



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

PROPOSED JOINT VENTURE WITH NAM CHEONG LIMITED IN THE INVESTMENT, FUNDING, OWNERSHIP AND OPERATION OF VESSELS

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Marco Polo Marine Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a joint venture and collaboration agreement dated 19 August 2014 (the “**JVCA**”) with Nam Cheong Limited (“**Nam Cheong**”, and together with its subsidiaries, the “**Nam Cheong Group**”) (each of the Company and Nam Cheong hereafter referred to as a “**Party**” and, collectively, the “**Parties**”) in relation to, *inter alia*, investment, funding, ownership and operation of vessels (including but not limited to accommodation work vessels, work-boats, accommodation work barges, anchor handling tugs and supply vessels and, if mutually agreed, such other assets and undertakings as the joint venture may acquire or participate in the future) (the “**JV Business**”). MPM, as at the date hereof and through an existing Hong Kong special purpose vehicle (“**HK SPV**”), has (as announced on 10 July 2014) established a new company in Labuan, Malaysia (the “**JV Co.**”) which, in connection with the JV Business, is expected to initially own two accommodation work vessels on a sequential basis of such specifications as shall be mutually agreed between the Parties. The first accommodation work vessel has already been acquired by the JV Co. from the Nam Cheong Group.

The current share capital of the JV Co. is US\$4.004 million comprising 400,400 ordinary shares of US\$10 each (the “**JV Shares**”). Under the terms of the JVCA, Nam Cheong shall pay the Group a cash consideration of US\$2.002 million (the “**Consideration**”) and the Group shall transfer 200,200 JV Shares to Nam Cheong, such that the percentage shareholding interest of the Group and the Nam Cheong Group in the JV Co. shall respectively be 50% each. In connection with the JV Business, the Company and Nam Cheong have also respectively committed to fund up to US\$4.0 million in aggregate by way of shareholder loans to the JV Co. in the proportion of their percentage shareholding interests in the JV Co.. Up to US\$8.0 million in aggregate will be used to fund the acquisition of the first accommodation work vessel under the JVCA.

2. RATIONALE FOR THE JVCA

The Company believes that the JV Business will allow the Group to tap on the Nam Cheong Group as an additional reputable source for vessel acquisitions and for funding of such acquisitions, in view of the Nam Cheong Group’s expertise and track record. The JV Business will also result in the strengthening of the financial position of the JV Co. to support fleet expansion and working capital requirements, as well as



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the enhancement of the growth prospects of the Group by allowing the Group to compete more effectively on the basis of increased flexibility on time-to-market in respect of its provision of vessels to customers and the ability to leverage off the Parties' existing collective network of customers.

3. INFORMATION ON NAM CHEONG

The Nam Cheong Group is a Malaysian-based global offshore marine group specialising in the building of OSVs, and headquartered in Kuala Lumpur, Malaysia. Nam Cheong has been listed on the Mainboard of the SGX-ST since 27 May 2011.

Nam Cheong owns and operates one of the largest shipbuilding yards for OSVs in Malaysia and focuses on the construction and engineering of complex, sophisticated, environmentally friendly and quality OSVs that are equipped with the latest technology.

Nam Cheong's shipbuilding business is complemented by its vessel chartering operations comprising a fleet of fifteen vessels, which are chartered out by way of bareboat or time charters for recurring income.

4. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT

The Group's sale of 50% of its shareholding in the JV Co. (the "**Disposal**") and grant of the initial shareholder loan of US\$2.0 million to the JV Co. are not expected to have any material impact on the earnings per share or the net tangible assets per share of the Group for the financial year ending 30 September 2014.

5. CHAPTER 10 OF THE LISTING MANUAL

The book value ("**BV**") and net tangible asset ("**NTA**") value of the Disposal, being approximately 50% of the BV and NTA value of the JV Co., is US\$4.004 million (based on the JV Co.'s latest management accounts as at 18 August 2014) (the "**Latest Management Accounts**").

The Consideration was determined based on the BV of the JV Co. as at 18 August 2014.

Based on the Latest Management Accounts, the Disposal is classified as a "non-discloseable" transaction within the meaning of Rule 1006 of the SGX-ST Listing Manual.



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6. MISCELLANEOUS

Save as disclosed above and other than through their respective shareholding interests (if any) in the Company, none of the directors or substantial shareholders of the Company has any interest, directly or indirectly, in the above mentioned transaction.

In connection with the joint venture, Nam Cheong will be entitled to appoint a director to the JV Co such that each of the Company and Nam Cheong shall have equal representation on the board of the JV Co.. However, no service agreement is intended to be entered into between the representative directors and the JV Co.

BY ORDER OF THE BOARD

Sean Lee Yun Feng
Chief Executive Officer
19 August 2014