NEWS RELEASE

NAM CHEONG ACHIEVES NET PROFIT OF RM93.2 MILLION (APPROX. S$38.8 MILLION[1] ON REVENUE OF RM606.2 MILLION (APPROX S$252.5 MILLION[1]) FOR FY2011

- ***Strong order book of approx. RM638 million (approx. S$266 million)***
- ***Maintains healthy gross profit margin of 23%***
- ***Resilient oil prices at high levels expected to fuel offshore marine activities; Malaysian oil and gas industry to remain robust***
- ***Proposes first and final dividend of 0.2 Singapore cents***

Singapore, February 27, 2012 – Nam Cheong Limited ("南昌有限公司") (the "Group" or "Nam Cheong"), SGX Main Board-listed Malaysian-based leading global Offshore Support Vessel ("OSV") shipbuilder that focuses on the construction and engineering of complex, sophisticated and environmentally-friendly OSVs, reported that it has achieved a net profit of RM93.2 million on revenue of RM606.2 million for the financial year ended December 31, 2011 ("FY2011"), in tandem with robust momentum in the offshore marine sector.

The Group continued to maintain a healthy gross profit margin of 23% in FY2011. In addition, it ended the year on a strong note with a total of 13 vessels valued at RM757 million sold, compared to 10 vessels valued at RM505 million in FY 2010. The second half of 2011 saw a slew of contract wins consisting of five Anchor Handling Tug Supply ("AHTS") vessels, two Platform Supply Vessels ("PSV"), one Multi-Purpose Support Vessel and an Accommodation Work Barge.

[1] *Currency conversion based on SGD1= RM2.401 as quoted on Bloomberg L.P. on Feb 24, 2012*

For the three months ended December 31, 2011, ("4Q2011"), the Group reported a 15% increase in net profit to RM26.4 million, from RM23.0 million in the previous corresponding period ("4Q2010"). This is despite a 48% decline in revenue to RM139.9 million in 4Q2011 from RM266.9 million in 4Q2010. The significantly higher gross profit margin of 24% in 4Q2011, compared to 12% recorded in 4Q2010, was mainly contributed by the recognition of sales of larger vessels, of which one was secured in 4Q2011.

Datuk Tiong Su Kouk ("拿督张仕國"), Executive Chairman and CEO of Nam Cheong, said: "We are pleased that our strong track record and strategic moves have continued to produce results, profitability and value for our shareholders, despite challenges posed by global economic uncertainties. For this financial year, we not only clinched deals with our established blue-chip customers, such as Bumi Armada, but also secured businesses with new clients. We continue to leverage on our business philosophy of meeting our clients' demands ahead of time – always ascertaining market demand with a deep understanding of what our customers need. And our asset-light strategy of outsourcing to China yards has allowed us to retain flexibility in our business model while expanding our production capacity."

Dividend Proposal

"To reward our loyal shareholders, the Board has recommended a first and final dividend of 0.2 Singapore cents, totalling S$3.8 million. This represents a payout of 9.9% of FY2011 profit attributable to shareholders," Datuk Tiong said.

Financial Review

Revenue in FY2011 was RM606.2 million, compared to RM758.2 million in FY2010. The 20% decrease in revenue was due to lower shipbuilding revenue being recognised over the year as a result of the spill-over effect of the economic downturn in 2008/2009, when fewer orders of new vessels were received for delivery in 2010/2011.

Overall, gross profit decreased by 19%, from RM169.8 million in FY2010 to RM137.8 million, in tandem with the drop in revenue. Notwithstanding the decline in FY2011 revenue and gross profit, Nam Cheong was able to maintain a healthy gross profit margin of 23%, compared to 22% in FY2010.

Other income was higher in FY2010 compared to FY2011 due to the foreign exchange gain of RM12.1 million brought about by the depreciation of the US dollar during 2010.

The Group also derived RM1.5 million in the form of shared profits contribution from its Joint Venture ("JV") company established in 3Q2011. In September, the Group formed a JV company, Synergy Kenyalang Offshore Sdn Bhd, with three major oil and gas service providers in the region. The JV was to enhance Nam Cheong's vessel chartering operations and the recurring income stream from this business division by allowing Nam Cheong to utilise the ship management and crew expertise of its partners. In all, revenue from ship chartering rose 2%, from RM40.7 million in FY2010 to RM41.6 million in FY2011, comprising about 7% of Nam Cheong's turnover in FY2011.

The Group's balance sheet remains healthy with cash and cash equivalents of RM26.7 million and an improved gearing ratio of 0.63 times as at December 31, 2011. The gearing ratio was 0.77 times as at December 31, 2010.

Outlook

2012 is expected to be a major turning point for the Asian offshore industry, which one recent analyst report[2] forecasts to be on the cusp of the next sector bull cycle. Supported by high prices of oil and driven by rising global demand for oil, major oil companies have already begun to increase budgets for exploration and production to replace depleting reserves.

