

Appendix C

Company Information Memorandum

Overview

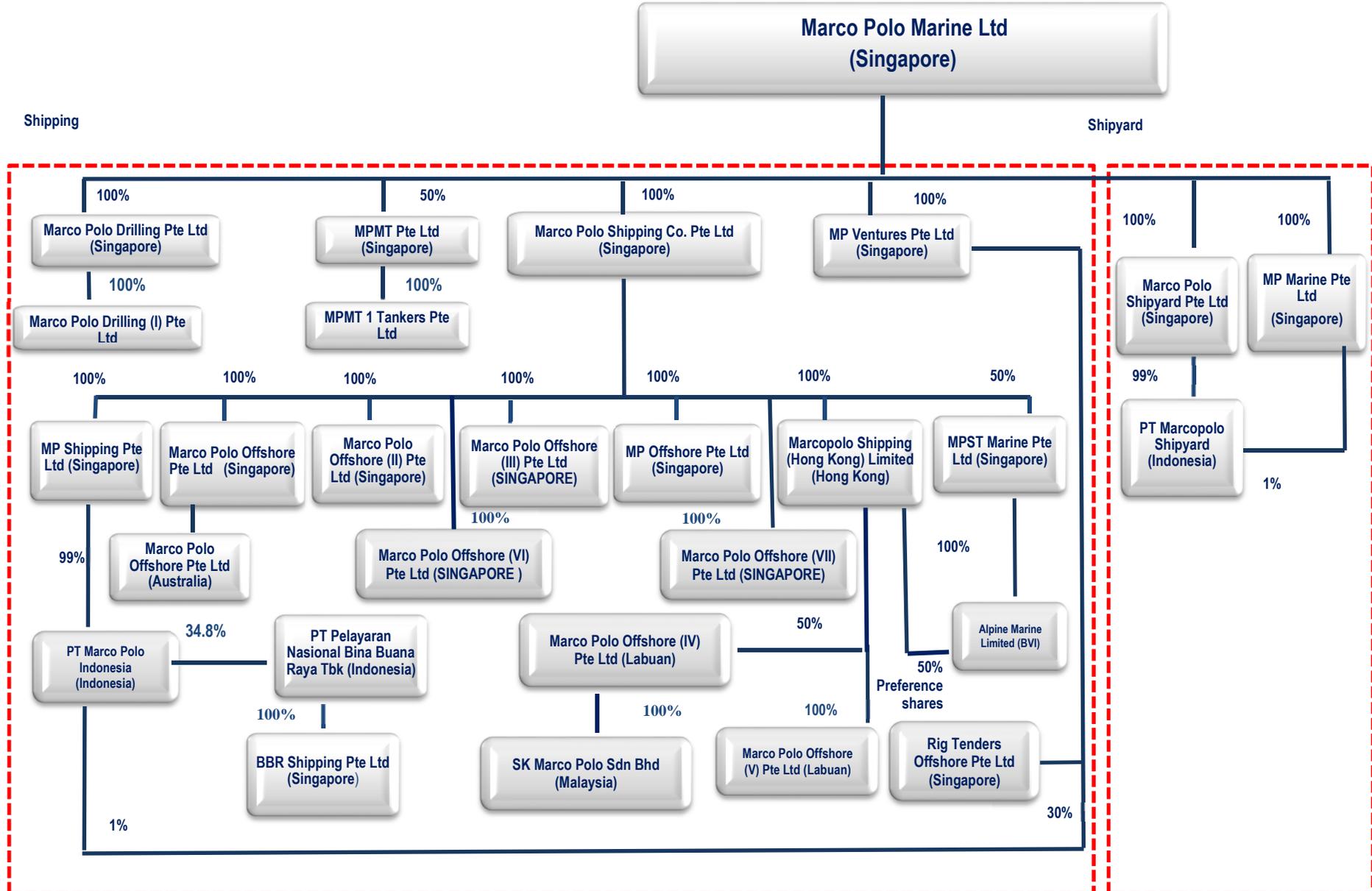
The Group is an integrated marine logistics services provider which has expanded to become a reputable player in the marine industry Asia. The Group is principally engaged in the following businesses:-

- the ship chartering business, which includes the provision of chartering, re-chartering and transshipment services of (i) OSVs, comprising mostly AHTS vessels and AHT vessels which are deployed in regional waters including Australia, the Gulf of Thailand and Indonesia, (ii) tugboats and barges, especially in the mining, commodities, construction, infrastructure, land reclamation and oil and gas industries, and (iii) bunker vessels; and
- the shipyard business, which includes the provision of ship building, repair and maintenance, as well as outfitting and conversion services, and offshore oil and gas fabrication works, for ships in Batam, Indonesia.

In April 2012, the Group entered into a joint venture agreement with Marine Tankers Holdings Pte. Ltd. to establish a joint venture company, the principal activities of which relate to the ownership and management of bunkering vessels with a view to provide bunkering logistics services primarily within the vicinity of the Singapore waters.

In January 2013, PT Pelayaran Nasional Bina Buana Raya Tbk ("**BBR**"), of which 49% was held by the Issuer, successfully listed on the Indonesia Stock Exchange ("**IDX**"). On 29 September 2014, the Company announced that it had signed a binding head of agreement with Nam Cheong Limited ("**Nam Cheong**", and together with its subsidiaries, the "**NCL Group**") whereby the Issuer would renounce and Nam Cheong would invest amounts up to 30% on an enlarged basis in BBR, as part of a rights issue exercise proposed by BBR. Thereafter, the Issuer's shareholding in BBR decreased to 34.8%.

