

NSL LTD.

(Incorporated in Singapore)
Company Registration No. 196100107C

ANNOUNCEMENT

PROPOSED DISPOSAL OF THE DRY MIX BUSINESS IN SINGAPORE, HONG KONG, CHINA AND MALAYSIA

1. INTRODUCTION

1.1 **Proposed Transaction.** The Board of Directors (the “**Board**”) of NSL Ltd. (“**NSL**” or the “**Company**”) is pleased to announce that it has today entered into a conditional framework share purchase agreement (the “**Agreement**”) with:

- (i) Eastern Pretech Pte Ltd (“**Eastern Pretech Singapore**”), an indirect wholly-owned subsidiary of the Company;
- (ii) Eastern Pretech (Malaysia) Sdn Bhd (“**Eastern Pretech Malaysia**”), an indirect wholly-owned subsidiary of the Company;
- (iii) Saint-Gobain Produits pour la Construction S.A.S (“**SGPPC**”); and
- (iv) Saint-Gobain Malaysia Sdn. Bhd. (“**SGMY**”), a direct wholly-owned subsidiary of SGPPC,

(together with the Company, the “**Parties**” and each, a “**Party**”), pursuant to which:

- (a) Eastern Pretech Singapore will sell, and SGPPC will purchase:
 - (I) 5,880,000 ordinary shares representing the entire issued and paid-up share capital of Emix Industry (S) Pte. Ltd. (“**Emix Singapore**” and such shares, the “**Emix Singapore Shares**”); and
 - (II) 18,000,000 ordinary shares representing 80 per cent. of the issued and paid-up share capital of Emix Industry (HK) Limited (“**Emix Industry HK**” and such shares, the “**Emix HK Shares**”). Emix Industry HK holds, directly or indirectly:
 - (A) the entire issued and paid-up share capital of Emix (HK) Limited 美特耐(香港)有限公司, Emix (China) Limited 美特耐(中國)有限公司 (“**Emix China**”), Eastern Gotech (Guangzhou) Limited 高迪建材(广州)有限公司 (“**EGGZ**”) and Emix Industry (Guangzhou) Ltd 美特耐新型建材(广州)有限公司 (collectively, the “**Subsidiaries**”); and
 - (B) 40 per cent. of the issued and paid-up share capital of Yue Fung (China) Limited 裕豐建材(中國)有限公司 (“**Yue Fung China**”) and 云浮市美特耐新型建材有限公司 (collectively, the “**Associated Companies**”); and
- (b) Eastern Pretech Malaysia will sell, and SGMY will purchase, 12,031,238 ordinary shares of Ringgit Malaysia (“**RM**”) 1.00 each representing the entire issued and paid-up share capital of Emix Industry (M) Sdn Bhd (“**Emix Malaysia**” and such shares, the “**Emix Malaysia Shares**”),

(collectively, the “**Proposed Transaction**”).

Pursuant to the terms of the Agreement, the sale and purchase of the Emix HK Shares, the Emix Singapore Shares and the Emix Malaysia Shares (collectively, the “**Sale Shares**”) are inter-conditional.

- 1.2 **Information on the Relevant Purchasers.** SGPPC, a French société par actions simplifiée, is the ultimate parent company of the Construction Products Sector of the Saint-Gobain Group holding equity interests in companies belonging to the Construction Products Sector worldwide. SGMY, a Malaysian Sendirian Berhad, is a direct wholly-owned subsidiary of SGPPC holding equity interests in other Malaysian companies belonging to the Saint-Gobain Group and running industrial and commercial activities in Malaysia.

Each of SGPPC and SGMY (collectively, the “**Relevant Purchasers**”) is not related to the Company’s controlling shareholders, directors or their respective associates.

- 1.3 **Closing.** The completion of the Proposed Transaction (“**Closing**”) is subject to and conditional upon various conditions precedent (“**Conditions**”), including, *inter alia*, the approval of shareholders of NSL (“**Shareholders**”) for the Proposed Transaction at an extraordinary general meeting (“**EGM**”) of NSL to be convened. Following Closing, Eastern Pretech Singapore and Eastern Pretech Malaysia (collectively, the “**Relevant Sellers**”) will no longer hold any interest in Emix Singapore, Emix Industry HK and its Subsidiaries and Emix Malaysia (collectively, the “**Relevant Companies**”), and each of the Relevant Companies will cease to be a member of the NSL group comprising the Company and its subsidiaries (the “**NSL Group**”).

