



## MARCO POLO MARINE LTD

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

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# ACQUISITION OF DEBT OF UP TO US\$7,354,362 OWING BY PT. PELAYARAN NASIONAL BINA BUANA RAYA TBK TO UNITED OVERSEAS BANK LIMITED BY WAY OF ASSIGNMENT

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## 1. INTRODUCTION

The board of directors (the “**Board**”) of Marco Polo Marine Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company and United Overseas Bank Limited (“**UOB**”) have today entered into a debt purchase agreement (the “**Debt Purchase Agreement**”) pursuant to which UOB has agreed to sell and assign, *inter alia*, all rights, title and interest in and to a debt owing by PT. Pelayaran Nasional Bina Buana Raya Tbk (the “**Borrower**”) in an amount equivalent to US\$7,354,362 (the “**Relevant Debt**”) including UOB’s rights, interest and benefits in, to and under the relevant security documents (the “**Security Documents**” and together with the Relevant Debt, the “**Assigned Assets**”) to the Company on the terms and conditions set out in the Debt Purchase Agreement for an aggregate cash consideration of US\$2,800,000 (the “**Cash Amount**”) by way of assignment (the “**Transaction**”).

## 2. INFORMATION ON THE ASSIGNED ASSETS

- 2.1. **Relevant Debt.** The Borrower is a company organised according to and existing under the laws of the Republic of Indonesia, and which is principally engaged in providing ship chartering services. The Group holds 34.8% interest in the Borrower. On 27 May 2013, UOB and the Borrower entered into a facility agreement (the “**UOB Facility Agreement**”) as amended and supplemented by a letter from UOB to the Borrower dated 16 December 2015 pursuant to which UOB agreed to grant to the Borrower a five-year term loan facility (the “**Facility**”) of not more than US\$13,760,000. As at 31 August 2020, the aggregate principal amount owing by the Borrower to UOB pursuant to the UOB Facility Agreement is US\$7,354,362 (i.e., the Relevant Debt).
- 2.2. **Security Documents.** The Relevant Debt is secured by, *inter alia*, the following: (a) the first priority mortgage of the anchor handling tug offshore support vessel named “MP Prevail” (IMO No: 9592989) purchased by the Borrower using the proceeds of the loan drawn down on the Facility and registered in the ownership of the Borrower under the laws and flag of Indonesia (the “**Vessel**”) created by the Borrower in favour of UOB, and which terms are supplemented by those in the mortgage and deed of covenants of the Vessel executed by the Borrower in favour of UOB; (b) the deed of assignment of all policies and contracts of insurances taken out or entered into in respect of the Vessel and its earnings in favour of UOB; and (c) the deed of assignment of earnings of the Vessel in favour of UOB.
- 2.3. **Value of the Assigned Assets.** Based on the latest audited financial statements of the Borrower, the book value and net tangible asset value of the Assigned Assets is US\$9,504,618 (approximately S\$12,878,852).

### 3. PRINCIPAL TERMS OF THE DEBT PURCHASE AGREEMENT

- 3.1. **Debt Purchase.** Pursuant to the terms and conditions of the Debt Purchase Agreement, UOB shall, in consideration for the payment to it of the Cash Amount, unconditionally, irrevocably and absolutely assign to the Company the Assigned Assets free from all encumbrances.
- 3.2. **Conditions Precedent.** Completion of the Transaction (the “**Transaction Completion**”) is subject to and conditional upon various conditions precedent (the “**Transaction Conditions**”), including, *inter alia*: (a) the approval of the board of directors and, if required, the shareholders, of the Company having been obtained; (b) all necessary consents, approvals and waivers for all transactions contemplated in relation to the Transaction being granted; and (c) the entry by the relevant parties into such other definitive and/or ancillary documents as may be required for the purpose of perfecting the Transaction. The parties shall endeavour to fulfil the Transaction Conditions, to the extent applicable to such party, by 31 October 2020 (the “**Long-Stop Date**”) or such other date as may be mutually agreed in writing by the parties. If any of the Transaction Conditions are not fulfilled (or waived) by the Long-Stop Date or such other date as may be mutually agreed in writing by the parties, the provisions of the Debt Purchase Agreement (other than certain surviving provisions) shall from such date *ipso facto* cease and determine.
- 3.3. **Consideration.** The Transaction is being undertaken as part of the restructuring of the debts of the Borrower and the consideration for the Transaction (i.e., the Cash Amount), which is a 61.9% discount to the Relevant Debt, was arrived at after arm’s length negotiations between the Company and UOB on a willing seller willing buyer basis after taking into account the net asset value and prospects of the Borrower. The Cash Amount will be funded by the Group using internal cash resources and bank borrowings (if needed). The Cash Amount will be paid to UOB in cash on the Transaction Completion.

