



Securities Investors Association (Singapore)

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Issuer: Marco Polo Marine Ltd.

Stock code: 5LY

Meeting details:

Date: 27 January 2022

Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

- (i) **Utilisation rates: What were the utilisation rates in FY2021 and FY2020?** Details of the group's vessel portfolio can be found on page 13 of the annual report.
- (ii) **Charter rates (offshore): Similarly, what were the charter rates for the offshore vessels in the past 3 years?** In the joint letter from the chairman and CEO, it was disclosed that the group experienced growth in utilisation rate and average charter rates for its offshore vessels, "which have both surpassed pre-COVID-19 levels". **Does management expect the increase in charter rates to be sustainable?**
- (iii) **Shipyard: How have the shipyard operations been impacted by the pandemic? Is the group facing any manpower constraints? With the shipyard "operating near full capacity" (page 6), is the growth from the ship building & repair segment limited to the dry dock extension program?**
- (iv) **Segment results (shipbuilding and repair services):** Even as revenue increased from \$17.2 million in FY2020 to \$26.0 million in FY2021, the reportable segment results from the shipbuilding and repair services segment declined from a loss of \$(1.08) million to \$(6.64) million in FY2021 (pages 103 and 104 – Note 31: Segment information). **What are the reasons for the larger segment loss in FY2021 despite the higher revenue (and the shipyard operating near full capacity)?**
- (v) **Offshore windfarm: How is the group acquiring new customers in the offshore windfarm segment? How does the group differentiate itself from the competitors given that there is still idle capacity in the market fighting for the same jobs?**
- (vi) **Smart floating fish farms: Have the two units of smart floating fish farms been delivered to the customer? Is the group working with the customer to secure new orders?**
- (vii) **Trade receivables:** Recoverability of trade receivables was flagged out as a key audit matter, with the group having made an allowance of \$4.9 million for expected credit losses for both FY2021 and FY2020 (page 40 – Independent auditor's report). Furthermore, 42.8% (FY2020: 60.2%) of the gross trade receivables have past due more than 3 months (page 118). **Please update shareholders the on-the-ground sentiment as well as operational conditions in the shipping industry. How confident is management in recovering the aged receivables? Is management also looking to tighten its credit policies?**

Q2. On 5 January 2022, the company announced that its subsidiary, P.T. Marcopolo Shipyard, has ventured into green ship recycling. The group will help shipowners recycle their end-of-life ships in a safe and environmentally sound manner.

As announced by the company, the group has also become the first shipyard in Indonesia to be certified and awarded the ISO 30000:2009 certificate which is recognised globally and often a prerequisite by shipowners looking to comply with the new EU regulation on ship recycling and the International Maritime Organization (IMO) Hong Kong Convention.

- (i) **Will the new business of green ship recycling require the group to make substantial and additional capital investment into the infrastructure? How much will the group be investing into this new business and how will the group be able to fund this?**
- (ii) **What is management's experience in green ship recycling?**
- (iii) **Can management help shareholders understand the addressable market of the new business of green ship recycling?**
- (iv) **How cost-competitive is the group in this? How will the group be acquiring customers?**

Q3. At the EGM scheduled to be held on 27 January 2022 at 11.00 am or following the conclusion of the AGM, shareholders are asked to approve the group's participation in the rights issue to be undertaken by PT Pelayaran Nasional Bina Buana Raya Tbk ("PT BBR") which constitutes a major transaction under Chapter 10 of the Listing manual of SGX-ST.

The proposed subscription in PT BBR, when compared to the company's market capitalisation, will range from 28.9% to 35.0% depending on the subscription amounts by other PT BBR shareholders.

- (i) **Can management clarify if the timeline for PT BBR has been finalised baring unforeseen circumstances?** The indicative timeline for the PT BBR Rights issue can be found on page 13 of the EGM circular.
- (ii) **If so, when does management expect the debt conversion to be completed? For the avoidance of doubt, can management clarify if the corporate actions by PT BBR (including the debt conversion relating to the current receivable for the purchase of MP Perkasa and Pride Vessel) will improve the company's cash flow/working capital?**

- (iii) **Going forward, are there plans to allocate more capital or inject more vessels into PT BBR?** PT BBR is said to be 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.
- (iv) **What changes will the group be making to the management and operations of PT BBR following the completion of the rights issue?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)