Group Structure



Business Activities

The Group is principally engaged in the following businesses:-

- Ship chartering
- Shipyard services

Ship Chartering

The Group has built up an established shipping track record marked by quality service and timely deliveries. The Group's ship chartering business provides OSVs as well as tugboats and barges which are deployed in regional waters to its customers, especially in the offshore oil and gas, mining, commodities, construction and infrastructure sectors. The offshore division was established at the end of 2010 with the objective of venturing into the offshore oil and gas sector. Since then, the Group has expanded its fleet of OSVs to 22 (with ten owned through joint ventures entities). As for its tugboats and barges, this division offers customised solutions for bulk handling and transportation (coal, steel scrap, iron ores, sand, aggregates and other commodities), as well as chartering and transshipment services.

The following table shows the revenue contribution from the Group's Ship Chartering and Shipyard business accounted in FY 2013 up to the nine month period ended 30 June 2017 (figures are in S\$, in millions, except for percentages):

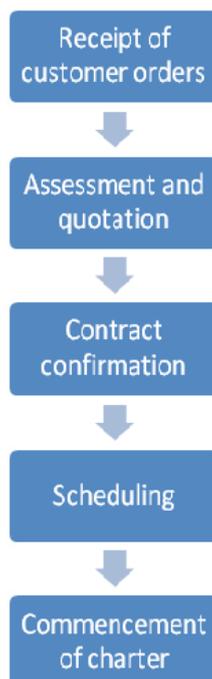
	<u>2013</u>	%	<u>2014</u>	%	<u>2015</u>	%	<u>2016</u>	%	<u>9M2017</u>	%
Shipping	57.0	61	64.7	57	32.4	34	17.1	39	12.4	37
Shipbuilding	36.6	39	48.4	43	61.5	66	29.8	61	20.9	63
	<u>93.5</u>	<u>100</u>	<u>113.1</u>	<u>100</u>	<u>93.9</u>	<u>100</u>	<u>29.0</u>	<u>100</u>	<u>33.3</u>	<u>100</u>

Chartering services

The Group presently charters its OSVs, tugboats and barges mainly to customers which request for the provision of transportation services on an *ad-hoc* basis, as and when they need to ship cargo. The Group's acceptance of such services is dependent on, inter alia, vessel availability and pricing. The Group may also charter-in vessels from other ship-owners for re-charter to its customers where there is an excessive demand for its vessels.

Ship chartering process

Generally, the process for ship chartering is as follows:



(i) Receipt of customer orders

The Group's Sales and Marketing Team receives and attends to enquiries from prospective customers. Upon receipt of customer orders, this team will establish an understanding of the customers' requirements and budget. Thereafter, such orders will be forwarded to the Group's Operations Team for assessment.

(ii) Assessment and quotation

The Group's Operations Team will assess customer orders based on factors such as the level of risk faced by its vessels when plying the requested routes, the distance of the plying routes, the size of vessels required, the cargo loading and discharging time, as well as the types of vessels and materials to be transported. For routes where the probability of facing rough sea conditions is high, the Group may refrain from providing its vessels for charter altogether. After careful assessment by the Group's Operations Team that it is able to provide vessels for charter based on the routes indicated by its customers, the Group's Sales and Marketing Team will proceed with providing a price quotation.

(iii) Contract confirmation

Once the Group's customers have confirmed that the Group's quotations are acceptable to them, the Group will enter into a charter contract with them. The type of charter contract entered into will depend on the Group's customers' preferences and needs.

(iv) Scheduling

The Group's Operations Team is responsible for overseeing the overall vessel scheduling for its fleet and crew placement. Schedules are carefully planned in accordance with its customers and regulatory requirements, in order to achieve optimal utilisation rates for each of its vessels and to maximise time and cost savings for each voyage undertaken by its vessels.

(v) Commencement of Charter

Upon execution of the charter contract, the Group will commence the deployment of its vessels or deliver its vessels to its customers at the specified time and to the designated destination for their use, based on the terms and conditions stipulated in the charter contract.

For time charter contracts, prior to handing over of vessels to its customers, the Group conducts an “onhire” survey jointly with its customers to document the condition of the vessels. This is to ensure that these vessels are returned to the Group in similar conditions as they were in before the commencement of the charter and to minimise any disputes arising therefrom.

Charter Arrangements

The Group charters its vessels to customers under the following types of charter arrangements:-

Voyage charter

Under this arrangement, the Group transports a specific amount and type of cargo from one place to a destination designated by its customers for a fee which may be calculated by reference to the quantity and type of cargo carried and the distance of voyage covered. The Group’s customers will determine the dates for the ship’s arrival at the loading port, the estimated time for loading and discharge, and the duration of the voyage. With this arrangement, unless agreed otherwise, the chartering party typically pays only the charter fee, while the Group generally bears all expenses including voyage, fuel costs and port charges, crew expenses and other operating costs. As at the Latest Practicable Date, the bulk of the Group’s chartering arrangements with respect to tugs and barges are through voyage charters.

Time charter

Under time charter contracts, the Group’s vessels are chartered to its customers for fixed periods of time at a negotiated charter fee that is generally also fixed. During the time charter period, the chartering party is directly responsible for paying any voyage expenses including the fuel and port charges, as well as any agency fees. On the other hand, as the shipowner, the Group would typically be responsible for its operational crew, along with all maintenance services, supplies, spare parts, crew meals and other operational costs, all of which are factored into the negotiated charter fee. However, these items may sometimes be passed to the charterer under the terms of the contract. Essentially, under a time charter, a customer rents a fully operational vessel and crew for a period of time during which he can direct where the vessel will go and what cargo it will carry, while he pays for the fuel and port charges during that time.

