over the VWCP for the Shares for the period 3-month prior to and including the Announcement Date;
 - The Subscription Price represents a premium of approximately 4.2% over the VWCP for the Shares for the period commencing on the Announcement Date and ending on the Latest Practicable Date; and
 - The Subscription Price represents a premium of approximately 3.7% over the last transacted price of S\$0.130 per Share on 31 October 2018, being the Last Trading Day preceding the Latest Practicable Date.
- (iv) Comparison of the valuation of the Group as implied by the Subscription Price with the Selected Comparable Companies. The valuation of Group as implied by the Subscription Price in terms of LTM EV/EBITDA, is higher than Marco Polo and Vallianz (being the two Selected Comparable Companies with positive LTM EBITDA). The valuation of the Group in terms LTM PER ratio, as implied by the Subscription Price and the last transacted price for the Shares as at the Latest Practicable Date is not meaningful in view of the loss incurred in the LTM ended 30 September 2018. Meanwhile, the valuation of the Group in terms of P/NAV and P/NTA (as implied by both the Subscription Price and last transacted price for the Shares as at the Latest Practicable Date and based on the Group's RNAV and RNTA) is within the range and slightly higher than the median and the simple average for the Selected Comparable Companies. We note that all of the Selected Comparable Companies recorded impairment losses for their vessels in their latest financial year after taking into account *inter alia* value in use or market value of the vessels.
- (v) Comparison with the Selected Comparable Transactions which shows that (a) the valuation of the Group, in terms of the Subscription Price to RNTA, is within the range and in line with the median for the Selected Comparable Transactions; (b) the valuation of the Group, in terms of the Subscription Price to RNTA, is slightly higher than the median for the Selected Comparable Transactions with similar change in shareholding of the incoming shareholders (from 0% to more than 50%); and (c) the premium of approximately 10.5% as implied by the Subscription Price over the last transacted price for the Shares prior to the Announcement Date is within the range of premiums and discounts for the Selected Comparable Transactions and more favourable as compared to the simple average and the median for the Selected Comparable Transactions.

The relatively better pricing of the Subscription Price in terms of the comparison with the last transacted price for the Shares prior to the Announcement Date may, *inter alia* be assessed in the context of the low liquidity for the Shares commencing from 12 months period prior to the Announcement Date (where the average daily trading volume for the Shares were only approximately 2.7 thousand or approximately 0.001% of the total outstanding Shares as at the Latest Practicable Date and Shares were only traded on 24 Trading Days out of the total 250 Market Days). It is generally accepted that the less actively traded the shares, the lesser the reliance on market prices as a determination of

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the fair value of the shares. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value, they represent for prices for transactions between willing buyer and willing seller.

- (f) The pro-forma financial effects of the Proposed Subscription as outlined in Section 4 of the Circular. Whilst noting the unfavourable effect of the Proposed Subscription on the Group's NTA per Share, the approval of the Whitewash Resolution will allow the Company to raise gross proceeds of up to approximately US\$26.0 million (before deducting estimated expenses incurred in connection with the Proposed Subscription) with favourable financial effects on the on the Group's LPS as outlined in the Circular as well as providing the Company with the necessary funding for (i) settlement of the Company's payment obligations and accepting delivery for the two Vessels, including the mobilisation costs and operating expenses relating to the deployment of these Vessels; (ii) full repayment of the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement; and (iii) working capital requirements.
- (g) The dilutive impact of the Proposed Subscription, set out in Sections 6.4 and 6.5 of the Circular, on the percentage of shareholding interest of the existing Shareholders and the significant reduction in the voting interest in the Company following the Completion of the Proposed Subscription which should be viewed in conjunction with the Group's weak financial performance (loss making in FY2016 and FY2017 but with marginal profit in 9M2018) and financial position with negative net working capital as at 30 September 2018, and the matters highlighted in the AR2017 pertaining to, *inter alia*, material uncertainty related to going concern and key audit matters on, *inter alia*, carrying value of Vessels as well as the Arbitration Notices pertaining to claims as announced on 20 September 2018 and 1 October 2018.
- (h) The Directors have confirmed that whilst significant efforts have been made by the Directors and Management to source for alternative offer for investment in the Company, as at the Latest Practicable Date, they are not aware of any alternative offers for investment in the Company, which is comparable in nature, size and scope to the Proposed Subscription and with injection of cash proceeds into the Group which would strengthen the Group's financial position, so as to enhance Shareholders' value.
- (i) The passing of the Ordinary Resolutions relating to the Proposed Subscription and the Whitewash Resolution set out in the Circular are inter-conditional. This means that if any of the Ordinary Resolutions is not approved, the other Ordinary Resolutions will not be passed.
- (j) Other relevant considerations as set out in Section 6 of this Letter including but not limited the undertaking provided by WSC.

