**PENGUIN INTERNATIONAL LIMITED**
**(Company Registration Number: 197600165Z)**

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## INVESTMENT IN MARCO POLO MARINE LTD

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### 1. INTRODUCTION

1.1 Further to the announcement on 8 November 2017, the Board of Directors (the "**Board**" or the "**Directors**") of Penguin International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that pursuant to the Investment Agreement (the "**Agreement**") with Marco Polo Marine Ltd ("**MPM**") in relation to a cash investment in MPM as part of a refinancing and debt restructuring exercise of MPM and its subsidiaries (the "**MPM Group**"), the Company has subscribed for 357,142,857 MPM Shares for a total consideration of S$10 million payable in cash, of which S$8 million will be paid by the Company (for 285,714,286 MPM Shares) (the "**Company's Subscription**") and S$2 million by Mr Jeffrey Hing Yih Peir, the Company's Executive Chairman and controlling shareholder (with the Company holding 71,428,571 MPM Shares as a nominee for Mr Jeffrey Hing ) (the "**Combined Investment**").

1.2 The S$10 million Combined Investment will represent an estimated 10% of the enlarged share capital of MPM upon completion of a debt restructuring exercise and the equity fund raising, but before adjustment for such number of MPM Shares to be set aside under a MPM's management share award plan.

### 2. INFORMATION ON MPM

2.1 MPM is a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**" or the "**Singapore Exchange**"). The MPM Group is an integrated marine logistics service provider engaged in the ship chartering and shipyard business.

2.2 As disclosed in the announcements by MPM, MPM is undertaking :

(a) a refinancing and debt restructuring exercise involving itself and its subsidiaries (including Polo Shipyard Pte Ltd ("**MPSY**"), PT Marcopolo Shipyard ("**PTMS**"), and PT Pelayaran Marco Nasional Bina Buana Raya Tbk ("**PT BBR**")) (the "**Debt Restructuring Exercise**") of secured and unsecured debts (excluding, if deemed necessary by MPM, trade debts incurred or to be incurred in the ordinary course of business) as well as the outstanding debts and liabilities under MPM's Series 001 S$50,000,000 5.75 per cent. Fixed Rate Notes due 2016 issued by MPM (the "**Notes**") to strengthen its cashflow and working capital position as well as to enable MPM to continue its operations as a going concern.

(b) an equity fund raising as a component of the Debt Restructuring Exercise to raise up to an aggregate amount of S$60 million through several conditional investment agreements with several investors (the "**Investors**" and each an "**Investor**") with a total commitment by such Investors (including the Company) to subscribe for a total of 2,142,857,141 new ordinary shares to be issued out of the capital of MPM (the "**Investment Shares**" and each, an "**Investment Share**") at an issue price of S$0.028 per Investment Share ("**Equity Fund Raising**").

2.3 Please refer to the announcements made by MPM on the Debt Restructuring Exercise and Equity Fund Raising which are available on the website of the Singapore Exchange at www.sgx.com, including the announcement made on the completion of the Debt Restructuring Exercise and the Equity Fund Raising.

## 3. SALIENT TERMS OF THE AGREEMENT

3.1 The salient terms of the Agreement, including Conditions Precedent and Termination Clauses, are summarised in the Company's announcement on 8 November 2017 and remain unchanged.

3.2 MPM has since obtained the requisite approvals for the Debt Restructuring Exercise from the relevant scheme creditors for the schemes of arrangement applied for by MPM and MPSY ("**Schemes**"); the requisite majority consent from the Noteholders pursuant to the Consent Solicitation Exercise ("**CSE**"); and the approvals from the shareholders of MPM for the allotment and issue of the Investment Shares, including the necessary consents, approvals, waivers, exemptions or other acts from government and regulatory bodies as reasonably required to implement the Schemes and the CSE (including but not limited to the approval in-principle from the Singapore Exchange for the listing and quotation of the Investment Shares) and to perform the Agreement.

3.3 Pursuant to the Equity Fund Raising, each Investor has undertaken to enter into an arrangement whereby each Investor will set aside a proportion of its respective MPM Shares to be granted to the key members of MPM's management in 3 tranches totalling up to 15% of its MPM stake, when specified milestones are achieved ("**Management Award Shares**"). In this regard, the Company has set aside a total of 53,571,429 Management Award Shares for the purposes of the aforesaid MPM management share award plan. The first tranche of 17,857,143 Management Award Shares has been awarded following the signing of service agreements by two key members of MPM's management. The Combined Investment (excluding the Management Award Shares that have been set aside as aforesaid) consists of a total of 339,285,714 MPM Shares with 271,428,572 MPM Shares beneficially owned by the Company and 67,857,142 MPM Shares held by the Company as nominee for Mr Jeffrey Hing.

3.4 The Company is entitled to nominate one non-executive and non-independent director to the Board of MPM subject to the approval of MPM's nominating committee and MPM's Board of Directors ("**MPM Board**"). The Company has nominated Mr Jeffrey Hing to the MPM Board and has been notified of the approval from MPM's nominating committee and the MPM Board and the effective date of appointment will be 1 March 2018.