Bareboat charter

Bareboat charters are similar to time charters, except that under a bareboat charter contract, the charterer is responsible for the provision of its own operational crew and all maintenance services, supplies, spare parts, crew meals and other operational costs that may be incurred.

For each type of charter contract, the Group provides its customers with short-term or spot charters which typically range from three days to six months, and long-term charters of up to two years. In general terms, the longer-term charters are less volatile as they reflect the fact that the vessel is fixed for a longer period of time. In the spot market, rates will reflect the immediate underlying conditions in vessel supply and demand and are thus more volatile. The longer-term charter contracts allow the Group to better manage its cash flow and protect it against short-term industry downturns. While spot charter contracts may increase its risks in relation to short-term market fluctuations, they also allow the Group to take advantage of short-term increases in charter rates from market fluctuations to grow its revenue.

For the Group's tugs and barges operations, these transport mainly mining products, such as coal and granite mix aggregates, for use by the construction, infrastructure, property development and land reclamation industries. From time to time, the Group also transports heavy equipment, machineries and finished goods for its customers. Serving mainly Singaporean and Indonesian customers, the Group's vessels mainly ply Singaporean, Indonesian, Malaysian and Vietnamese waters.

The Group's Fleet

Over the years, the Group, together with its associated companies and joint venture companies, has expanded its fleet through the acquisition of OSVs with greater capacity and tailored for specific purposes. As at the Latest Practicable Date, the Group owns ten OSVs (including one offshore utility boat) and 23 Singapore-flagged tugboats and barges through Marco Polo Shipping Co Pte Ltd, one OSV through Rig Tenders Offshore Pte Ltd (a joint venture company), two bunker vessels through MPMT Pte Ltd (a joint venture company), one workboat through Marco Polo Offshore (IV) Pte Ltd (a joint venture company) as well as six OSVs and 58 Indonesia-flagged tugboats and barges (including a self-propelled barge) through BBR, which mainly ply Singaporean, Indonesian, the Gulf of Thailand, and to a lesser extent, Australian and Malaysian waters. The Group enjoys the tax-exempt shipping income status provided for under Section 13A of the Income Tax Act, Chapter 134 of Singapore (the "ITA") in respect of all its Singapore-flagged vessels.

The table below provides a breakdown of the types of vessels the Group owns as of the Latest Practicable Date:-

Type of vessel	Number of Units	Footnote
Tugboat	41	(4)
Barge	40	(4)
AHTS vessel	14	(4)(1)
AHT vessel	2	
PSV	1	(4)
Workboat	2	(3)
Offshore utility boat	1	
Self-propelled barge	1	(4)
Bunker vessel	2	(2)

- (1) One AHTS vessel is held by the Group through Rig Tenders Offshore Pte Ltd (a joint venture company).
(2) Two bunker vessels held by the Group through MPMT Pte Ltd (a joint venture company).
(3) One workboat is held by the Group through Marco Polo Offshore (IV) Pte Ltd (a joint venture company)
(4) 29 tugboat, 29 barges, one self-propelled barge, five OSVs and one PSV held by the Group through BBR (a joint venture company)

Utilisation Rates

The utilisation rates for the Group's vessels for each of FY2014, FY2015, FY2016 and 9M2017 are estimated as follows:-

	FY2014	FY2015	FY2016	9M2017
Fleet average utilisation rate of tugboats and barges (approximately)	63	57	43	71
Fleet average utilisation rate of OSVs (approximately)	95	88	47	33

The Group's fleet utilisation is calculated based on the number of days in which its operating vessels are in operation over the number of actual calendar days. During the days when the Group's operating vessels are not in operation, they mainly undergo maintenance and repair works or statutory audit by the classification societies as required by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, promulgated by the International Maritime Organisation.

The Group continually monitors the markets in which it operates to assess any acquisition opportunities. Before acquiring any vessels, it will assess the development and outlook of the market in which it operates and analyse, among other things, the value and earning potential of the vessels and the time required to recoup its capital investment.

IDX-listed BBR

BBR was incorporated in February 1998 principally to provide ship agency functions. It has been awarded various Indonesian business licences for sea transportation over the years. On 29 September 2014, the Company announced that it had signed a binding head of agreement with Nam Cheong Limited (“**Nam Cheong**”, and together with its subsidiaries, the “**NCL Group**”) whereby the Issuer would renounce and Nam Cheong would invest amounts up to 30% on an enlarged basis in BBR. The investment would be undertaken via a proposed rights issue of new shares in BBR where the Group would renounce its rights entitlements to subscribe for BBR shares in favour of Nam Cheong or its nominees. Following this, BBR, which is owned indirectly by the Issuer’s subsidiary, would then cease to be a subsidiary of the Group. As at the financial year ended 30 September 2015, the Group held 34.8% of BBR and BBR was equity accounted for as a joint venture.

Through BBR, the Group is able to tap on the Indonesian equities market and avoid the potentially detrimental effects that the cabotage principle may otherwise have on a non-Indonesian ship charterer.

Shipyard Services

The Group’s shipyard activities are carried out through PT Marcopolo Shipyard, which is one of the largest shipyards in Indonesia.

While the Group carries out the planning, preparation, procurement, supervisory and quality control aspects of a ship building job in-house, it generally outsource the tasks of design and construction of its vessels to sub-contractors, which include fabrication, assembly, machining, mechanical, piping and electrical outfitting, carpentry and hull testing.