In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints stated above *inter-alia* there being either no updated Valuation Reports or no valuation reports for 19 out of 24 Vessels owned by the Group) and after having considered carefully the information available to us and based on the market, economic and other relevant conditions prevailing as at the Latest Practicable Date and subject to our terms of reference, we are of the view that the financial terms of the Proposed Subscription, being the subject of the Whitewash Resolution, are, on balance **FAIR, REASONABLE and NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders.

For the purposes of evaluation of the Proposed Subscription, being the subject of the Whitewash Resolution, from a financial point of view, we have adopted the approach that the term "fair" and "reasonable" comprises two distinct concepts:

- (i) Whether issuance of subscription shares is "fair" relates to an opinion on the value of the subscription price. This is based strictly on a fundamental analysis and evaluation of the subscription price as set out in this Letter and based on information known to us and/or which is publicly available).
- (ii) Whether issuance of subscription shares is "reasonable", relates to, after taking into consideration the actual and potential financial impact of other circumstances surrounding the

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issuance of subscription shares, which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Proposed Subscription (which is the subject of the Whitewash Resolution) to be **FAIR**, from a financial point of view after factoring in, *inter alia*, the following:-

- (a) The Group incurred loss after tax attributable to owners of the Company for the LTM ended 30 September 2018. Likewise, four (4) out of six (6) Selected Comparable Companies were also loss making for the LTM ended 30 September 2018. The Group's financial position in terms of total liabilities to shareholders' equity and total borrowings to shareholders' equity appears to be within the range but higher than the median for the Selected Comparable Companies. The Group's financial position is weak with negative net working capital as at 30 September 2018, which we have considered in conjunction with the matters highlighted in the AR2017 pertaining to, *inter alia*, material uncertainty related to going concern as well as the Arbitration Notices.

The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the financial statements for the Group for FY2017 and 9M2018, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

- (b) The Subscription Price is fairly comparable (being in general at premiums) to the historical market prices for the Shares for the period 3 months prior to the Announcement Date. The Subscription Price represents: (a) premiums of approximately 10.5% over the VWCP for the Shares for the period 3-month prior to and including the Announcement Date; and (b) a premium of approximately 10.5% over the last transacted price of S\$0.122 per Share on the SGX-ST on 13 June 2018 (being the Last Trading Day for the Shares prior to the Announcement Date) and this is more favourable as compared to the simple average and the median for the Selected Comparable Transactions.
- (c) Favourable comparison of the valuation of the Group as implied by the Subscription Price with the Selected Comparable Companies in terms of the P/RNAV and P/RNTA after taking into account the financial performance and position of the Group vis-à-vis the Selected Comparable Companies.
- (d) The valuation of the Group, in terms of the Subscription Price to RNTA, is within the range and in line with the median for the Selected Comparable Transactions. In addition, the valuation of the Group, in terms of the Subscription Price to RNTA, is slightly higher than the median for the Selected Comparable Transactions with similar change in shareholding of the incoming shareholders (from 0% to more than 50%).

We also consider the financial terms of the Proposed Subscription (which is the subject of the Whitewash Resolution) to be **REASONABLE and NOT PREJUDICIAL** to the interest of the Company and the Independent Shareholders, from a financial point of view after factoring, *inter alia*, the following:-