[2] *Source: DNB Markets, Sector report and quarterly preview, Asia Offshore, "Beginnings of a sector up cycle," February 2, 2012*

Mr Leong Seng Keat ("梁成杰"), Nam Cheong's Executive Director, said: "The second half of 2011 saw a pick-up in orders for us, which is in line with ours and industry experts' expectations that momentum for the offshore marine industry is continuing on the uptrend because of high, resilient oil prices. The outlook is especially optimistic for Malaysia's offshore marine players because Petronas, the country's national oil company, is expected to expand its capex to RM300 billion in the next five years[3]. With our position as Malaysia's largest OSV builder and our close ties with Petronas-licensed companies, our Group will no doubt benefit from the increased oil and gas exploration and production activities spurred on by such investments."

Nam Cheong expects to see a continuing demand for AHTS vessels, PSVs and other offshore equipment, especially within the Malay basin in the shallow water region. The demand for small size AHTS vessels remains strong as offshore service providers replace older vessels with new and higher specification vessels. New businesses relating to top side maintenance, hook up and commissioning, and exploitation of reserves from marginal fields also have created new opportunities for the Group. The active pursuit of these opportunities has led the Group to secure a vessel chartering contract through the JV formed with major oil and gas service providers in the region in September 2011.

As at 31 December 2011, the Group's order book stands at approximately RM638 million, comprising 11 units of vessels, which are scheduled for delivery stretching till end of 2012.

[3] *SIAS Research, Initiation Report on Nam Cheong, December 5, 2011*

"Going forward, the Group will focus on executing orders already secured, maintaining our track record for on-time deliveries," Datuk Tiong said. "The Directors are also of the opinion that the Group's order book will continue to register healthy growth in view of the increase in global E&P spending. While we are aware that the Eurozone debt crisis, the sluggish economy in the United States and slowing growth in China can present mounting challenges in the year ahead, we will nevertheless strive to build on our inherent strengths and our competitive edge to ensure growth and enhance value for our shareholders."

ABOUT NAM CHEONG

Headquartered in Kuala Lumpur, Malaysia, Nam Cheong is a global leading offshore marine group specialising in the building of OSVs. Nam Cheong is the largest shipbuilder of OSVs in Malaysia and with nearly 7% of the regional market share, makes the Group the second largest player east of the Suez Canal[4].

Since its humble beginnings in 1968 building only fishing vessels, the Group today owns and operates one of the largest shipbuilding yards for OSVs in Malaysia. The Group focuses on the construction and engineering of complex, sophisticated, environmentally friendly and quality OSVs that are equipped with the latest technology for use in the offshore oil and gas exploration and production ("E&P") and oil services industries. These vessels include platform supply vessels ("PSVs"), safety standby vessels ("SSVs"), anchor handling towing supply ("AHTS") vessels, accommodation barges, landing crafts ("LCs") and multi-purpose support vessels. Nam Cheong has attained strong reputation in Malaysia, the South-East Asian region, the Middle East and United States for its expertise and track record in constructing OSVs for customers who consist primarily of ship owners and marine services operators.

[4] *Source: Independent market research report by Pareto Securities Asia Pte Ltd., March 23, 2011*

Nam Cheong is able to deliver up to 12 vessels (depending on the size and complexity of the OSVs) from its 12.6-hectare Miri shipyard located in Kuala Baram, Sarawak, Malaysia. In line with the increase in demand for Nam Cheong's vessels in recent years, the Group has outsourced the construction of vessels to selected shipyards in China. This has given the Group access to additional production capacities and Nam Cheong has successfully delivered 67 vessels since 2007.

Nam Cheong's shipbuilding business, which makes up over 90% of its revenue for 2008 to 2011, is complemented by its vessel chartering operations. Nam Cheong currently has a fleet of 10 vessels, comprising seven SSVs, one AHTS and two landing crafts, which are chartered out by way of bareboat or time charters. The Group intends to expand in this area for the recurring income stream, and mitigate the cyclicality and project-based nature of the shipbuilding industry.

Nam Cheong was successfully listed on SGX-ST on May 27, 2011 through a reverse takeover of Eagle Brand Holdings Limited.

AmFraser Securities Pte. Ltd. (A member of AmInvestment Bank Group) and Kim Eng Corporate Finance Pte. Ltd. are the joint financial advisers to the Company for the acquisition of the entire issued and paid up share capital of Nam Cheong Dockyard Sdn Bhd and 50% of the issued and paid up share capital of Nam Cheong Offshore Pte. Ltd. ("Joint Financial Advisers"). The Joint Financial Advisers assume no responsibility for the contents of this announcement.

ISSUED ON BEHALF OF	:	Nam Cheong Limited	
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd	
		1 Raffles Place	
		#26-02 One Raffles Place	
		SINGAPORE 048616	
CONTACT	:	Ms Dolores Phua / Ms Chelsea Phua	
		at telephone	
DURING OFFICE HOURS	:	6534-5122	(Office)
AFTER OFFICE HOURS	:	9750-8237 / 9667-5837	(Handphone)
EMAIL	:	dolores.phua@citigatedrimage.com	
		chelsea.phua@citigatedrimage.com	

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