



## MERMAID MARITIME PUBLIC COMPANY LIMITED

บริษัท เมอร์เมด มารีไทม์ จำกัด (มหาชน)

(Reg. No. 0107550000017)

26/28-29, 9<sup>th</sup> Floor Orakarn Bldg., Soi Chidlom, Ploenchit Road,  
Lumpinee, Pathumwan, Bangkok 10330, Thailand.

Tel.: +66 (0) 2-255-3115~6; Fax: +66 (0) 2-255-1079

### **MERMAID'S TWO (2) NEWBUILD DRILLING RIGS UNDER CONSTRUCTION CANCELLED BY MUTUAL AGREEMENT**

*All pre-paid installments and associated costs were already recorded as asset-impairments in Mermaid's 2015 Financial Statements. No further payments are due to the Builder.*

Mermaid Maritime Public Company Limited ("Mermaid" or the "Company") refers to its SGXNet announcement on 9 January 2014 regarding, among other things, the entry by its subsidiaries MTR-3 (Singapore) Pte. Ltd. and MTR-4 (Singapore) Pte. Ltd. (the "Owners") into construction contracts (the "Construction Contracts") with China Merchants Industry Holdings Co. Ltd. (the "Builder") for the construction of tender assist drilling rigs to be named 'MTR-3' and 'MTR-4' (the "Rigs") respectively.

As stated in the said SGXNet announcement on 9 January 2014, the contract price for each of the Rigs (which is inclusive of rig equipment spares) was USD 149,000,000 (United States Dollars One Hundred and Forty Nine Million). This is equivalent to USD 298,000,000 (United States Dollars Two Hundred and Ninety Eight Million) for both Rigs.

#### **Background**

The Owners had made a pre-paid installment of US\$ 44,000,000 (United States Dollars Forty Four Million) for both Rigs pursuant to the Construction Contracts (the "Pre-Paid Sum").

The balance of the contract price which would have been due and payable to the Builder upon delivery of both Rigs pursuant to the Construction Contracts is US\$ 254,000,000.00 (United States Dollars Two Hundred and Fifty Four Million) ("Balance Payment").

The Company also refers to its SGXNet announcement on 27 May 2016 regarding, among other things, the postponement of the delivery date of both Rigs to 31 December 2016 ("Delivery Date") in order to allow the Owners time to consider and implement preferred courses of action in relation to these Rigs.

#### **Termination and Consequences**

In light of the challenging global oil and gas market situation that has, among other things, created a contraction in demand for drilling rigs, depressed asset values and charter rates, and making securing new contracts more challenging, the Owners shall not be taking delivery of the Rigs from the Builder by the Delivery Date. The Owners had also not received any genuine interest from third party buyers for the Rigs to date.



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Accordingly, the Construction Contracts have therefore been terminated by mutual agreement between the respective Owners and the Builder.

It has also been mutually agreed that the Pre-Paid Sum shall be retained by the Builder; the Rigs and all the materials and equipment forming part of the Rigs or intended to be incorporated into it has become the sole property of the Builder and at the sole disposal of the Builder for sale or otherwise; and all obligations (including the obligation by the Owners to pay the Balance Payment), rights, duties and liabilities of each of the parties hereto to the other under the Construction Contracts and under any applicable laws have been completely discharged and released.

In a move to mitigate financial exposure, the Company had already recorded an asset impairment on the entire Pre-Paid Sum and associated costs related to the Rigs in its 2015 Financial Statements.

### **Right of First Refusal**

Subsequent to the termination of the Construction Contracts, in the event that the Builder has itself, at any time and from time to time, identified another buyer for one or both of the Rigs, the Builder has given the Owners a right of first refusal to purchase the subject Rig or Rigs from the Builder on the same price, terms and conditions that the Builder has offered to the other buyer.

### **Interest of Directors and Controlling Shareholders**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the termination of the Construction Contracts. There are also no new directors proposed to be appointed to the Company in connection with the termination of the Construction Contracts.

Please be informed accordingly.

Mr. Vincent Siaw  
Chief Operating Officer  
31 December 2016