- (a) The potential favourable financial impact of the Proposed Subscription on the Group's LPS, which we have viewed in the context that the approval of the Whitewash Resolution will allow the Company to raise gross proceeds of up to approximately US\$26.0 million (before deducting estimated expenses incurred in connection with the Proposed Subscription) as well as providing the Company with the required funding (i) settlement of the Company's payment obligations and accepting delivery for the two Vessels, including the mobilisation costs and operating expenses relating to the deployment of these Vessels; (ii) full repayment of the outstanding principal and interests accrued and accruing up to and including 3 January 2019 under the SCF Convertible Loan Agreement; and (iii) working capital requirements.
- (b) The rationale of the Proposed Subscription as described in Section 5 of the Circular. The Proposed Subscription is intended to raise funds for (i) settlement of the Company's payment obligations and accepting delivery for the two Vessels, including the mobilisation costs and operating expenses relating to the deployment of these Vessels; (ii) full repayment of the outstanding principal and interests accrued and accruing up to and including 3 January 2019

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under the SCF Convertible Loan Agreement; and (iii) working capital requirements. We also note from Section 10 of the Circular that the Directors are of the view that the Proposed Subscription is in the best interests of the Company and its Shareholders.

- (c) The Directors' representation and confirmation that:-
- (i) The sufficiency of the Group's working capital requirement for the next 12 month and the ability of the Group to continue as going concern will depend on, *inter alia*, the successful completion of the Proposed Subscription.
 - (ii) Whilst significant efforts have been made by the Directors and Management to source for alternative offer with better pricing, as at the Latest Practicable Date, they are not aware of any alternative offers, which is comparable in nature, size and scope to the Proposed Subscription.

Recommendation

Based on our assessment of financial terms of the Proposed Subscription, being the subject of the Whitewash Resolution as set out above, from a financial point of view, we advise the Recommending Directors to recommend that Independent Shareholders vote **in favour of** the Whitewash Resolution to be proposed at the EGM. We advise the Recommending Directors to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is necessarily limited. We advise the Recommending Directors to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Whitewash Resolution.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group. The opinion set forth herein is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections or future financial performance of the Company after the completion of the Proposed Subscription and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Whitewash Resolution.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Independent Shareholders:

- (1) Independent Shareholders should note that WSC has provided an undertaking in favour of the Subscriber, *inter alia*, to vote and to procure his nominee(s) and proxies (if any) to vote all of his Shares in favour of the Proposed Subscription and the Whitewash Resolution. At as the Latest Practicable Date, WSC's total shareholdings interest in the Company is approximately 79.23%. The Ordinary Resolutions pertaining to the Proposed Subscription and the Whitewash Resolution required approval from majority Independent Shareholders and these will be achieved with WSC's voting in accordance with his undertaking.
- (2) Independent Shareholders should note that the Arbitration Notices are still pending as at the Latest Practicable Date and subject to further discussion and negotiation with the Claimant and thus there exist some uncertainty pertaining to the outcome. As such, the Directors and the Management are unable to quantify accurately the materiality of the claims under Arbitration Notices and the financial effect to the Group as at the Latest Practicable Date. In view of the uncertainty pertaining to the outcome, no views are being expressed with regards to the impact of the above litigation suit on the Group's NTA and financial performance. Independent Shareholders should note that the Group's NAV and NTA would be reduced (and thus, the discount of the Subscription Price from the Group's RNAV and RNTA would be smaller) in the event the Group is required to make a provision for the claims or in the event the claims materialise.

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- (3) Independent Shareholders should note that their approval of the Whitewash Resolution is a condition precedent to the allotment and issue of Subscription Shares pursuant to the terms of the Subscription Agreement, and if Independent Shareholders do not vote in favour of the Whitewash Resolution, the Proposed Subscription will not take place.
- (4) Independent Shareholders should note that by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive the General Offer from the Subscriber at the highest price paid by the Subscriber and its concert parties for Shares in the past six (6) months preceding the commencement of the offer.
- (5) Independent Shareholders should note that the passing of the resolutions relating to the Proposed Subscription set out in the Circular are inter-conditional. This means that if any of the resolutions is not approved, the other resolutions would not be carried. In particular, Independent Shareholders should note that the Proposed Subscription is conditional upon Independent Shareholders voting in favour of the Whitewash Resolution. Therefore, if Independent Shareholders do not vote in favour of the Whitewash Resolution, the Proposed Subscription will not take place.
- (6) Our scope does not require us and we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, PVE) or contracts entered or to be entered into by the Company or the Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group, save for Independent Valuation Reports issued by the Independent Valuers in respect of the market value of the Group's Appraised Assets. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, PVE) including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors (including validity of the Valuation Reports) and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Company and the Group as reflected in the unaudited financial statements for the Company and the Group as at 30 September 2018 are true and fair.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company's announcements on the SGX-Net and the financial statements for the Group for FY2017 and 9M2018, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

- (7) Our scope does not require us to express and we do not express, a view on the future growth prospects of the Company or the Group before and after the transactions stipulated in the Circular or the Whitewash Resolution or the sufficiency of the Group's working capital or the ability of the Group to continue as a going concern.