Subject to the terms of the Agreement, Closing shall take place simultaneously with the completion of the sale and purchase of 2,250,000 Emix HK Shares pursuant to the sale and purchase agreement entered into today between SGPPC and Ip Kam Wa (“**AIK**”), pursuant to which AIK will sell 2,250,000 Emix HK Shares, representing 10 per cent. of the Emix HK Shares in issue, to SGPPC (the “**AIK SPA**”).

2. INFORMATION ON EMIX SINGAPORE

- 2.1 **Emix Singapore.** Emix Singapore is a private limited company incorporated in Singapore with an issued share capital of S\$5,880,000, comprising 5,880,000 Emix Singapore Shares. The principal business of Emix Singapore is the trading of plastering materials. As at the date of this Announcement, Eastern Pretech Singapore holds 5,880,000 Emix Singapore Shares, representing 100 per cent. of the Emix Singapore Shares in issue (the “**Eastern Pretech Singapore Ownership Interest**”).
- 2.2 **Asset Value.** Based on the unaudited consolidated financial statements of the NSL Group for the six-month period ended 30 June 2016 (“**6M2016**” and such results, the “**6M2016 Results**”), the attributable net asset value (“**NAV**”) and the attributable net tangible asset (“**NTA**”) value of the Eastern Pretech Singapore Ownership Interest as at 30 June 2016 are both approximately S\$12.8 million.
- 2.3 **Net Profit.** Based on the 6M2016 Results, the net profit before income tax, minority interests and exceptional items for the Eastern Pretech Singapore Ownership Interest is approximately S\$3.8 million. The gain on disposal of the Eastern Pretech Singapore Ownership Interest is approximately S\$44.0 million.¹

¹ Calculated on the basis that there will be no adjustments to the purchase price of the Eastern Pretech Singapore Ownership Interest of S\$58.3 million.

3. INFORMATION ON EMIX INDUSTRY HK

- 3.1 **Emix Industry HK.** Emix Industry HK is a company incorporated in Hong Kong with an issued and paid-up share capital of HK\$23,375,000, comprising 22,500,000 Emix HK Shares. The principal business of Emix Industry HK is the manufacturing and sale of plastering materials. As at the date of this Announcement, Eastern Pretech Singapore holds 18,000,000 Emix HK Shares, representing 80 per cent. of the Emix HK Shares in issue (the “**Eastern Pretech HK Ownership Interest**”). AIK, who is a director of Emix Industry HK and is not related to NSL or any of NSL’s controlling shareholders, directors, chief executive officer or their respective associates, holds the remaining 4,500,000 Emix HK Shares, representing 20 per cent. of the Emix HK Shares in issue, of which 2,250,000 Emix HK Shares will be sold by AIK to SGPPC pursuant to the AIK SPA.
- 3.2 **Asset Value.** Based on the 6M2016 Results, the NAV and the NTA value of the Eastern Pretech HK Ownership Interest as at 30 June 2016 are both approximately S\$21.5 million.
- 3.3 **Net Profit.** Based on the 6M2016 Results, the net profit before income tax, minority interests and exceptional items for the Eastern Pretech HK Ownership Interest is approximately S\$3.4 million. The gain on disposal of the Eastern Pretech HK Ownership Interest is approximately S\$49.3 million.²

4. INFORMATION ON EMIX MALAYSIA

- 4.1 **Emix Malaysia.** Emix Malaysia is a private limited company incorporated in Malaysia with an issued share capital of RM12,031,238, comprising 12,031,238 Emix Malaysia Shares of RM1.00 each. The principal business of Emix Malaysia is the manufacturing and sale of plastering materials and the provision of plastering services. As at the date of this Announcement, Eastern Pretech Malaysia holds 12,031,238 Emix Malaysia Shares, representing 100 per cent. of the Emix Malaysia Shares in issue (the “**Eastern Pretech Malaysia Ownership Interest**”).
- 4.2 **Asset Value.** Based on the 6M2016 Results, the NAV and the NTA value of the Eastern Pretech Malaysia Ownership Interest as at 30 June 2016 are both approximately S\$11.2 million.
- 4.3 **Net Profit.** Based on the 6M2016 Results, the net profit before income tax, minority interests and exceptional items for the Eastern Pretech Malaysia Ownership Interest is approximately S\$2.3 million. The gain on disposal of the Eastern Pretech Malaysia Ownership Interest is approximately S\$14.3 million.³

5. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

- 5.1 **Closing Date.** Pursuant to the terms of the Agreement, the Relevant Sellers shall sell, and the Relevant Purchasers shall purchase, the Sale Shares on the date falling on the fifth business day following the date of the Pre-completion Notice (as defined in paragraph 5.4(ii) below), provided that if the fifth business day following the date of the Pre-completion Notice falls between 15 December 2016 (Thursday) and 9 January 2017 (Monday), Closing shall take place on the fifth business day after 9 January 2017 (in each case, the “**Closing Date**”),

² Calculated on the basis that there will be no adjustments to the purchase price of the Eastern Pretech HK Ownership Interest of S\$74.6 million.

³ Calculated on the basis that there will be no adjustments to the purchase price of the Eastern Pretech Malaysia Ownership Interest of S\$26.8 million.

- (i) free from any claim, charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, usufruct, retention of title, right of pre-emption, right of first refusal or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing; and
- (ii) together with all rights and advantages attaching to them as at Closing (including the right to receive all dividends or distributions declared, made or paid on or after Closing).

Notwithstanding the above, the Parties may agree such other date for Closing.

5.2 **Consideration.** Pursuant to the terms of the Agreement:

- (i) **Purchase Price.** The aggregate consideration for the purchase of the Sale Shares under the Agreement (the “**Purchase Price**”) shall be an amount in Singapore dollars equal to:

- (a) S\$142,600,000 (the “**Bid Amount**”);

minus

- (b) the Aggregate Net Debt, being the aggregate of (I) the Net Debt of each of Emix Singapore and Emix Malaysia and (II) 80 per cent. of the Net Debt of Emix Industry HK and its Subsidiaries. “**Net Debt**” means such amount calculated by Debt minus Cash (each as defined in the Agreement).

The consideration was arrived at on a willing buyer willing seller basis after taking into account, *inter alia*, the earnings, financial position, track record as well as the prospects of Emix Singapore, Emix Industry HK and Emix Malaysia.

- (ii) **Payment on Closing.** On Closing, the Relevant Purchaser shall pay (in accordance with the Agreement) an amount in Singapore dollars to the Relevant Seller (or as it may direct in writing at least five business days before Closing) which is equal to:

- (a) its respective portion(s) of the Bid Amount, as allocated under the terms of the Agreement;

minus

- (b) (I) the respective Estimated Net Debt⁴ of each of Emix Singapore and Emix Malaysia, and (II) 80 per cent. of the Estimated Net Debt of Emix Industry HK and its Subsidiaries (as applicable), each as notified by the Relevant Sellers to the Relevant Purchasers in the Pre-completion Notice.

- (iii) **Breach of Pre-Closing Obligations in relation to Yue Fung JVA.** If Eastern Pretech Singapore is in breach of Clause 5.1.3 of the Agreement which results in an increase of the Associated Companies Aggregate Net Debt (as defined in the Agreement) at Closing, relative to the Associated Companies Aggregate Net Debt as set out in the Associated Companies Balance Sheet⁵ (being HK\$1,317,353), Eastern Pretech Singapore shall pay to SGPPC as liquidated damages, a sum equal to 32 per cent. of the difference between the Associated Companies Aggregate Net Debt at

⁴ “**Estimated Net Debt**” means the Relevant Seller’s reasonable estimate of the respective Net Debt of each of Emix Singapore, Emix Malaysia and Emix Industry HK and its Subsidiaries.

⁵ “**Associated Companies Balance Sheet**” means the consolidated balance sheet of the Associated Companies reflecting the Associated Companies Aggregate Net Debt position as at 30 September 2016.