## 4. RATIONALE FOR THE COMPANY'S SUBSCRIPTION

4.1 As announced previously, provided the Equity Fund Raising and Debt Restructuring Exercise are successful, the Company is confident of MPM's long term fundamentals and believes that MPM can extract quality returns from its business. The Company believes that

there is considerable value in MPM's assets and is of the view that the Equity Fund Raising and Debt Restructuring Exercise will enable MPM to ride out near-term funding challenges and create medium to long term value.

4.2 The Company's Subscription will be funded by internal resources.

## 5. ILLUSTRATIVE FINANCIAL EFFECTS

The proforma financial effects of the proposed investment, based on the audited consolidated financial statements for the Group for the financial year ended 31 December 2016, are set out below for illustrative purposes only.

### 5.1 Financial effects on net tangible asset ("NTA")

The proforma financial effects of the Company's Subscription on the consolidated NTA per share of the Group as at 31 December 2016, assuming that the Company's Subscription had been effected on 31 December 2016, are set out below:

| | **Before the Company's Subscription** | **After the Company's Subscription** |
|---|---|---|
| Consolidated NTA attributable to the shareholders of the Company (S$'000) | 145,961 | 145,961 |
| Number of Shares (excluding treasury shares) | 220,170 | 220,170 |
| Consolidated NTA per Share attributable to the shareholders of the Company (Singapore cents) | 66.29 | 66.29 |

### 5.2 Financial effects on earnings per share ("EPS")

The proforma financial effects of Company's Subscription on the consolidated EPS of the Group for the financial year ended 31 December 2016, assuming that the Company's Subscription had been effected on 1 January 2016, are set out below:

| | **Before the Company's Subscription** | **After the Company's Subscription** |
|---|---|---|
| Consolidated net profit attributable to the shareholders of the Group (S$'000) | (6,431) | (6,431) |
| Weighted average number of Shares (excluding treasury shares) | 220,170 | 220,170 |
| Consolidated EPS (Singapore cents) | (2.92) | (2.92) |

## 6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 The relative figures for the Company's Subscription computed on the relevant bases set out in Rule 1006 of the Listing Manual, and based on the latest published unaudited consolidated financial statements of the Company for the nine-month period ended 30 September 2017 are as follows:

| Rule 1006 | Bases of calculation | Relative Figure % |
|---|---|---|
| (a) | The net asset value of the assets to be disposed of, compared with the Group's net asset value | Not applicable |
| (b) | The net profit attributable to the Company's Subscription compared with the Group's net profit | Not applicable |
| (c) | The aggregate value of the consideration paid, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares as at 24 January 2018 | 9.82% |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition compared with the number of equity securities previously in issue. | Not applicable |
| (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. | Not applicable |

6.2 As the relative figures figures under Rule 1006(c) exceeds 5% but does not exceed 20%, the Company's Subscription is a "discloseable transaction" for the purposes of Chapter 10 of the Listing Manual which does not require the approval of the shareholders of the Company at a general meeting.

## 7. DISCLOSURES PURSUANT TO RULE 704(17)(b) OF THE LISTING MANUAL

7.1 Following the Company's Subscription of the 285,714,286 MPM Shares and adjustment for the first tranche of Management Award Shares, the Company will have an interest in 271,428,572 MPM shares, amounting to approximately 7.71% of the enlarged share capital of MPM upon the completion of the Debt Restructuring Exercise and Equity Fund Raising.

7.2 Pursuant to Rule 704(17)(b) of the Listing Manual, the aggregate cost of the Group's quoted investments before and after the Company's Subscription will be as follows:

| | Before the Company's Subscription | After the Company's Subscription |
|---|---|---|
| Aggregate cost of the Group's quoted investments (S$'000) | Nil | 8,000 |
| Aggregate cost of the Group's quoted investments as a percentage of the latest audited consolidated NTA of the Group as at 31 December 2016 (S$'000) | Nil | 5.48% |
| Total market value of the Group's quoted investments (S$'000) | Nil | 16,014 |
| Amount of any provision for diminution in value of quoted investments (S$'000) | Nil | Nil |
| Audited consolidated NTA of the Group as at 31 December 2016 (S$'000) | 145,961 | 145,961 |

## 8. DISCLOSURE OF INTERESTS

8.1 Other than as disclosed above, to the best of the knowledge of the Company, none of the other Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the above matter other than through their shareholding interests in the Company.

## 9. SERVICE CONTRACT

9.1 No person is proposed to be appointed as a director of the Company in connection with the Company's Subscription.

## 10. DOCUMENT FOR INSPECTION

10.1 A copy of the Agreement may be inspected by Shareholders during normal business hours at the Company's registered office at 18 Tuas Basin Link, Singapore 638784 for a period of three (3) months from the date of this announcement.

## 11. CAUTIONARY STATEMENT

11.1 The Company will make further announcement(s) in compliance with the Listing Manual of the SGX-ST to keep shareholders informed as and when there are further updates pertaining to the above matter or if there are any material developments. Shareholders and potential investors 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

**James Tham Tuck Choong**
Managing Director
26 January 2018