



MARCO POLO MARINE LTD

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

SGX-ST WAIVER FROM REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL IN RELATION TO THE PROPOSED PARTICIPATION IN THE RIGHTS ISSUE TO BE UNDERTAKEN BY PT PELAYARAN NASIONAL BINA BUANA RAYA TBK

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Marco Polo Marine Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that:

- (a) PT Marco Polo Indonesia (“**PT MPI**”), an indirect wholly owned subsidiary of the Company, intends to participate in the rights issue (the “**PT BBR Rights Issue**”) to be undertaken by PT Pelayaran Nasional Bina Buana Raya Tbk (“**PT BBR**”) (PT MPI’s participation in the PT BBR Rights Issue, the “**Proposed Transaction**”). The Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and would be subject to the approval of shareholders of the Company (“**Shareholders**”), unless waived or exempted by the SGX-ST; and
- (b) the Company made an application to the SGX-ST to seek a waiver from strict compliance with Rule 1014(2) of the Listing Manual (the “**Waiver**”), which requires the prior approval of Shareholders for the Proposed Transaction, and that the SGX-ST has granted the Waiver subject to certain conditions.

Further details on the background of the Proposed Transaction, as well as the grounds and conditions of the Waiver, are set out below.

2. THE PT BBR RIGHTS ISSUE AND THE PROPOSED TRANSACTION

PT BBR is a company incorporated in the Republic of Indonesia and is principally engaged in the business of providing ship chartering services. PT BBR is listed on the Indonesia Stock Exchange. As at the date hereof, PT BBR is 34.8% owned by PT MPI.

PT MPI will provide an undertaking to PT BBR (the “**Participation Undertaking**”) to fully subscribe for all its rights entitlements under the PT BBR Rights Issue, as well as any excess rights entitlements arising from the renouncement by two other substantial shareholders of PT BBR (the “**Other Substantial Shareholders**”) and the public shareholders (being shareholders of PT BBR other than PT MPI and the Other Substantial Shareholders) (the “**PT BBR Public Shareholders**”), subject to a maximum aggregate subscription amount of US\$17.0 million. The maximum aggregate subscription amount of US\$17.0 million is intended to be satisfied by way of: (a) converting US\$14.0 million of existing debt due from PT BBR to the Company (the “**Debt Conversion**”); and (ii) paying a cash amount of US\$3 million (the “**Cash Portion**”).

The relative figures of the Proposed Transaction calculated on the bases set out in Rule 1006 of the Listing Manual are as follows:

		Maximum Subscription Scenario ⁽¹⁾	Minimum Subscription Scenario ⁽²⁾
1006(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.
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits. ⁽³⁾	-48.7% ⁽⁴⁾	-41.8% ⁽⁵⁾
1006(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.	31.8% ⁽⁶⁾	26.2% ⁽⁷⁾
1006(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.
1006(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.

Notes:-

- (1) Assuming that only PT MPI subscribes and pays for the rights shares under the PT BBR Rights Issue, and that none of the other Substantial Shareholders and/or the PT BBR Public Shareholders subscribe and pay for any rights shares under the PT BBR Rights Issue (the "**Maximum Subscription Scenario**").
- (2) Assuming that only PT MPI and the PT BBR Public Shareholders subscribe and pay for their pro rata entitlements of the rights shares under the PT BBR Rights Issue (the "**Minimum Subscription Scenario**").
- (3) Net profits means profit before income tax, minority interest and extraordinary items.
- (4) The net losses attributable to the rights shares subscribed for by PT MPI under the Maximum Subscription Scenario for the financial period commencing on 1 October 2020 and ended 31 March 2021 ("**HY2021**") is US\$2,160,000 while the net profits attributable to the Group for HY2021 is approximately US\$4,439,000 (or equivalent to S\$5,948,000).
- (5) The net losses attributable to the rights shares subscribed for by PT MPI under the Minimum Subscription Scenario for HY2021 is US\$1,856,000 while the net profits attributable to the Group for HY2021 is approximately US\$4,439,000 (or equivalent to S\$5,948,000).
- (6) Based on the consideration payable by PT MPI under the Maximum Subscription Scenario of US\$17,000,000 (approximately S\$23,490,000) and the market capitalisation of the Company being S\$73,974,959, which is calculated based on the weighted average price of S\$0.021 per ordinary share in the share capital of the Company ("**Share**") on 21 May 2021 (being the market day preceding the date of this announcement) and 3,522,617,103 Shares in issue (excluding treasury shares) as at 21 May 2021 (being the market day preceding the date of this announcement).
- (7) Based on the consideration payable by PT MPI under the Minimum Subscription Scenario of US\$14,009,000 (approximately S\$19,357,000) and the market capitalisation of the Company being S\$73,974,959, which is calculated based on the weighted average price of S\$0.021 per Share on 21 May

2021 (being the market day preceding the date of this announcement) and 3,522,617,103 Shares in issue (excluding treasury shares) as at 21 May 2021 (being the market day preceding the date of this announcement).