The Group sells its vessels to external customers as well as build vessels to support its ship chartering operations. The Group may also, from time to time, sell vessels which it had originally built for its ship chartering operations to third parties. This enables the Group to improve its cash flow management.

Description of Shipyard

The Group’s shipyard is spread across an approximately 34-hectare land area and an approximately 650-metre seafront in Batam, and is well-equipped to carry out ship building, ship repairs and conversions, as well as oil and gas fabrications. Equipped with three units of graving docks (minimum 150 metres x 40 metres x 8.5 metres, maximum 190 metres x 40 metres x 9.0 metres), building berth, sheltered workshops, and modern equipment, the Group’s shipyard is able to perform ship building, ship conversion, dry-docking and repair works for commercial and offshore vessels, as well as offshore fabrication and installation works. Managed by an experienced management team and staff with extensive track records in the marine sector, the Group’s shipyard has capabilities in building and repairing sophisticated vessels.

PT Marcopolo Shipyard has equipped itself with the requisite facilities to build vessels of higher values that can reap better profit margins. The shipyard is fitted with workshops equipped with CNC plasma cutting machines, overhead and modern gantry cranes and the necessary modern equipment to enable it to carry out steel panel assembly and fabrication inside the workshops. Such workshops enable works to be carried out under stringent and controlled working environments, thereby enhancing the quality of the end products.

The shipyard is situated on land with a land area of 308,608 square metres comprising two plots of land. The first plot of land is evidenced by land title HGB No. 225 with an area of 152,750 square metres and the second

plot by land title HGB No.226 with an area of 155,858 square metres. The shipyard is located approximately 14.4 kilometres from Simpang Jam, approximately 21.6 kilometres from Hang Nadim International Airport, approximately 17.2 kilometres from Batam Centre Ferry Terminal and approximately 8.4 kilometres from Marina City Ferry Terminal.

Vessels Constructed

The vessels constructed or to be constructed by the Group are mainly for use in the offshore oil and gas industry and for commodities transport, and they include the following types of vessels:

OSVs

OSVs are vessels of more than 500 gross tons that are typically used to transport goods, supplies or equipment in support of exploration or production of offshore mineral or energy resources.

The OSVs constructed or to be constructed by the Group comprise mostly AHTS vessels and AHT vessels. AHTS and AHT vessels are designed to provide anchor handling for offshore drilling rigs, tow offshore drilling rigs, barges and other types of offshore supply vessels, and also transport supplies and equipment to and from offshore drilling rigs, production platforms and other types of offshore support vessels and installations. The Group's AHTS vessels range from 5,000 bhp to 12,000 bhp, which can produce between 60 and 130 tonnes of bollard pull. The AHTS vessels are generally between 60 metres and 70 metres long. The Group's AHT vessels are about 5,000 bhp, which can produce between 55 and 70 tonnes of bollard pull. The AHT vessels are about 50 metres long.

Offshore construction vessels

Offshore construction vessels are vessels which are usually used in the offshore oil and gas industry to perform offshore construction, installation and maintenance work, which may include heavy lift operations, pipe-laying and offshore subsea installation as well as diving support. Offshore construction vessels are significantly larger and more specialised than other offshore vessels.

Tugboats

Tugboats are usually small but extremely powerful boats whose main role is to pull or push much larger vessels, non-self-propelled units, or other floating structures. Their scope of work includes towage, salvage and assistance. Modern tugs have also fire-fighting, ice-breaking and oil dispersal capabilities. However, their main offshore use is for towing barges, structures and rigs as well as for the accurate positioning of offshore jackets and jack-up drilling rigs.

Barges

Barges are flat-bottomed, non-self-propelled units of shallow draft, designed for the transport of heavy or voluminous cargo on deck. Barges range in length from around 30 metres to 200 metres and need to be towed to and from their locations. Some barges are submersible so cargo can be floated on and off and then transported in a 'dry tow' mode with a tug towing the barge.

Swamp rig barges

Swamp rig barges are smaller rigs consisting of a barge upon which the drilling equipment is constructed and is optimised for inland, shallow water drilling, usually in lakes, swamps, rivers and canals. Swamp rig barges are large, floating platforms which normally come with accommodation facilities and are towed by tugboat from location to location.

Accommodation work barges

Accommodation barges are vessels specifically designed to house and accommodate crew. Depending on the size and specifications, the capacity of accommodation barges may vary from 150 to 500 people.

Ship building process

(i) Receipt of customer enquiries

Upon receipt of enquiries from prospective customers by the Group's Sales and Marketing Team, it will forward such enquiries to the Commercial Team, which will then hold meetings with such customers to establish an understanding of their requirements and budget. Based on information provided by customers such as the type of cargo to be transported by the vessel, the deadweight capacity required, the distance the vessel is expected to ply without refuelling and the speed at which the vessel is expected to travel, the Commercial Team will seek the Engineering Team's or external consultants' advice to determine the dimensional and design specifications of the vessels to be built. The Commercial Team will then provide an estimate of the cost of building the vessel before submitting its quotation for the customer's consideration.

(ii) Design and contract

In most instances, the Group's customers will provide it with the vessel designs, and the Group will, where applicable, recommend changes to the drawings so as to improve on the functionality of the design as well as to achieve optimal production efficiency. In certain instances, the Commercial and Engineering Teams together with an appointed external naval architect, undertake the actual conceptualisation and design of vessels. In such an event, the external naval architect will produce detailed engineering drawings of the vessel in accordance with the agreed dimensional and design specifications, taking into account the machinery, equipment, parts and materials to be fitted in the vessel.