Closing and the Associated Companies Aggregate Net Debt as set out in the Associated Companies Balance Sheet (being HK\$1,317,353) and such payment shall not be subject to any limitations set out in the Agreement, plus all costs and expenses incurred in the recovery of the amounts payable under the Agreement. Any such payment may be settled by way of a deduction to the payment required to be made by SGPPC on Closing.

- (iv) **Adjustments to Purchase Price following Closing.** Within 15 business days following Closing, the Relevant Purchasers shall notify the Relevant Sellers of (a) the Net Debt of each of Emix Singapore, Emix Malaysia, and Emix Industry HK and its Subsidiaries; (b) any increase in the Associated Companies Aggregate Net Debt at Closing, relative to the Associated Companies Aggregate Net Debt as set out in the Associated Companies Balance Sheet (being HK\$1,317,353); and (c) the Working Capital⁶ of each of Emix Singapore and Emix Malaysia, and Emix Industry HK and its Subsidiaries (such notice, the “**Closing Statement**”). Any Net Debt and Working Capital amounts expressed in a currency other than S\$ shall be translated into S\$ in accordance with the Agreement.

If, in respect of each of Emix Singapore, Emix Malaysia, and Emix Industry HK and its Subsidiaries:

- (I) the Net Debt is greater than the respective Estimated Net Debt, the Relevant Seller shall repay to the Relevant Purchaser an amount equal to the excess (save that in relation to Emix Industry HK and its Subsidiaries, the Relevant Seller shall repay to the Relevant Purchaser an amount equal to 80 per cent. of the excess); or
- (II) the Net Debt is less than the respective Estimated Net Debt, the Relevant Purchaser shall pay to the Relevant Seller an additional amount equal to the deficiency (save that in relation to Emix Industry HK and its Subsidiaries, the Relevant Purchaser shall pay to the Relevant Seller an additional amount equal to 80 per cent. of the deficiency).

If, in respect of Emix Singapore and Emix Malaysia:

- (A) the Working Capital of Emix Singapore and Emix Malaysia is less than S\$4,705,000:
 - (1) Eastern Pretech Singapore shall repay to SGPPC an amount equal to 80 per cent. of the difference between the Working Capital of Emix Singapore and Emix Malaysia and S\$4,705,000; and
 - (2) Eastern Pretech Malaysia shall repay to SGMY an amount equal to 20 per cent. of the difference between the Working Capital of Emix Singapore and Emix Malaysia and S\$4,705,000; and

⁶ “**Working Capital**” means, (i) in relation to Emix Singapore and Emix Malaysia, the aggregate amount of the working capital of Emix Singapore and Emix Malaysia; and (ii) in relation to Emix Industry HK and its Subsidiaries, the aggregate amount of the working capital of Emix Industry HK and its Subsidiaries, in each case at close of business on the Closing Date.

- (B) the Working Capital of Emix Singapore and Emix Malaysia is greater than S\$5,605,000:
 - (1) SGPPC shall pay to Eastern Pretech Singapore an amount equal to 80 per cent. of the difference between the Working Capital of Emix Singapore and Emix Malaysia and S\$5,605,000; and
 - (2) SGMY shall pay to Eastern Pretech Malaysia an amount equal to 20 per cent. of the difference between the Working Capital of Emix Singapore and Emix Malaysia and S\$5,605,000.

If, in respect of Emix Industry HK and its Subsidiaries:

- (1) the Working Capital of Emix Industry HK and its Subsidiaries is less than S\$495,000, Eastern Pretech Singapore shall repay to SGPPC an amount equal to 80 per cent. of the difference between the Working Capital of Emix Industry HK and its Subsidiaries and S\$495,000; and
- (2) the Working Capital of Emix Industry HK and its Subsidiaries is greater than S\$745,000, SGPPC shall pay to Eastern Pretech Singapore an amount equal to 80 per cent. of the difference between the Working Capital of Emix Industry HK and its Subsidiaries and S\$745,000.

Any payment as set out in this paragraph 5.2(iv) shall be made on or before the Final Payment Date, being the date falling 14 days after the Closing Statement becomes final and binding pursuant to the Agreement.

