

1. One week after a BDO valuation of SM A\$34M - A\$42M was produced this letter was received. It was immediately brought to the attention of BDO and had the effect of wiping between 92.2% - 96.6% off the valuation to A\$1.17M - A\$3.26M. A DBS client, a subsidiary of Triyards Holdings would then attempt an acquisition at A\$1.265M (which was a pre-arranged price of some six months prior).

2. Two days after this letter was sent by DBS to SM Singapore, the SM Directors sent out an EGM Notice due to this letter. The EGM was to amend the SM Constitution to retroactively remove a shareholder's exercised pre-emptive right to purchase SM. Again to make way for the Triyards acquisition attempt.

PRIVATE AND CONFIDENTIAL

11 September 2013

Strategic Marine (S) Pte Ltd  
No 4, Pioneer Sector 1  
Singapore 628416

Attention : Mr Mark Newbold / Mr Ronald Francis Anderson

BY REGISTERED POST

Why CC them in addition to the attention of?

Dear Sirs

RESERVATION OF RIGHTS LETTER

We refer to our Sixth Supplemental Letter of Variation dated 30 July 2013 and a copy is attached.

Pursuant to clause 5 (G)(v) (Additional Covenants, Negative and Positive Undertakings) of the Sixth Supplemental Letter of Variation, it states that the Company:

"Shall use its best **endeavor** to ensure that a new investor is secured for the injection of fresh equity into the Company by 30 August 2103, such investor being satisfactory to the Bank;"

To date, you have failed to secure a new investor being acceptable to the Bank, and are in breach of the above.

At your request, we will extend the deadline to 15 October 2013. Please note that this is a final extension and no further extension will be granted. Alternatively, you may want to discuss with your shareholders for a fresh equity injection to cure this breach before the extended deadline. **Why was no action taken?**

We are currently conducting a review of the various credit facilities extended by us to you. Upon such review, the Bank shall have the right at its sole discretion to, notwithstanding any inconsistent provision in this Sixth Supplemental Letter of Variation or any other document, immediately demand repayment of the Total indebtedness and take all possible remedies (including enforcement proceedings) against you without further reference to you. All legal costs thus incurred shall be borne by you.

Accordingly, we reserve any right or remedy we may have now or subsequently in connection with the Breach and/or any Default that may be outstanding. We shall not be treated as waiving any existing (or future) right or remedy under any Facility agreement and/or under applicable law solely by virtue of this letter or time taken by us to consider our options in respect of the Breach and/or any Default that is outstanding, and all such rights and remedies are hereby specifically reserved.

This letter and any non-contractual obligations arising out of or in connection with it are governed by Singapore law.

1. No return address.
2. No reference number.

DBS usually uses UK spelling of endeavour



Yours faithfully

Audrey Koh  
Managing Director  
DBS Bank Ltd

**Ms. Koh normally signs as Managing Director of the Institutional Banking Group**

**Ms. Koh's Signature is questionable compared to her usual signature**

Copy to:

1. Strategic Marine Pty Ltd ("SMA") **This entity was renamed 'Henderson Marine Base Pty Ltd' in April 2013**  
Unit 2, 7 Augusta Street,  
Willetton, WA 6155
2. **Mr Mark Newbold / Mr Ronald Francis Anderson / Mr Mark Schiller**  
**The letter was address to Mark Newbold/Ron Francis Anderson**
3. Strategic Marine (V) Co., Ltd ("SMV")  
12 Dong Xuyen Industrial Zone  
Vung Tau City  
Ba Ria Vung Tau, Vietnam

No Ref. No. as usually appeared on all correspondence, even draft copies