Upon approval of the designs by customers and the relevant classification societies, the Group will enter into formal contracts with customers, upon which project planning and preparation works will commence.

(iii) Project planning and preparation

After reviewing the technical aspects of the design to ensure that it is consistent with customers' requirements, the Engineering Team will submit the drawings to customers for pre-approval. Thereafter, the drawings will be submitted to the relevant classification societies for final approval.

The project planning and preparation function of the Group's ship building process is overseen by the Project Team. The Project Team will develop a ship building schedule which will indicate a timetable for each stage of the ship building process. This schedule is strictly adhered to, in order to ensure that the vessel may be delivered to customers on time. Depending on the complexity of the ship building requirements, the Group may appoint an external consultant to assist it in its projects.

(iv) Procurement

Upon receiving the schedule of works for the project, the Group's Procurement Team obtains from its Commercial and/or Engineering Teams the list of machinery, equipment, parts and materials required and makes the necessary arrangements for their procurement. Upon receipt of the machinery, equipment, parts and materials, such as steel, cables and engines, the Group commences the construction of the vessel through the appointed sub-contractors to fabricate and assemble the steel

structures of the vessel and to undertake the electrical, mechanical and piping installation as well as joinery works.

(v) Fabrication and assembly

Steel plates are cut into different shapes and sizes, in accordance with design specifications. These pieces of steel are then fitted and welded together to form panels, and strengthened by angle bars. These panels are then assembled into major block structures, which are then welded together to form the hull of the vessel. Thereafter, for the self-propelled vessels such as AHTS vessels, the propulsion systems, engine machinery as well as electrical and piping systems are installed in the hull of the vessel. The vessel is then fitted with ancillary equipment such as navigational, surveillance and communications systems, purifiers and air-conditioning. The living quarters of the vessel is then fitted with carpentry works, furnishing and fixtures.

(vi) Hull testing, blasting and painting

Various tests, such as x-rays, ultrasonic and magnetic particle inspection, air and hydro tests, are undertaken to assess the structural integrity of the hull. After the tests are completed, high pressure blasting equipment is used to prepare the hull for blasting and painting. Thereafter, the vessel is prepared for launching.

(vii) Launching

The vessel is launched from dryland to water using either steel launching beams or air bags. After launching, the vessel is brought to the berth for outfitting and for commissioning.

(viii) Outfitting and commissioning

The vessel is then outfitted with other ancillaries such as mooring machines, steering gear, anchor chains and towing hooks. The vessel, together with its various systems, is then commissioned. A dock trial is also undertaken to ensure that the vessel conforms to the contractual design specifications and requirements, as well as the design specifications and requirements of the relevant classification society.

(ix) Testing and trial

Two separate trials are carried out on the newly constructed vessel. The first trial, conducted by the shipyard, is to ensure that the vessel's speed and maneuverability is in accordance with specifications. It also tests the workability of the various systems in the vessel.

An official trial is then conducted on the vessel at sea, in the presence of the Group's customers' representatives and a surveyor from the relevant classification society. The purpose of the official trial is to ascertain the seaworthiness and performance of the vessel, its machinery and equipment and to determine if the vessel was built in accordance with customers' specifications. If the results of the trials show that the vessels deviate from customers' specifications, the Group will carry out the necessary works to rectify such non-conformities. Upon the completion of the works, a re-trial is conducted to ensure that the vessel fully conforms to all relevant requirements. Upon a successful trial, statutory certificates are issued by the relevant classification societies, certifying that the vessel conforms to specifications and the standards and requirements set out in the various international conventions governing the maritime industry.

(x) Vessel delivery

After the issuance of the certificates by the classification societies, the vessel is delivered to customers.

(xi) Quality inspection and testing

Quality control is monitored at all stages of the ship building process. Since the shipyard commenced operations in December 2005 up to the Latest Practicable Date, the Group has completed the construction of more than 140 vessels.

Vessels under construction

As at the Latest Practicable Date, the Group has one vessel under construction at its shipyard. The table below provides a brief description of the types of vessels the Group is currently constructing:-

Type of Vessel	Year of Commencement of Construction	Expected Delivery Period
6,500 LTDW Production Oil Tanker	2016	2018

Major Customers

Over the years, the Group has established good working relationships with its broad base of customers.

For its ship chartering business, the Group's customers and end-users are mainly companies involved in the offshore oil and gas (for OSVs), and mining, commodities, construction and infrastructure industries (for tugboats and barges). For its ship building business, the Group's customers are mainly companies involved in industries or sectors similar to the abovementioned.

For FY2016 and 9M2017, the Group's major customers (i.e. customers which accounted for 5% or more of the Group's total revenue) included (for ship chartering, specifically of OSVs) major and/or national oil companies operating in Thailand, Vietnam and Malaysia, and (for shipyard services) returning and new customers operating in the region.

Major Suppliers

As the Group procures from a broad group of suppliers, it is generally not directly dependent on any one major supplier except for some equipment supplied by one or a few manufacturers or where the equipment brand is specified by customers. The Group selects suppliers that offer competitive terms and quality products.

For the Group's new shipbuilding contracts, generally, upon the signing of these contracts with its customers, the Group will enter into supply contracts with suppliers for purchases of major equipment and components such as engines and propellers. The Group continually purchases and keeps in stock steel materials (such as steel plates and angles) required for its shipbuilding operation. In respect of new shipbuilding contracts for larger vessels, the Group will also place orders for the purchase of steel materials required under these contracts.

Sales and Marketing

Reporting directly to the Group CEO, Mr Sean Lee Yun Feng, the Group has a dedicated Sales and Marketing Team which is responsive to market developments and the needs of its customers.