5.3 Allocation of Purchase Price. Pursuant to the terms of the Agreement, the Purchase Price shall be allocated to the Sale Shares on the following basis:

- (i) the Bid Amount shall be allocated in accordance with the Agreement, as follows:
 - (a) S\$50,000,000 to be allocated to the 5,880,000 Emix Singapore Shares;
 - (b) S\$23,000,000 to be allocated to the 12,031,238 Emix Malaysia Shares; and
 - (c) S\$69,600,000 to be allocated to the 18,000,000 Emix HK Shares; and
- (ii) (a) the Net Debt of Emix Singapore, (b) the Net Debt of Emix Malaysia, and (c) 80 per cent. of the Net Debt of Emix Industry HK and its Subsidiaries, as applicable, shall be deducted from the Bid Amount allocated to the relevant Sale Shares.

The abovementioned initial allocation shall be adjusted once the Closing Statement becomes final and binding pursuant to the Agreement to reflect the adjustments to the Purchase Price, and the Relevant Sellers and the Relevant Purchasers shall adopt such allocation, as so adjusted, for all tax purposes.

5.4 Conditions Precedent

- (i) Pursuant to the terms of the Agreement, the Proposed Transaction is conditional upon the satisfaction or waiver (as the case may be) of the following Conditions, or their satisfaction subject only to Closing:
 - (a) a resolution of the Shareholders to approve the sale of the Sale Shares in accordance with the terms of the Agreement (the “**NSL Shareholder Resolution**”) having been passed at an EGM of the Company to be convened prior to Closing for the purposes of, and in accordance with, the

requirements of Chapter 10 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”);

(b) the relevant Group Company⁷ having fulfilled all legal obligations to provide written notice of the sale and purchase of the relevant Sale Shares to:

(I) 广东科顺化工实业有限公司 (now known as 科顺防水科技股份有限公司), in accordance with the terms of the sale and purchase agreement entered into between EGGZ and 广东科顺化工实业有限公司 (now known as 科顺防水科技股份有限公司) dated on or around 2 February 2015; and

(II) Yue Fung (HK) Limited (“**Yue Fung HK**”), in accordance with the terms of the joint venture agreement dated 17 October 2014 entered into between Yue Fung HK, Emix China and Yue Fung China (the “**Yue Fung JVA**”); and

(c) the Pre-Sale Reorganisation⁸ having been completed, with each of the following having been achieved, namely:

(I) at least 80 per cent. of the roles listed in the Agreement being filled by Pre-Sale Reorganisation Employees; and

(II) at least 80 per cent. of the managerial, supervisory or executive roles listed in the Agreement being filled by Pre-Sale Reorganisation Employees.

(ii) The Relevant Sellers shall, within two business days of becoming aware of the satisfaction or waiver (as the case may be) of the Conditions set out in paragraph 5.4(i), give notice, in agreed terms, to the Relevant Purchasers:

(a) stating that the Conditions set out in paragraph 5.4(i) have been satisfied or waived (as the case may be); and

(b) setting out the Estimated Net Debt of each of (I) Emix Singapore, (II) Emix Malaysia and (III) Emix Industry HK and its Subsidiaries,

(such notice, the “**Pre-completion Notice**”).

Any Estimated Net Debt amount expressed in a currency other than S\$ shall be translated into S\$ in accordance with the Agreement.

(iii) The Relevant Sellers may, in the event that the SGX-ST consents to the NSL Shareholder Resolution being passed after Closing (and provided that the Relevant Sellers provide the Relevant Purchasers with evidence of such consent), at any time waive in whole or in part and conditionally or unconditionally the Condition in paragraph 5.4(i)(a) by notice in writing to SGPPC. SGPPC may at any time waive in whole or in part and conditionally or unconditionally any of the Conditions set out in paragraphs 5.4(i)(b) and 5.4(i)(c) by notice in writing to the Relevant Sellers.

⁷ “**Group Company**” means any one of the following: (i) Emix Singapore; (ii) Emix Malaysia; (iii) Emix Industry HK; and (iv) each of the Subsidiaries.

⁸ “**Pre-Sale Reorganisation**” means the employment by Eastern Pretech Singapore (whether pursuant to a transfer from Emix Singapore and/or an appointment, engagement, or assignment under the Agreement) of the Pre-Sale Reorganisation Employees (as defined in the Agreement) on the same terms and conditions as those that they or employees in similar roles, as the case may be, enjoyed with Emix Singapore immediately before the date of the Agreement.