Specific Objectives

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

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8. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy or proxies to attend and vote on their behalf, may complete, sign and return the attached Proxy Form 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 at 6 Battery Road #10-01 Singapore 049909 not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes. In such event, the Proxy Form will be deemed to be revoked.

A Depositor shall not be entitled to attend, speak and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP not less than 72 hours before the time appointed for the holding of the EGM.

In addition, Independent Shareholders are advised to read Section 13 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter has been prepared pursuant to Rule 14 and Appendix 1 of the Takeover Code as well as addressed to the Recommending Directors in connection with and for the sole purpose of their evaluation of the Whitewash Resolution and is not meant or intended to be an evaluation of the other resolutions to be proposed or alternatives. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except that the Company and the Directors and the Shareholders may reproduce, disseminate or quote the IFA Letter for the sole purpose of the Whitewash Resolution and/or at the forthcoming EGM. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed herein, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply. Nothing herein shall prevent or exclude Shareholders from relying on this Letter in connection with the Whitewash Resolution, whether pursuant to the Contracts (Rights of Third Parties) Act Chapter 53B of Singapore or otherwise.

The recommendations made by the Recommending Directors to the Independent Shareholders in relation to the Whitewash Resolution as well as other resolutions referred to in the Circular and the issue of the Circular shall remain the sole responsibility of the Recommending Directors and the Directors respectively.

Yours faithfully,
For and on behalf of

ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

APPENDIX B

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED
(Incorporated in Singapore)
(Company Registration No. 200411055E)

PROPOSED SUBSCRIPTION OF 262,918,394 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY BY SAEED INVESTMENT PTE. LTD.

- EXTENSION OF DEFERRED DEPOSIT CONDITIONS PRECEDENT DATE

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 16 July 2018 and 14 August 2018 in relation to the Proposed Subscription (“**Previous Announcements**”).

Unless otherwise defined herein or the context requires otherwise, all capitalised terms used herein shall have the meanings ascribed to them in the Previous Announcements.

2. EXTENSION OF DEFERRED DEPOSIT CONDITIONS PRECEDENT DATE

Further to the Previous Announcements, the Board wishes to announce that the Company and the Subscriber have agreed, by way of a letter dated 1 October 2018 (“**Letter**”), to amend and vary the Subscription Agreement dated 15 July 2018 as follows:

- (a) the Deferred Deposit Conditions Precedent Date as defined in the Subscription Agreement shall be extended to 12 October 2018;
- (b) if any of the Deferred Deposit Conditions Precedent is not satisfied on or before the Deferred Deposit Conditions Precedent Date (as extended by the Letter), the Company shall repay the Deposit in cash within six (6) months after 15 August 2018 by remittance to the Subscriber Account of the full amount of the Deposit; and
- (c) if any of the Deferred Deposit Conditions Precedent is not satisfied on or before the Deferred Deposit Conditions Precedent Date (as extended by the Letter), the Share Repayment Option may be exercised by the Subscriber at any time during the period commencing from no later than three (3) Business Days before the Deferred Deposit Conditions Precedent Date (as extended by the Letter) and ending on the date falling six (6) months after 15 August 2018.

The Company will make the necessary announcements when there are further developments. Shareholders are advised to read the Previous Announcements, this announcement and any further announcements by the Company carefully. Shareholders should also consult their stockbroker, bank manager, solicitor or other professional adviser if they have any doubt about the actions that they should take.

APPENDIX B

By Order of the Board

Wong Siew Cheong
Executive Chairman and Chief Executive Officer

Date: 1 October 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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Atlantic Navigation Holdings (Singapore) Limited
(Company Registration No. 200411055E)
(Incorporated in Singapore)

PROPOSED SUBSCRIPTION OF 262,918,394 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY BY SAEED INVESTMENT PTE. LTD.

