



MARINE & GENERAL
BERHAD

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MARINE & GENERAL BERHAD - [Company No 199601033545 (405897-V)]

NEWS RELEASE

MARINE & GENERAL BHD SUCCESSFULLY CONCLUDES ITS EXTRA-ORDINARY GENERAL MEETING

KUALA LUMPUR, 31 December 2019 – Marine & General Berhad (“M&G”) successfully concluded its Extra-ordinary General Meeting (“EGM”) today, where all three (3) ordinary resolutions presented for the shareholders’ consideration were approved.

The three (3) ordinary resolutions cumulatively empowers M&G to undertake the debt restructuring, recapitalisation and funding of its main operating subsidiary, namely Jasa Merin (Malaysia) Sdn Bhd (“JMM”) and its affected subsidiaries (“JMM Group”), via the following:

1. Proposed issuance of 1.5 billion new ordinary shares in M&G (“M&G Shares”) at the Issue Price of RM 0.10 per M&G share amounting to RM150.0 million upon the surrender of 150.0 million irredeemable preference shares of RM1.00 each in JMM (“JMM PS”) (“Proposed Issuance”); and
2. Proposed subscription of up to 150.0 million new cumulative non-convertible redeemable preference shares (“CN-RPS”) in JMM for a total subscription of RM150.0 million (“Proposed Subscription”).

Note: The Proposed Issuance and Proposed Subscription are collectively referred to as the Proposals.



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Shareholders briefed on the debt restructuring of JMM

In order to provide the shareholders with a broad overview as to why the Proposals are being undertaken, a short briefing on the debt restructuring of JMM was presented during the Meeting.

The shareholders were briefed that JMM and its subsidiaries had on 27 November 2019 entered into agreements to restructure their outstanding facilities to their banks totaling RM923.2 million. The restructuring entails, amongst others, the following:

- a) An up-front cash payment of RM50 million to the banks;
- b) Settlement of part of the outstanding debt amounting to RM150.0 million via the proposed issuance of JMM PS; and
- c) Granting to JMM and its affected subsidiaries additional time to settle the balance outstanding debt of RM723.2 million by way of a Term Financing ("TF").

Shareholders were further briefed that upon completion of the up-front cash payment to the banks and the proposed issuance of JMM PS, RM200.0 million of the JMM Group's outstanding debt shall be fully and irrevocably settled. The TF of approximately RM723.2 million shall be settled in accordance with the terms and conditions agreed upon.

Shareholders briefed on the Proposals

Subsequent to the overview, shareholders were briefed on the need for the Proposals being presented for their consideration, namely:

- a) The Proposed Issuance is an essential part of JMM's debt restructuring. It will facilitate the proposed issuance of JMM PS. Upon the issuance of the JMM PS, the indebtedness of the JMM Group is reduced by RM150.0 million. This will result in interest savings of approximately RM7.65 million per annum based on the effective interest rate of the TF of 5.1% per annum. Furthermore, the



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exchange of the JMM PS into new M&G Shares will allow the M&G Group to preserve its cash position, as part of the debt owed by the JMM Group are to be settled via the exchange of new M&G Shares and not cash.

- b) The Proposed Subscription is undertaken to capitalise the amount owing by JMM to M&G, which would reduce JMM's debt without any cash outflow. In this respect, the Proposed Subscription will allow JMM to preserve its cash for other purposes, such as working capital requirements and future business expansion. Further, the capitalisation of the amount owing by JMM to M&G will enable JMM to settle its obligations whilst at the same time increase its capital base which is expected to place the JMM Group on a stronger financial footing.

Shareholders were informed that upon the completion of the Proposals and full exchange of the JMM PS, there is an expected reduction in the gearing levels of the M&G Group from the current level of 10.9 times (based on audited figures as at 30 April 2019) to 3.08 times. In addition, there is also an expected reduction in interest expense of JMM which will assist JMM in matching its cash flow from operations to its debt obligations.

Concluding remarks

Speaking at the end of the EGM, the Company's Executive Chairman, Dato' Mohd Azlan Hashim said, "The Company is pleased with the outcome of today's EGM. It was a good turnout and the Company got a good opportunity to explain the need to undertake the Proposals presented for consideration. The Company is pleased with the positive response from shareholders to the briefing provided. I sincerely hope that the Company's shareholders will continue to support the Board in its objective to take the Company forward."



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Marine & General Berhad ("M&G" or "the Company") was originally incorporated as SILK Concessionaire Holdings Sdn Bhd on 14 October 1996, and subsequently changed its name to Sunway Infrastructure Berhad on 14 February 2002. It assumed the name of SILK Holdings Berhad on 31 October 2008. It assumed its current name on 23 June 2017 after the successful completion of the disposal of the Company's highway assets.

The Company, at present, has two major operating divisions, namely the Marine Logistics - Upstream Division ("Upstream") spearheaded by Jasa Merin (Malaysia) Sdn Bhd ("JMM") and the Marine Logistics - Downstream Division ("Downstream"), spearheaded by two (2) ship owning companies ("SOCs"), namely Jasa Merin (Labuan) PLC ("JML") and M&G Tankers Sdn Bhd ("MGTSB").

JMM charters out offshore support vessels ("OSV") for use by the oil majors in their exploration and production activities. On the other hand, the SOCs under the Downstream Division charter out liquid bulk carriers ("LBC") to the petrochemical and oleo-chemical industries, whereby the vessels are used to transport liquid bulk products.

Forward looking statements

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Marine & General Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

Issued on behalf of: **Marine & General Berhad** By: **acorn communications sdn bhd**
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