



## MARCO POLO MARINE LTD

Incorporated in the Republic of Singapore  
(Company Registration Number: 200610073Z)

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### PROPOSED REFINANCING AND DEBT RESTRUCTURING EXERCISE

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#### 1. INTRODUCTION

Marco Polo Marine Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the following announcements made by the Company:

- (a) on 23 December 2016 in connection with the inclusion by the Company’s independent auditors, Mazars LLP, of an emphasis of matter in respect of the respective ability of the Group and the Company to continue as a going concern in the Independent Auditors’ Report on the financial statements of the Group for the financial year ended 30 September 2016 (the “**EOM Announcement**”)
- (b) on 30 December 2016 in connection with the Company’s replies to queries raised by the Singapore Exchange Securities Trading Limited on the EOM Announcement (the “**Clarification Announcement**”); and
- (c) on 10 February 2017 in connection with the unaudited financial results of the Group for the first financial quarter ended 31 December 2016.

*Capitalised or other terms used but not defined herein shall, unless the context otherwise requires, have the meanings as set out in the said announcements.*

#### 2. UPDATE ON BUSINESS AND FINANCIAL SITUATION

On 14 October 2016, the holders of the Company’s S\$50 million 5.75% fixed rate notes (the “**Notes**”) approved an Extraordinary Resolution that granted various waivers of, and approved certain amendments to, the terms and conditions and the Trust Deed relating to the Notes (the “**Notes Restructuring**”), including an extension of the maturity date of the Notes by three (3) years, the payment of an additional 1.5% interest per annum on the Notes and providing security over land on which the Group’s shipyard is located in Batam, Indonesia.

In the Clarification Announcement, the Board disclosed that its assessment of the Group’s ability to continue as a going concern was based on various conditions, including the following:

- (a) the successful completion of the Notes Restructuring;
- (b) the Group’s successful negotiation and completion of the restructuring 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, and significantly improve the negative working capital position of the Group;
- (c) the Group’s procuring of financial aid available under the financial assistance programme instituted by SPRING Singapore (the “**SPRING Aid**”), which, when obtained, is expected to help in strengthening the cash flow and working capital position of the Group; and
- (d) that there was no further deterioration of the oil price crisis and in the global economy.

Even though the global oil price may have recently stabilised, the offshore marine industry continues to remain in a sustained depression, affecting all the companies in this sector. Most of the Group's vessels are not chartered out, with a good number of the customers of the Group not paying on time or at all, leading to an accumulation of substantial aged accounts receivables which, in turn, affected the Group's working capital.

While the Notes Restructuring has been successfully completed, the Loans Restructuring exercise has become protracted, with the Group being unable to secure a formal standstill agreement from its bank lenders, or secure additional bank facilities that were initially anticipated from the bank lenders. The Group has also not been able to secure the SPRING Aid.

The combination of these factors has led to cashflow challenges for the Group. The Group has explored, and continues to explore, various avenues for raising fresh capital or funds. Several potential investors have expressed interest, and the Group is in active discussions with these parties.

### **3. PROPOSED REFINANCING AND DEBT RESTRUCTURING EXERCISE**

In light of the above, to ensure its business sustainability under the current distressed market conditions for the foreseeable future, the Group intends to undertake a refinancing and debt restructuring exercise of all its current secured and unsecured debts to strengthen its cash flow and working capital position. Various payments due under the Group's bank loans, invoices and contracts remain outstanding, and the Group is in discussions with its bank lenders and other key creditors on restructuring these payments under the proposed debt restructuring plan that is within an acceptable level of gearing for the offshore marine industry, while at the same time exploring avenues for fresh funding. The Company will also engage the holders of the Notes (the "Noteholders") on various options in connection with the Notes – please refer to the Company's announcement dated today relating to the convening of an informal meeting of Noteholders.

### **4. PROFIT GUIDANCE FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2017**

The Board has also deemed it appropriate to provide a profit guidance in respect of the unaudited financial results of the Group for the second financial quarter ended 31 March 2017 ("2QFY2017") of the financial year ending 30 September 2017 to be announced in due course.

Based on a preliminary review of its draft financial results, the Group expects to report a net loss in 2QFY2017 in view of the challenging market environment.

The Group is still in the process of finalizing its financial results for 2QFY2017. Further details of the Group's financial performance will be disclosed when the Company releases its unaudited financial results for 2QFY2017, the release whereof will be made by 15 May 2017.

### **5. CAUTION IN TRADING**

**Shareholders and potential investors are advised to exercise caution in trading their Shares and Noteholders and potential investors are advised to exercise caution in trading their Notes. Shareholders and Noteholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and Noteholders should consult their stock brokers, bank managers,**

**solicitors or other professional advisors if they have any doubt about the actions they should take.**

**BY ORDER OF THE BOARD**

Sean Lee Yun Feng  
Chief Executive Officer

13 April 2017