The Group's Sales and Marketing Team receives and attends to enquiries from prospective customers and seeks to establish an understanding of their budget and requirements. It is also responsible for soliciting feedback from existing customers of the services rendered and/or vessels delivered and maintaining and building relationships with such customers. To ensure customer satisfaction, the Group's Sales and Marketing Team also follows up with customers for the entire duration of their ship chartering or ship building contracts and addresses any queries, complaints or difficulties that they may face during that period of time.

As the Group constantly provides quality and reliable services at competitive prices and maintains good relationships with its customers, it is able to secure new contracts through referrals from existing customers.

Ship chartering

For the Group's ship chartering operations, the Group has stepped up its sales and marketing efforts in recent years to further expand and diversify its customer base. The Group has been successful in sourcing for new customers in other parts of Asia other than Indonesia and has broadened its end-customer base by extending its ship chartering services to customers in the commodity trading and marine logistics industries.

Shipyards services

For the Group's shipyard operations, the Group markets its services mainly to local and overseas customers involved in the shipping industry. The Group constantly makes inquiries with existing or prospective customers as to whether they have plans to expand their fleet through the construction of additional vessels, as well as their docking and/or ship repair plans.

As part of the Group's sales and marketing strategy, it participates in exhibitions in order to promote its ship building and ship repair capabilities and to increase its exposure and awareness of the development in the industry. Such exhibitions provide the Group with a platform to collate relevant market information and further provide it with an opportunity to meet potential customers and suppliers, to increase its profile as well as to gain publicity.

Quality Assurance and Maintenance

The Group believes that quality control is important to its business and it places a strong emphasis on all aspects of quality. The Group observes quality control at all stages of the ship chartering and ship building processes and has implemented stringent quality control procedures in order to provide quality service to its customers and achieve maximum customer satisfaction. For the Group's ship chartering operations, they have been certified to be in compliance with ISO 9001:2000 in 2007 and ISO 9001:2008 in 2009. For its shipyard operations, the Group was certified to be in compliance with ISO 9001:2008 in 2008.

Ship chartering

In the Group's ship chartering operations, the Group has stringent quality controls in place which emphasise the proper maintenance of vessels, as required by the Merchant Shipping Act, Chapter 179 of Singapore, and improving efficiency in the use of its vessels.

Regular inspection and maintenance of vessels

A log book is maintained by the Group's Operations Team for each and every one of the vessels operated by the Group, to record the movement of vessels. The Master and Chief Engineer are responsible for ensuring that the Group's vessels are in operational condition at all times. Regular inspection and maintenance is carried out onboard the Group's vessels by its personnel, to ensure that they are in good working condition. The Chief Engineer is responsible for monitoring and updating the Operations Team on the condition of the vessels. This is achieved through keeping records and, if requested, submitting status reports to the Operations Team, setting out any repair or maintenance work that might be required for the vessels.

Routine maintenance and repair works on hull machinery and equipment are performed by the Group's Chief Engineer and vessel crew. For more complex or major repairs, the Chief Engineer will, in consultation with the Operations Team, assess the condition of the vessel and decide on the relevant follow-up or remedial actions to be undertaken when the vessel returns to port.

In addition, the Group's superintendents inspect the vessels regularly when the vessels return to port. Thereafter, the superintendents will make a recommendation and seek approval for any repairs from the Group's Operations Team. All substantial modifications, repairs or additions to the Group's fleet are properly documented for future reference.

Classification of vessels

All the Group's vessels are subject to classification by a member of the International Association of Classification Societies. These classification societies certify that the vessels have been built and maintained in accordance with the rules of the classification society. In addition, they also certify that the vessels comply with all applicable rules and regulations of the flag state as well as with international conventions of which that state is a member. Such certifications are required as evidence that the vessels are class maintained and in seaworthy condition. Annual inspections are conducted on the Group's vessels by the classification societies to fulfill the requirements of these classification societies and the respective Flag of Registry. In addition to these annual inspections, the Group's vessels are drydocked for inspections every two and half years and are subject to special inspections every five years. The Group is required to undergo the above inspections in order to maintain the class certificates for its vessels, which in turn are required for submission to the respective Flag Administrations if the certificates of registration of the Group's vessels are to be maintained. Without the inspections, the Group will not be able to maintain the relevant class certificates and its vessels will be de-registered and prohibited from operating.

Fleet renewal policy

The Group has adopted a policy of continually renewing its fleet of vessels, with the majority of its vessels being less than five years old. This fleet renewal policy has allowed the Group to minimise expenditure on major repair and maintenance work, and as such, the Group's vessels are more cost efficient and are less prone to breakdowns, thereby ensuring reliable quality services to its clients. The policy would also allow the Group to dispose of any vessels which are in excess of its requirements.

Shipyard services

Ship building process

Quality control is observed at all stages of the ship building process. At each stage of construction, the Group's project manager will liaise with the Group's customers' representatives, contractors, the external naval architect and surveyors of the classification societies on the finalisation of the design of the vessel as well as to update them on the progress of all the works in the yard and workshops, including those undertaken by the Group's subcontractors as well as the engineering aspects of the project. The Group's project manager as well as the Group's customers' representatives, contractors and surveyors of the classification societies are frequently present on-site to supervise the ship building process to ensure that the works are carried out in accordance with relevant standards and approved specifications and drawings. Mindful in keeping customers' dissatisfaction to a minimum, the Group will rectify any non-conformity in construction, materials or workmanship to its customers' specifications, when notified by its customers' representatives and ensure that such rectifications are incorporated in a safe and cost-effective manner. Throughout the period of construction, the necessary inspections of the vessel, its machinery, equipment and outfittings are carried out by classification societies to ensure that the construction of the vessel is constructed in accordance with the contract and is fit for the purpose intended. Furthermore, to ensure the upkeep and optimum usage of the Group's equipment and machinery, periodic inspections are carried out to ensure that such equipment and machinery are in good working condition as well as operated safely.