- (iv) If any of the Conditions set out in paragraph 5.4(i) are not satisfied or waived by 5 pm (Singapore time) on 10 February 2017, the Agreement (other than the surviving clauses) shall lapse, and no Party shall have any claim against any other Party under the Agreement, save as provided otherwise in the Agreement. For the avoidance of doubt, if the EGM is held, but the NSL Shareholder Resolution is for any reason whatsoever not passed, neither SGPPC nor SGMY shall have any claim against either Relevant Seller arising from or in connection with the NSL Shareholder Resolution not being passed. No Party may terminate the Agreement after satisfaction or waiver of all of the Conditions in paragraph 5.4(i), except in accordance with the Agreement.

5.5 **NSL's Guarantee**

- (i) Pursuant to the terms of the Agreement, NSL:
 - (a) unconditionally and irrevocably guarantees to the Relevant Purchasers the due and punctual performance and observance by each of the Relevant Sellers of all their obligations, commitments, undertakings, warranties and indemnities under or pursuant to the Agreement and the contingency agreement to be entered into between Eastern Pretech Singapore and Emix Singapore on Closing (the "**Relevant Sellers' Guaranteed Obligations**"); and
 - (b) agrees that if any Relevant Sellers' Guaranteed Obligation is or becomes unenforceable, invalid or illegal it will, as an independent and primary obligation, indemnify the Relevant Purchasers immediately on demand against all losses which they suffer through or arising from any act or omission that would be a breach by any of the Relevant Sellers of the Relevant Sellers' Guaranteed Obligations if the Relevant Sellers' Guaranteed Obligation were not unenforceable, invalid or illegal,

to the extent of any limit on the liability of the Relevant Sellers in the Agreement.

The guarantee will remain in force until all Relevant Sellers' Guaranteed Obligations have been performed or satisfied.

- (ii) NSL has also agreed, as a separate and independent obligation, that any of the Relevant Sellers' Guaranteed Obligations (including any moneys payable) which may not be enforceable against or recoverable from any of the Relevant Sellers by reason of any legal limitation, disability or incapacity on or of any of the Relevant Sellers or the dissolution, amalgamation or reconstruction of the Relevant Sellers or any other fact or circumstances (other than any limitation imposed by the Agreement) shall nevertheless be enforceable against and recoverable from NSL as though the same had been incurred by NSL and NSL were the sole or principal obligor in respect thereof and shall be performed or paid by NSL on demand.

5.6 **Ancillary Agreements.** In connection with the Proposed Transaction, NSL and Eastern Pretech Singapore will be entering into various ancillary agreements for the provision of certain services (such as contract manufacturing services and equipment and labour services) for a specified period following Closing.

6. RATIONALE AND USE OF PROCEEDS

- 6.1 **Rationale.** The Board and the management of NSL are continuously evaluating the long-term growth strategy for each of its portfolio businesses. This review includes an assessment of opportunities for NSL to grow the businesses organically as well as an assessment of strategic options available to NSL to enhance value for Shareholders.

Established in 1984, the dry mix business of Emix Singapore, Emix Industry HK and Emix Malaysia (the “**Emix Business**”) is a regional producer of dry-mixed products with a track record of over 30 years in the building materials industry. The Emix Business operates seven manufacturing sites across three countries, and has a total combined capacity of 620,000 mt of high quality dry-mixed products. The Emix brand is well regarded in the region, with a strong presence in Hong Kong, China, Singapore and Malaysia.

Over the past few years, NSL has successfully restructured and grown the Emix Business. Previously, the Emix Business was managed on a decentralised basis with Hong Kong, China, Singapore and Malaysia operating as standalone units. The Emix Business became a strategic business unit of NSL in 2012, led by a regional management group focused on leveraging the combined capabilities of the platform and transforming the business into a major regional dry-mix manufacturer. As a result, the Emix Business successfully increased its revenues from approximately S\$75.7 million in 2013 to approximately S\$109.2 million in 2015, and has reported revenues of approximately S\$50.9 million for 6M2016.

