



MARCO POLO MARINE LTD
Incorporated in the Republic of Singapore
(Company Registration Number: 200610073Z)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors (the “**Board**”) of Marco Polo Marine Ltd (the “**Company**”, and together with its subsidiaries (collectively, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) received on 14 October 2020 concerning the announcement of the Company for the acquisition of debt from United Overseas Bank (the “**Announcement**”) made on 13 October 2020 (the “**SGX Queries**”, and each a “**SGX Query**”) and appends below its corresponding replies to the SGX Queries:

SGX Query (1):

Listing Rule 1007 states that if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, this Chapter may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1, or if not so provided, at the discretion of the Exchange, in which case, issuers should consult the Exchange.

Please clarify if the Company has consulted the Exchange on the Transaction, in view of the negative figure disclosed under section 6.

Company’s Response:

As the relative figure computed pursuant to Rule 1006(b) is negative figure, the Company has relied on paragraph 4.4(b) of Practice Note 10.1 as the basis for determining that only an announcement (and not shareholders’ approval) is required in respect of the Transaction. The relevant paragraph is set out below in italics:

4.4 In the following situations, an issuer must, in relation to the transaction, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013, where applicable:

...

(b) the acquisition of a profitable asset by a loss-making issuer, where:

(i) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 20%; and

(ii) the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the issuer (taking into account only the absolute value);

With reference to Practice Note 10.1, paragraph 4.4(b)(i), the relative figure computed pursuant to Rule 1006(c) is 8.3% and Rule 1006(d) is not applicable. And with reference to Practice Note 10.1, paragraph 4.4(b)(ii), the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the Group (taking into account only the absolute value).

Therefore, the Company concluded that the Transaction falls within the perimeters set out in Para 4.4(b) of Practice Note 10.1. The Company believes that it has adhered to the relevant Listing Rules and as a result, the Exchange was not consulted.

SGX Query (2):

Please disclose how the amount of \$257,000 in relation to the net profits attributable to the Transaction is being arrived at.

Company's Response:

The amount of \$257,000 relates to the interest income attributable to the Relevant Debt over the period from 1 October 2019 to 31 March 2020.

SGX Query (3):

It is stated that "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)."

Please disclose the breakdown of the Assigned Assets and its respective values. Please reconcile the amount of US\$9,504,618 to the 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.

Company's Response:

The Company wishes to clarify that the amount of US\$9,504,618 (approximately S\$12,878,852) relates to the net book value and net tangible asset value of the Vessel and not the book value and net tangible value of the Assigned Assets. As at the date of Announcement, the book value and net tangible asset value of the Assigned Assets is equivalent to the amount of Relevant Debt of US\$7,354,362 (approximately S\$9,965,234). The Assigned Assets, however, also takes into account and includes the charge on the Vessel in favour of the Company as security for the Relevant Debt.

SGX Query (4):

Please clarify if there is any interest payable on the debt and provide the relevant information where applicable.

Company's Response:

The rate of interest applicable to Relevant Debt is computed at 2.5% margin plus SIBOR per annum, and shall be paid monthly in arrears over a loan tenure period of 60 months.

SGX Query (5):

Please elaborate as to how the Borrower's operations are a core business of the Group. Please clarify as to how the Vessel is being used currently.

Company's Response:

Being an Indonesia incorporated entity, the Borrower provides a platform for the Group to establish its presence in the country. Under the Indonesia Cabotage laws, only Indonesian owned and Indonesian-flagged vessels are allowed to operate in the domestic waters in Indonesia. As such, the Group has been able to leverage on the Borrower's position to extend its reach into an otherwise restricted market.

The Vessel is currently being chartered and it is only expected to go off-hire in October 2021.

SGX Query (6):

Please provide the details of the shareholdings of the Borrower.

Company's Response:

Based on the information available and to the best of the Company's knowledge, the shareholding details of the Borrower are as follows:

Shareholders	Number of Shares	%
PT Marco Polo Indonesia ⁽¹⁾	1,867,871,739	34.8
Nam Cheong Pioneer Sdn Bhd	1,600,000,000	29.8
PT Sinar Bintang Makmur	953,304,000	17.8
Latip	18,206,000	0.3
Public shareholders	927,694,509	17.3
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	5,367,076,248	100.0

Noted (1): PT Marco Polo Indonesia is an indirect wholly-owned subsidiary of the Company.

BY ORDER OF THE BOARD

Sean Lee Yun Feng
Chief Executive Officer
16 October 2020