As a result of the Group's quality control measures, none of the vessels built by it have been rejected by its customers since the Group's shipyard commenced operations in December 2005.

After-sales service and customer support

As part of the Group's quality assurance, the Group also provides after-sales service and customer support. After the delivery of a newly constructed vessel to the Group's customers, the Group will assist its customers should they have any queries or encounter any problems with the vessel.

Insurance

The Group has obtained insurance coverage for all its vessels in respect of hull and machinery, war risks and loss of vessel as well as P & I insurance. The Group's Marine Hull policy covers, inter alia, physical damage to the vessel and its machinery and equipment. The Group's War Risks policy covers, inter alia, damage to the vessel caused by wars, strikes and riots. The Group's P & I policy covers personal injury and illness, cargo claims, collision, third parties' liabilities and oil pollution. The Group has also obtained workmen's compensation insurance to provide coverage for its direct hired workers and employees working in Singapore (as stipulated under the Work Injury Compensation Act, Chapter 354 of Singapore). As the Group's shipyard has more than ten employees, PT Marcopolo Shipyard is covered under JAMSOSTEK, a protection scheme for employees under which employees receive compensation in cash or remuneration for a portion of income which was lost or reduced due to work accident, illness, pregnancy, giving birth, old age or death.

The Group maintains insurance against fire for the office premises in Singapore. The Group also maintains property all-risk and civil commotion insurance but excluding earthquakes, volcanic eruptions and tsunamis, for its shipyard in Batam, Indonesia.

The Group does not separately obtain insurance for all workers hired by PT Marcopolo Shipyard's subcontractors in Batam, Indonesia as the sub-contractors are required to provide insurance for such workers. The Group would ask such sub-contractors for verification of their insurance coverage.

The Group performs an annual review on the insurance coverage to ensure that it adequately satisfies both the regulatory and business requirements, and may increase the coverage if the Group deems it necessary and appropriate.

The Group has not experienced any major difficulties obtaining or renewing its insurance policies. The Group has not as at the Latest Practicable Date made any material claims under its insurance policies save for claims made in respect of a damaged barge due to vessel drifting in December 2011 and two barges being stranded aground on two separate occasions in January 2013 and March 2013, all of which were attributable to inclement weather and poor visibility. The Group claimed against its insurance in respect of the aforementioned claims for aggregate amounts of US\$0.8 million in FY2016 and US\$0.4 million in 9M2017, for which the relevant insurers have agreed in-principle to reimburse the Group.

Industry Outlook

The Group expects the market conditions of oil and gas industry to remain tough and challenging for the next 12 months. Against this transition period, the Group will continue to focus on improving its fleet utilisation and implementing a more stringent control on costs to mitigate the impact of this inevitable external environmental pressure.

Directors and Senior Management

Board of Directors

The Issuer's board of directors is responsible for protecting and enhancing shareholder value and the financial performance of the Group. Its duties include the management of the Issuer's business, the review and approval of the Issuer's corporate strategies and annual budgets, the appointment of key executives, major financing plans and investment proposals and the review and monitoring of the Issuer's financial performance. The Issuer's articles of association provide that its board of directors must consist of no fewer than two directors. As of the Latest Practicable Date, the Issuer's board of directors comprises seven directors, comprising three executive directors, one non-independent non-executive director and three independent non-executive directors as set out in the table below.

<u>Name</u>	<u>Position</u>
Mr Lee Wan Tang.....	Executive Chairman
Mr Sean Lee Yun Feng.....	Chief Executive Officer
Ms Liely Lee.....	Executive Director
Mdm Lai Qin Zhi.....	Non-Executive Director
Mr Lim Han Boon	Lead Independent Director
Mr Peter Sim Swee Yam	Independent Director
Mr Kelvin Lee Kiam Hwee.....	Independent Director

Mr Lee Wan Tang is the Executive Chairman of the Group and was appointed to the Board in July 2006. He is responsible for the strategic positioning and business expansion of the Group. Mr Lee has been instrumental in the development of the Group's ship chartering operations and, having recognised the region's demand for ship building and ship repair and maintenance services, the initial planning and setting up of PT Marcopolo Shipyard in 2005. Prior to his involvement with the Group, from 1979 to 1990, he was principally involved in the formulation of the business directions and strategies of other companies controlled by the Lee Family.

Mr Sean Lee Yun Feng is the Group's CEO and was appointed to the Board in July 2006. He is responsible for the overall management and day-to-day operations of the Group as well as the formulation of the business directions, strategies and policies of the Group. Mr Sean Lee Yun Feng is instrumental in initiating and penetrating new markets for both the Group's shipping and shipyard operations. On the operational front, he introduced a slew of strategic operational measures which greatly improved the efficiency of the Group's fleet of vessels. He also spearheads the Group's shipyard operations since it commenced operations in December 2005. He graduated with a Bachelor of Commerce degree from Murdoch University (Western Australia) in 1999. He also has a Masters of Business degree from INSEAD and a Masters of Business degree from Tsinghua University (Beijing).

