



PENGUIN INTERNATIONAL LIMITED
(Company Registration Number: 197600165Z)

PROPOSED INVESTMENT IN MARCO POLO MARINE LTD

1. INTRODUCTION

- 1.1 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 the Company has entered into an Investment Agreement (the **“Agreement”**) with Marco Polo Marine Ltd (**“MPM”**) in relation to a potential cash investment in MPM as part of a refinancing and debt restructuring exercise of MPM and its subsidiaries (the **“MPM Group”**). The Company has, subject to conditions, committed to subscribe for ordinary shares of MPM in cash, the terms of which are further described below.

2. INFORMATION ON MPM

- 2.1 MPM is a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited. 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 has proposed to undertake a refinancing and debt restructuring exercise involving itself and its subsidiaries (including Marco Polo Shipyard Pte Ltd (**“MPSY”**), PT Marcopolo Shipyard (**“PTMS”**), and PT Pelayaran Nasional Bina Buana Raya Tbk (**“PT BBR”**)) (the **“Debt Restructuring Exercise”**) of all of the current 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.
- 2.3 MPM is also proposing to undertake an equity fund raising as a component of the Debt Restructuring Exercise to raise up to an aggregate amount of S\$60 million. As announced by MPM, MPM has entered into several conditional investment agreements with several investors (the **“Investors”**) with a total commitment by such Investors (including the Company) to subscribe for 2,142,857,141 new ordinary shares to be issued out of the capital of MPM (the **“Investment Shares”**) at an issue price of S\$0.028 per Investment Share (**“Equity Fund Raising”**).

- 2.4 For more information on MPM's Debt Restructuring Exercise and Equity Fund Raising, please refer to the announcements made or to be made by MPM.
- 2.5 The Company has agreed to participate in MPM's Equity Fund Raising to subscribe for such number of Investment Shares and subject to the key conditions precedent as briefly described below.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Investment Amount

Subject to the receipt of all necessary approvals and consents to effect and complete the Debt Restructuring Exercise, the Company has agreed to subscribe for 357,142,857 Investment Shares for a total consideration of S\$10 million payable in cash, of which S\$8 million will be paid by the Company 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 Investment Shares as a nominee for Mr Jeffrey Hing Yih Peir). The S\$10 million combined investment will represent an estimated 10% of the then enlarged share capital of MPM upon completion of the Debt Restructuring Exercise and Equity Fund Raising, but before adjustment for such number of Investment Shares to be set aside under MPM's management award plan (further details of which will be provided in MPM's circular to be issued to MPM shareholders in due course).

3.2 Board Seat on MPM

Subject to closing, the Company will be entitled to nominate one non-executive non-independent director to the Board of MPM subject to the approval of MPM's nominating committee (acting reasonably) and taking into account the suitability of the candidate being appointed.

3.3 Conditions Precedent

The consummation of the transaction contemplated in the Agreement will be subject to, among others, the following conditions precedent:

- (a) The requisite approvals for the Debt Restructuring Exercise, including but not limited to the approvals 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 CSE and the approvals from the shareholders of MPM for the allotment and issue of the Investment Shares, such approvals not having been revoked;
- (b) No material deterioration of the business and financial position and/or prospects of the MPM Group as a whole having taken into consideration the existing state of affairs of the MPM Group and the current circumstances surrounding it;
- (c) The total liabilities of MPM (excluding liabilities that are included and made subject to the Schemes and the CSE) not being more than S\$12 million as of the last day of the month immediately prior to closing;

- (d) No event, development or state of facts which has had or would reasonably be expected to have a material adverse effect in the context of the Agreement between the date of the Agreement and the effective date of the Schemes;
- (e) All necessary consents, approvals, waivers, exemptions or other acts from governmental and regulatory bodies as reasonably required to implement the Schemes and the CSE (including but not limited to the in-principle approval to be obtained from the Singapore Exchange for the listing and quotation of the Investment Shares) and to perform the Agreement; and
- (f) All representations and warranties given by MPM being true and correct as at the date of the Agreement and as at the date of closing except to the extent any such representation or warranty expressly relates to a prescribed date (in which case true and correct as of such prescribed date).

3.4 Termination

The Agreement may be terminated at any time prior to closing in certain situations including but not limited to the following:

- (a) In the event of a material breach, or failure or inability of a party to the Agreement to observe or perform any of its obligations under the Agreement, the non-defaulting party may terminate the Agreement by the giving of a written notice to that effect;
- (b) By any of the investors or MPM, if the Debt Restructuring Exercise is not under way by or if the conditions precedent are not fulfilled by 12 March 2018 (or such other date as the parties to the Agreement may agree in writing);
- (c) By any of the investors or MPM:
 - (i) if the requisite majority of the scheme creditors do not vote in support of the Schemes or the requisite majority of the Noteholders do not vote in support of the CSE;
 - (ii) if the court declines or refuses to grant the court orders to sanction the Schemes;
 - (iii) if the Debt Restructuring Exercise cannot be proceeded with for any other reason; or
 - (iv) upon the occurrence of any event, development or state of facts which has had or would reasonably be expected to have a material adverse effect in the context of the Agreement between the date of the Agreement and the date the Schemes come into effect.

4. FINANCIAL EFFECTS

- 4.1 The acquisition will be funded by internal resources and as the Investment is not expected to be completed in this financial year ending 31 December 2017, it is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Company for the financial year ending 31 December 2017.

- 4.2 Provided the Equity Fund Raising and Debt Restructuring Exercise is 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 there is considerable value in MPM's assets. The Company 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.

5. DISCLOSURE OF INTERESTS

- 5.1 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.

6. DOCUMENT FOR INSPECTION

- 6.1 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.

7. CAUTIONARY STATEMENT

- 7.1 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 should note that at this juncture there is no certainty that definitive agreement(s) and documentation will be entered into in connection with the Investment and/or the Restructuring Exercise or that the same will be completed.
- 7.2 In the meantime shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests. Shareholders and potential investors are reminded to exercise caution when dealing with shares of the Company. 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
8 November 2017