



MARCO POLO MARINE LTD

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

**RESPONSE TO QUERIES ON ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020**

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 21 January 2021, and wish to provide the following information in response to the Company’s Annual Report for the financial year ended 30 September 2020 (the “**Annual Report**”):

SGX Query (1):

Listing Rule 715(2) states that an issuer must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies.

Please clarify whether and how the Company has complied with Listing Rule 715, in particular its joint ventures.

Company’s Response:

The Company would like to clarify that the audits of its significant foreign-incorporated joint venture companies were performed for local statutory purpose by the various audit firms as disclosed on pages 84 and 85 of Note 13 of the Annual Report.

The Company is of the view that these firms are suitable auditing firms for auditing its significant foreign-incorporated joint venture companies given their profile, size, experience and track record. The significant foreign-incorporated joint venture companies have also been reviewed by Mazars LLP, Singapore, for the purpose of expressing an opinion on the consolidated financial statements. As such, the Board together with the Audit Committee (“**AC**”) are satisfied that the appointment of these audit firms would not compromise the standard and effectiveness of the audit of the Group.

SGX Query (2):

Listing Rule 1207(10C) states that the annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.

Please clarify whether and how Listing Rule 1207(10C) has been complied with. Where the internal audit function is outsourced, please provide information on the relevant experience of the accounting firm and the engagement team.

Company's Response:

As set out on page 28 of the Annual Report, the internal audit function of the Group has been outsourced to Ardent Business Advisory Pte Ltd ("**Ardent**"). Ardent reports directly to the AC and has unfettered access to all documents, records, properties and personnel of the Group.

As disclosed in the Annual Report, the AC annually assesses and ensures the adequacy of the internal audit function. With the engagement of Ardent to perform the Group's internal audit function, the AC is satisfied that the internal audit function is (i) adequately resourced and has appropriate standing within the Group, (ii) satisfied with persons with relevant qualifications and experience, and (iii) carries out its functions according to the standards set by internationally recognised professional bodies.

Ardent was established in 2008 by a team of qualified Chartered Accountants of Singapore. Their scope of services covers that of audit, tax, accounting, business advisory, outsourcing, corporate recovery, risk and governance, company incorporation, IT infrastructure and solutions. Ardent is also a member of Kreston International, a global network of independent accounting firms.

Ardent's engagement team conducting the Company's internal audit function was headed by Mr Sarjit Singh. Mr Singh leads the Risk and Governance practice at Ardent and has extensive experience in a broad range of assurance and advisory services including statutory audits, corporate governance, risk assurance, internal audit, financial due diligence and regulatory advice. In addition, Mr Singh has over 25 years of multinational experience including 16 years with PricewaterhouseCoopers (PwC) where he led the audit and advisory engagements of various multinationals, public listed companies, government-linked companies and financial institutions in Singapore, Australia and the USA. He has deep technical knowledge in Singapore Financial Reporting Standards, SGX listing requirements and IPOs, IFRS, US GAAP, Risk-Based-Capital framework, MAS regulations, SOX compliance, enterprise risk and capital management.

SGX Query (3):

Provision 2.4 of the Code of corporate governance 2018 (the “Code”) states that, “The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company’s annual report.”

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Please disclose how the Company has deviated from Provision 2.4 of the Code, and in particular, the required disclosure on board diversity policy and progress made towards implementing the board diversity policy, including objectives.

Company’s Response:

As set out on pages 17 and 18 of the Annual Report, the Nominating Committee (“**NC**”) conducted its annual review on the composition of the Board which comprises high calibre members with a wealth of experience and knowledge in business. Taking into consideration the scope and nature of the operations of the Group, the NC’s opinion is that the current Board composition and size are appropriate and as a group, the Directors provide relevant competencies to facilitate effective decision making for existing needs and demands of the Group’s businesses.

The Board is made up of two Executive Directors and four Non-Executive Directors. Of the four Non-Executive Directors, two of them, making up at least one-third of the Board, are independent. The Board has an independent element that sufficiently enables it to exercise objective judgement and no individual or group of individuals dominate the Board’s decision-making process. The Board believes that its current composition and size provide an appropriate balance and mix of skills, experience and knowledge of the Group. The Directors provide core competencies such as accounting, finance, business and management experience, industry knowledge and strategic planning experience required for the Board to be effective.

While the Group does not have a written policy on Board Diversity, the Board believes that it has an appropriate level of independence and diversity in its composition to enable it to make decisions in the best interest of the Group. The NC will continue to assess, on an annual basis, the diversity of the Board and ensure that the diversity would be relevant to the business of the Group.

The Company believes that the practices adopted above are consistent with the intent of Provision 2.4 of the Code.

SGX Query (4):

Provision 8.1 of the Code states that “The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.” (emphasis added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regard to the disclosure of the amounts of remuneration of each individual director and the CEO. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Company’s Response:

As set out on page 24 of the Annual Report, the Company has disclosed the remuneration for Directors and Key Executives in bands of S\$250,000 instead of full detail as the Board believes that such disclosure presentation provides sufficient overview of the remuneration of the Directors and Key Executives, considering the confidentiality of remuneration matters. The Board is of the opinion that the information disclosed would be sufficient to the shareholders for their understanding of the Company’s compensation policies as remuneration matters are commercially sensitive information and thus may be prejudice to the Group’s interest if such information are disclosed.

The Company has also disclosed on pages 22 and 23 of the Annual Report the Company’s remuneration policies in determining the Directors and Key Executives’ remuneration.

The Company believes the practices it had adopted are consistent with the intent of Principle 8 of the code.

BY ORDER OF THE BOARD

Sean Lee Yun Feng
Chief Executive Officer
22 January 2021