- EXTENSION OF DEFERRED DEPOSIT CONDITIONS PRECEDENT DATE

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 16 July 2018, 14 August 2018, 1 October 2018 and 25 October 2018 in relation to the Proposed Subscription (the “**Previous Announcements**”).

Unless otherwise defined herein or the context requires otherwise, all capitalised terms used herein shall have the meanings ascribed to them in the Previous Announcements.

2. EXTENSION OF DEFERRED DEPOSIT CONDITIONS PRECEDENT DATE

Further to the Previous Announcements, the Board wishes to announce that the Company and the Subscriber have agreed, by way of a letter dated 1 November 2018, that the Deferred Deposit Conditions Precedent Date shall be extended to the earlier of (a) 30 November 2018 and (b) the date of Completion.

The Company will make the necessary announcements when there are further developments. Shareholders are advised to read the Previous Announcements, this announcement and any further announcements by the Company carefully. Shareholders should also consult their stockbroker, bank manager, solicitor or other professional adviser if they have any doubt about the actions that they should take.

By Order of the Board

Wong Siew Cheong
Executive Chairman and Chief Executive Officer

Date: 1 November 2018

APPENDIX B

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This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement. The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

APPENDIX B

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED
(Incorporated in Singapore)
(Company Registration No. 200411055E)

PROPOSED SUBSCRIPTION OF 262,918,394 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY BY SAEED INVESTMENT PTE. LTD.

- EXTENSION OF DEFERRED DEPOSIT CONDITIONS PRECEDENT DATE AND LONGSTOP DATE

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Atlantic Navigation Holdings (Singapore) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements dated 16 July 2018, 14 August 2018, 1 October 2018 and 1 November 2018 in relation to the Proposed Subscription (“**Previous Announcements**”).

Unless otherwise defined herein or the context requires otherwise, all capitalised terms used herein shall have the meanings ascribed to them in the Previous Announcements.

2. EXTENSION OF DEFERRED DEPOSIT CONDITIONS PRECEDENT DATE

Further to the Previous Announcements, the Board wishes to announce that the Company and the Subscriber have agreed, by way of a letter dated 22 November 2018, that (i) the Deferred Deposit Conditions Precedent Date shall be extended to the earlier of (a) 13 December 2018 and (b) the Completion Date; and (ii) the Longstop Date shall be extended to 13 December 2018.

The Company will make the necessary announcements when there are further developments. Shareholders are advised to read the Previous Announcements, this announcement and any further announcements by the Company carefully. Shareholders should also consult their stockbroker, bank manager, solicitor or other professional adviser if they have any doubt about the actions that they should take.

By Order of the Board

Wong Siew Cheong
Executive Chairman and Chief Executive Officer

Date: 22 November 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.*

APPENDIX B

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200411055E)

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed in the circular to shareholders dated 23 November 2018 issued by Atlantic Navigation Holdings (Singapore) Limited (“Circular”).

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Atlantic Navigation Holdings (Singapore) Limited (the “Company”) will be held at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 on 10 December 2018 at 4 p.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following ordinary resolutions:

ORDINARY RESOLUTION 1

THE PROPOSED ALLOTMENT AND ISSUANCE OF 262,918,394 SUBSCRIPTION SHARES TO SAEED INVESTMENT PTE. LTD., COMPRISING UP TO 45,505,107 REPAYMENT SHARES UPON THE EXERCISE OF THE SHARE REPAYMENT OPTION, PURSUANT TO THE TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT

That, subject to and contingent upon the passing of Ordinary Resolution 2:

- (a) approval be and is hereby given for the allotment and issuance of 262,918,394 Subscription Shares to Saeed Investment Pte. Ltd. (the “Subscriber”), comprising up to 45,505,107 Repayment Shares, upon the exercise of the Share Repayment Option, subject to and otherwise in accordance with the terms and conditions of the Subscription Agreement; and
- (b) the Directors of the Company and each of them be and is hereby authorised to implement, execute, perfect or give effect to complete and do all such acts and things (including executing all such documents as may be required) as they or he may in their/his absolute discretion consider necessary, desirable or expedient in the interests of the Company to complete the proposed allotment and issuance and to give effect to this Ordinary Resolution 1.