Ms Liely Lee is the Group's Executive Director and was appointed to the Board on 10 July 2007. As the Director (Finance) of the Group, Ms Lee oversees treasury, human resource and administration matters. Prior to joining the Group, she co-founded Gelare, a food and beverage chain in Singapore with 13 outlets where she oversaw the finance, accounting, legal, taxation and human resource matters of the Gelare chain for seven years. Ms Lee graduated with a Bachelor of Commerce degree from Murdoch University (Western Australia) in 1995 and a Masters degree (Accounting) from Curtin University (Western Australia) in 2008.

Mr Lim Han Boon is the Group's Lead Independent Director and was appointed to the Board on 1 September 2007. He is concurrently an independent director and audit committee chairman of Addvalue Technologies Ltd and China Mining International Limited (formerly known as Sunshine Holdings Limited). Mr Lim is presently a director of Winvest Management Pte Ltd, which is principally engaged in the provision of consultancy services. Prior to which, he held various positions with several financial institutions in the corporate banking, corporate finance and private equity industries. Mr Lim obtained a Bachelor of Accountancy Degree from the National

University of Singapore in 1987 and a Master of Business Administration (Finance) degree from the City University, UK in 1992. He is also a Fellow Member of the Institute of Certified Public Accountants of Singapore and a Full Member of the Singapore Institute of Directors since 2001.

Mr Peter Sim Swee Yam is the Group's Independent Director. He is also Independent Director of Lum Chang Holdings Ltd, Mun Siong Engineering Ltd, Haw Par Corporation Ltd and Singapore Reinsurance Corporation Ltd. He is a practising lawyer and a partner at Sim Law Practice LLC. Graduated from University of Singapore (now known as the National University of Singapore) in 1980 with a degree in law, he was admitted to the Singapore Bar in 1981. Mr Sim was awarded the Pingkat Bakti Masyarakat in August 2000 and the Bintang Bakti Masyarakat in August 2008.

Mr Kelvin Lee Kiam Hwee is the Group's Independent Director. He is concurrently, the Lead Independent Director, Audit Committee Chairman, Nominating Committee and Remuneration Committee Member of KOP Limited. Between 2007 and 2016, Mr Lee was Independent Director with three other public listed companies for several years. Mr Lee began his career with Coopers and Lybrand, an international audit firm and was there for 15 years from 1979 to 1994. He joined IMC Holdings Ltd, a shipping company, from 1994 to 2003 as the group's Financial Controller where he contributed towards the strategic business planning and overall financial management. He next moved on to Pan United Corporation as its Chief Financial Officer until March 2007. Mr Lee is a Fellow of the Association of Chartered Certified Accountants (UK), Fellow member of the Institute of Singapore Chartered Accountants and a Full Member of the Singapore Institute of Directors since 2004.

Mdm Lai Qin Zhi is the Group's Non-Executive Director and was appointed to the Board in July 2006. She has been a director of MP Shipping since 2001, where she oversaw the financial and taxation matters of MP Shipping. Prior to her involvement with MP Shipping, she was a director of other companies controlled by the Lee Family and was responsible for the financial and taxation matters of these companies, a role she presently assumes.

Senior Management

As of the Latest Practicable Date, details of the Executive Management Team are as follows:

<u>Name</u>	<u>Position</u>
Mr Cheam Yeow Cheng	Director of Shipyard Division
Mr Loo Hin Loy.....	Director of Offshore Division
Ms Grace Khaw	Group Finance Manager

Mr Cheam Yeow Cheng is the Director of the Group's Shipyard Division. Having been with the Group since April 2008, he is responsible for overseeing the well-being of its Shipyard Division, which includes shipbuilding, ship repair and other marine engineering services, production scheduling, facilities planning and operational matters. Mr Cheam has more than 24 years of experience in the marine industry. He was a General Manager (Ship Building) in Pan United Marine Ltd from 1994 to 2008 and an Engineering Manager with ST Marine Ltd from 1986 to 1994. Mr Cheam holds an Honours degree in Naval Architecture from the University of Strathclyde, Glasgow, UK.

Mr Loo Hin Loy is the Senior General Manager of the Group's Offshore Division and joined the Group in May 2013. Prior to this, he was the General Manager of Fleet Management at EMAS Offshore Pte Ltd from 2008 to 2013, the Fleet Manager at Miclyn Express Offshore Pte Ltd in 2008, the Country Manager at Express Offshore Transport Pte Ltd from 2007 to 2008, the Regional Operation Manager at Svitzer Middle East Ltd from 2004 to 2007 and the Country/Technical Manager at MISC Bhd Liaison Office from 2002 to 2004.

Ms Grace Khaw is the Group Finance Manager. She joined our Group in August 2015. She assists the executive director in the accounting, financial, secretarial and tax related matters of our Group. She is in the accounting profession for more than 10 years. Prior to joining the Group, she was the finance manager of several listed

companies. She is fellow member of Association of Chartered Certified Accountants and is a chartered accountant (Singapore) of the Institute of Singapore Chartered Accountants.

Appointment and Remuneration

The Group may terminate the service contracts of any of the executives, if among other things, the executives commit any serious and persistent breach of the provision of the service contracts, become of unsound mind, become bankrupt or found guilty of conduct with the effect of bringing themselves or the Group into disrepute. The service contracts cover the terms of employment, specifically salaries and bonuses. Executives are also entitled to participate in any short-term incentive scheme program established by the Group during their term of service.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by each executive in the process of discharging his or her duties on behalf of the Group will be borne by the Group.

The Issuer's remuneration and human capital committee decides on the remuneration policy for directors and executive management team, taking into account the Issuer's performance and profitability and individual contribution.