Accordingly, the Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Listing Manual of the SGX-ST and would be subject to the approval of Shareholders, unless waived or exempted by the SGX-ST.

3. APPLICATION FOR THE WAIVER

The Company made an application to the SGX-ST to seek a waiver from strict compliance with Rule 1014(2) of the Listing Manual on the following grounds.

3.1. Strategic Importance of PT BBR

PT BBR is strategically important to the Company as it is the gateway through which the Company is able to penetrate the Indonesian market and maintain a stronghold in the provision of ship chartering services. Being an Indonesian entity, PT BBR provides the Company with a platform to establish its presence as under the relevant Indonesian laws, only Indonesian-owned and Indonesian-flagged vessels are permitted to operate in Indonesian domestic waters. Through PT BBR, the Company has been able to extend its reach into an otherwise restricted market.

Accordingly, it is in the interest of the Company to ensure that its shareholding stake in PT BBR (held through PT MPI) is not diluted. In addition, US\$1.5 million of the Cash Portion will be set aside by PT BBR to acquire vessels in the future, which will allow PT BBR to expand its fleet and increase its competitive edge in Indonesia. The remaining US\$1.5 million will be earmarked for working capital purposes. Further to the debt restructuring exercise which was undertaken in 2020, PT BBR has extinguished all of its bank borrowings (except for one particular vessel loan that was purchased by the Company as announced on 13 October 2020) which has allowed PT BBR to restart with a clean slate. This, coupled with the PT BBR Rights Issue and the Debt Conversion, will enable PT BBR to recapitalise its balance sheet and maintain financial stability going forward. Through its participation in the PT BBR Rights Issue, the Company (through PT MPI) will be able to acquire a controlling stake in PT BBR which is aligned with its commercial objectives for the Indonesian market.

3.2. Timeline for the PT BBR Rights Issue

The Company is also given to understand that PT BBR intends to convene the requisite extraordinary general meeting on 14 July 2021. PT BBR has scheduled its extraordinary general meeting on such date as due to the listing requirements of the Indonesia Stock Exchange, the PT BBR Rights Issue must be completed by the end of August 2021 failing which the audited accounts of PT BBR for the financial year ended 31 December 2020 will expire. The Company is further given to understand that the announcement will contain details of the PT BBR Rights Issue, including details of the Participation Undertaking. Given the urgency of the matter, PT MPI is required to execute the Participation Undertaking within a short period of time and it would not be practically feasible for the Company to convene an extraordinary general meeting (with the requisite notice period) in order to obtain prior approval from Shareholders for the Proposed Transaction.

3.3. Irrevocable Undertaking from Majority Shareholders

The Company has also consulted with several Shareholders, who in aggregate hold (either directly or indirectly) 51.21% of the voting rights in the Company, and who have each given an irrevocable undertaking to vote in favour of the Proposed Transaction. Accordingly, the resolutions in connection with the Proposed Transaction would be passed if an extraordinary general meeting were to be held in order to obtain prior approval Shareholders for the Proposed Transaction.

4. WAIVER CONDITIONS

The SGX-ST has granted the Waiver, subject to the following conditions:

- 4.1. the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
- 4.2. the Company obtaining Shareholders' approval for the Proposed Transaction by way of ratification at an extraordinary general meeting ("**EGM**") to be convened within three months from the completion of the Proposed Transaction; and
- 4.3. certain Shareholders (who in aggregate hold (either directly or indirectly) 51.21% of the voting rights in the Company) providing undertakings to the Company to: (i) vote in favour of the Proposed Transaction during the ratification EGM; and (ii) not decrease their shareholdings in the Company as at the point of providing the undertakings until the conclusion of the EGM.

In light of the foregoing, the Company will be convening an EGM to seek Shareholders' approval for the Proposed Transaction by way of ratification, and will make the necessary announcements in due course.

5. CAUTION ADVISED

Shareholders are advised to read this announcement together with any further announcements by the Company carefully. Shareholders 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
24 May 2021