



MARCO POLO MARINE LTD.

(Company Registration Number: 200610073Z)

CLARIFICATION ANNOUNCEMENT - EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

With reference to the announcement made by the Company on 23 December 2016 (entitled "*Financial Statements and Related Announcement – Auditor's Comments of Accounts*" ("Auditor's Comments") - Announcement Reference SG161223OTHR3EWU), Marco Polo Marine Ltd (the "Company", together with its subsidiaries, the "Group") has on 28 December 2016 received the queries set out below in relation to the Auditor's Comments from the Singapore Exchange Securities Trading Limited ("SGX-ST") in relation to the Emphasis of Matter ("EOM") included in the Independent Auditors' Report of the Group's financial statements for the financial year ended 30 September 2016 (the "FY2016 Financial Statements").

The Board of Directors of the Company (the "Board") wishes to respond to the said queries as follows:

SGX-ST's queries:

"It was disclosed in the Auditors' Comment as an emphasis of matter that "as at 30 September 2016 the Group recorded a net current liability position of S\$25,977,000 and the Group also recorded loss before tax of S\$16,938,000" and these conditions "indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern". With reference to Listing Rule 1303 (3) which states that where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, trading of the listed securities of the issuer may be suspended, please disclose:

- (i) *the Board's assessment of the Group's ability to continue as a going concern and bases for the Board's assessment;*
- (ii) *the Board's opinion as to whether trading in shares of the Company should be suspended pursuant to Listing Rule 1303(3); and*
- (iii) *the Board's confirmation as to whether sufficient information has been disclosed to enable trading to continue in an orderly manner.*

The Company's Response and Clarification:

- (i) The Board's assessment of the Group's ability to continue as a going concern is based on the following: -

- a) on 14 October 2016, the Company has procured the requisite majority approval of the holders of the S\$50 million 5.75% fixed rate notes (the “Notes”) to extend the maturity of the Notes by a period of three years from 18 October 2016. The Company is, accordingly, no longer under any immediate pressure to repay the Notes. The Company has released an announcement on 14 October 2016 with respect to the said extension of the maturity of the Notes;
 - b) the Group is in the process of working out with the relevant banks to extend the tenure of its various bank borrowings (the “Loans Restructuring”), which, if carried out, will defer a significant portion of the current borrowings to non-current liabilities. The Loans Restructuring is expected to significantly improve the negative working capital position of the Group. In this regard, the Management has advised the Board that the Management is cautiously optimistic that the Group would be able to implement the Loans Restructuring;
 - c) the Group is working diligently towards procuring financing aid available under the financial assistance programs instituted by SPRING Singapore, a statutory board under the Ministry of Trade and Industry of Singapore, which programs are aimed at providing government financing aid to marine and offshore engineering firms in view of the persistently low oil prices and a weak global economy. The incentives, when obtained, are expected to help in strengthening the cash flow and working capital position of the Group; and
 - d) save as disclosed and barring any further deterioration of the oil price crisis and in the global economy, the Group is reasonably confident of generating sufficient operating cash flows to meet its working capital needs or, at least, a significant part of such needs for the next 12 months.
- (ii) In light of (i) above, the Board is of the opinion that trading in shares of the Company should not be suspended pursuant to Listing Rule 1303(3).
- (iii) The Board confirms that sufficient information has been disclosed to enable trading to continue in an orderly manner. The Board notes the following:
- a) Pursuant to Rule 704(5) of the listing manual of SGX-ST, the Company has released an announcement on 23 December 2016, with respect to the EOM to be included in the Independent Auditors’ Report of the Group’s FY2016 Financial Statements. The FY2016 Financial Statements will form part of the Company’s Annual Report for FY2016 (the “FY2016 Annual Report”) which will be released on SGXNET and dispatched to the Shareholders of the Company on or about 4 January 2017.
 - b) On 29 November 2016, the Company has released its unaudited financial results for the FY2016. A review of the performance of the Group for FY2016 and a commentary on the challenging and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period

and the next 12 months had been duly and respectively disclosed in section 8 and section 10 of the unaudited financial results.

BY ORDER OF THE BOARD

Sean Lee Yun Feng

Chief Executive Officer

30 December 2016