ORDINARY RESOLUTION 2

THE WHITEWASH RESOLUTION FOR THE WAIVER BY INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM THE SUBSCRIBER AND ITS CONCERT PARTIES

That, subject to and contingent upon the passing of Ordinary Resolution 1 and the conditions in the letter from the SIC dated 7 September 2018 and 20 November 2018 being fulfilled, the Independent Shareholders, do hereby unconditionally and irrevocably waive their rights to receive a general offer from the Subscriber and its concert parties in accordance with Rule 14 of the Code, for all the Shares not already owned by the Subscriber and its concert parties, as a result of the allotment and issue of 262,918,394 Subscription Shares to the Subscriber pursuant to the Proposed Subscription.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SHAREHOLDERS SHOULD NOTE THAT ORDINARY RESOLUTIONS 1 AND 2 (COLLECTIVELY, THE “INTER-CONDITIONAL RESOLUTIONS”) ARE INTER-CONDITIONAL UPON EACH OTHER. ACCORDINGLY, IN THE EVENT THAT ANY OF THESE INTER-CONDITIONAL RESOLUTIONS IS NOT APPROVED, THE OTHER INTER-CONDITIONAL RESOLUTION WOULD NOT BE PASSED.

By Order of the Board

Chew Kok Liang
Company Secretary

Singapore
23 November 2018

Notes:

1. A member of the Company (other than a Relevant Intermediary⁴) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies, failing which the nomination shall be alternative.
3. A member who is a Relevant Intermediary entitled to attend the EGM and vote, is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
4. If the member is a corporation, the instrument appointing the proxy must be under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. If a proxy is to be appointed, the instrument appointing the proxy must be deposited at the registered office of the Company at 6 Battery Road #10-01 Singapore 049909 not less than forty-eight (48) hours before the time appointed for the EGM.
6. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM as certified by The Central Depository (Pte) Limited to the Company.
7. In the case of joint shareholders, all holders must sign the form of proxy.

⁴ 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal data privacy:

“**Personal data**” in this Notice of EGM has the same meaning as “personal data” in the Personal Data Protection Act 2012 (“**PDPA**”), which includes a member’s name and his/her proxy’s and/or representative’s name, address and NRIC/Passport number. Where a member of the Company submits 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. The member’s personal data and the proxy’s and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

*This notice has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this notice.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

PROXY FORM

ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200411055E)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name), _____ (NRIC/Passport No.),
of _____ (Address)

being a member/members of ATLANTIC NAVIGATION HOLDINGS (SINGAPORE) LIMITED (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the EGM, as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the EGM to be held at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 on 10 December 2018 at 4 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the ordinary resolutions as set out in the Notice of EGM. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, my/our* proxy/proxies* will vote or abstain from voting at his/their discretion.

(If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Ordinary Resolution	No. of votes for	No. of votes against
1.	The proposed allotment and issuance of 262,918,394 Subscription Shares to Saeed Investment Pte. Ltd., comprising up to 45,505,107 Repayment Shares upon the exercise of the Share Repayment Option, pursuant to the terms and conditions of the Subscription Agreement		
2.	The Whitewash Resolution for the waiver by Independent Shareholders of their rights to receive a mandatory general offer from Saeed Investment Pte. Ltd. and its concert parties		

Dated this _____ day of _____ 2018

Total no. of Shares

Signature(s) of Shareholder(s)/Common Seal
of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

Notes:

1. A member should insert the total number of ordinary shares held by him/her. If the member has ordinary shares entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he/she should insert that number. If the member has ordinary shares registered in his/her name in the Register of Members, he/she should insert that number. If the member has ordinary shares entered against his/her name in the Depository Register and ordinary shares registered in his/her name in the Register of Members, he/she should insert the aggregate number. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by the member.
2. A member of the Company (other than a Relevant Intermediary⁵) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead, subject to note 4 below. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary) appoints two (2) proxies, the member shall specify the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy, failing which the nomination shall be alternative.
4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to Note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Battery Road #10-01 Singapore 049909 not less than 48 hours before the time appointed for the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of EGM dated 23 November 2018.

⁵ 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.