### 4. RATIONALE FOR AND BENEFITS OF THE TRANSACTION

The Borrower is an important associated company within the Group, and its operations are a core business of the Group. Notwithstanding the headwinds currently faced by the Borrower, the Company is cautiously optimistic of its long term prospects. By acquiring the Relevant Debt and becoming the lender in place of UOB, the Company would be able to ensure continued use of the Vessel. In addition, as the Vessel would be charged in favour of the Company as security for the Relevant Debt, the Company would also be assured of sufficient security over the Relevant Debt. Further, given that the Company’s interests are largely aligned with those of the Borrower in terms of business and growth strategies for the Group a whole, it is a strategic move on the part of the Company to purchase and take over the Relevant Debt.

### 5. FINANCIAL EFFECTS

- 5.1. **Bases and Assumptions.** The pro forma financial effects of the Transaction have been prepared based on the unaudited financial statements of the Group for the fourth financial quarter and full financial year ended 30 September 2019 (“**FY2019**”), and are purely for illustrative purposes only and do not reflect the future actual financial position of the Group following the Transaction Completion. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- 5.1.1. the Transaction had been effected on 30 September 2019, being the end of the most recently completed financial year of the Group and of which the statement of financial

position of the Group has been publicly announced, for illustrating the financial effects on the consolidated net tangible assets (“**NTA**”) of the Group; and

5.1.2. the Transaction had been effected on 1 October 2018, being the beginning of the most recently completed financial year of the Group and of which the profit and loss of the Group has been publicly announced, for illustrating the financial effects on the consolidated earnings of the Group.

5.2. **NTA.** For illustrative purposes only and assuming that the Transaction had been completed on 30 September 2019, the pro forma financial effects of the Transaction on the consolidated NTA of the Group as at 30 September 2019 are as follows:

	<b>Before the Transaction</b>	<b>After the Transaction</b>
NTA (S\$'000)	108,847	115,018
No. of issued ordinary shares in the capital of the Company (“ <b>Shares</b> ”)	3,520,328,361	3,520,328,361
NTA per Share (Singapore cents)	3.1	3.3

5.3. **Earnings per Share.** For illustrative purposes only and assuming that the Transaction had been completed on 1 October 2018, the pro forma financial effects of the Transaction on the consolidated earnings of the Group for FY2019 are as follows:

	<b>Before the Transaction</b>	<b>After the Transaction</b>
Profit attributable to shareholders (S\$'000)	(4,449)	(3,860)
Weighted average no. of Shares	3,520,328,361	3,520,328,361
Earnings per Share (Singapore cents)	(0.13)	(0.11)

## 6. RELATIVE FIGURES UNDER RULE 1006

6.1. **Rule 1006.** The relative figures for the Transaction computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST Listing Manual**”) are as follows:

	<b>Rule 1006 Bases</b>	<b>Transaction (S\$'000)</b>	<b>The Group (S\$'000)</b>	<b>Relative Figures (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	N.A.	N.A.	N.A.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits <sup>(1)(2)</sup> .	257	(708)	-36.3%
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares <sup>(3)</sup> .	3,794 (or equivalent to US\$2.8 million)	45,849	8.3%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.	N.A.	N.A.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A.	N.A.	N.A.

### Notes:

- (1) Based on the unaudited financial statements of the Group for the half year ended 31 March 2020 in respect of the financial year ending 30 September 2020.
- (2) The term “**net profits**” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

- (3) Computed based on the market capitalisation of the Company on 12 October 2020, being the last market day preceding the date of the Debt Purchase Agreement, of approximately S\$0.013.

## **7. FURTHER INFORMATION**

- 7.1. **Interests of Directors and Controlling Shareholders of the Company.** Save for any Shares in which the directors and the controlling shareholders of the Company may have an interest in, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transaction.
- 7.2. **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Transaction. Accordingly no service contract is proposed to be entered into between the Company and any such person.
- 7.3. **Documents for Inspection.** A copy of the Debt Purchase Agreement is available for inspection during normal business hours at the registered office of the Company at 66 Kallang Pudding Road, #05-01 Hor Kew Business Centre, Singapore 349324, for a period of three months commencing from the date of this announcement.

### **BY ORDER OF THE BOARD**

Sean Lee Yun Feng  
Chief Executive Officer  
13 October 2020