The Proposed Transaction will allow NSL to unlock substantial value in the Emix Business, consistent with its stated intent to maximise Shareholders’ returns. The Proposed Transaction will generate gross cash proceeds of approximately S\$159.8 million. Based on the NSL Group’s carrying value in the dry mix division as of 30 June 2016, the Proposed Transaction will result in a gain on disposal of approximately S\$107.6 million.⁹

- 6.2 **Use of Proceeds.** NSL will continue to evaluate opportunities to use the proceeds received from the Proposed Transaction to maximise returns for Shareholders.

7. FINANCIAL EFFECTS

- 7.1 **Bases and Assumptions.** The pro forma financial effects for the Proposed Transaction have been prepared based on the audited consolidated financial statements of the NSL Group for the financial year ended 31 December 2015 (“**FY2015**”) and are purely **for illustration purposes only and do not reflect the future actual financial position of the NSL Group following Completion**. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Proposed Transaction had been effected on 31 December 2015, being the end of the most recently completed financial year of the NSL Group, for illustrating the financial effects on the consolidated NTA of the NSL Group;
- (ii) the Proposed Transaction had been effected on 1 January 2015, being the beginning of the most recently completed financial year of the NSL Group, for illustrating the financial effects on the consolidated earnings of the NSL Group;
- (iii) the Purchase Price is S\$159.8 million, being an amount equal to the Bid Amount of S\$142.6 million minus the Aggregate Net Debt of negative S\$17.2 million (as set out in paragraph 5.2(i) above). This does not include any adjustments to the Purchase Price; and

⁹ Calculated on the basis that there will be no adjustments to the Purchase Price of S\$159.8 million.

- (iv) the transaction costs associated with the Proposed Transaction are assumed to be S\$3.9 million.

7.2 **NTA.** For illustrative purposes only and assuming the Proposed Transaction had been completed on 31 December 2015, the pro forma financial effects on the consolidated NTA of the NSL Group for FY2015 are set out below. The NTA is determined by the consolidated NAV of the NSL Group less the intangible assets of the NSL Group.

	Before the Proposed Transaction	After the Proposed Transaction ⁽¹⁾
NTA (S\$ million)	562.1	672.5
No. of issued shares (million)	373.6	373.6
NTA per share (S\$)	1.50	1.80

Note:

- (1) Calculated on the basis that there will be no adjustments to the Purchase Price of S\$159.8 million.

7.3 **Earnings per Share (“EPS”).** For illustrative purposes only and assuming the Proposed Transaction had been completed on 1 January 2015, the pro forma financial effects on the consolidated earnings of the NSL Group for FY2015 are as follows:

	Before the Proposed Transaction	After the Proposed Transaction ⁽¹⁾
Net profit attributable to ordinary shareholders of NSL ⁽²⁾ (S\$ million)	66.8	158.5
No. of issued shares (million)	373.6	373.6
Basic EPS (Singapore cents)	17.9	42.4

Notes:

- (1) Calculated on the basis that there will be no adjustments to the Purchase Price of S\$159.8 million.
 (2) Including net profit derived from continuing and discontinued operations.

8. MAJOR TRANSACTION

8.1 **Rule 1006.** The relative figures in relation to the Proposed Transaction computed on the applicable bases set out in Rule 1006 of the Listing Manual (“**Rule 1006**”) are as follows:

Rule 1006	Bases	Proposed Transaction (S\$ million)	NSL Group (S\$ million)	Relative Figures (%)
(a)	NAV of the Sale Shares compared with the NSL Group’s NAV ⁽¹⁾	50.9	563.9	9.0

Rule 1006	Bases	Proposed Transaction (\$ million)	NSL Group (\$ million)	Relative Figures (%)
(b)	Net profit attributable to the Sale Shares compared with the NSL Group's net profit ⁽¹⁾⁽²⁾	9.5	19.9	48.0
(c)	Purchase Price ⁽³⁾ compared with NSL's market capitalisation ⁽⁴⁾	159.8	526.6	30.3

Notes:

- (1) Based on the 6M2016 Results.
- (2) "Net profit" is defined as profit before income tax, non-controlling interests and exceptional items.
- (3) Calculated on the basis that there will be no adjustments to the Purchase Price of S\$159.8 million.
- (4) NSL's market capitalisation is based upon 373,558,237 ordinary shares in issue (excluding treasury shares) in the capital of the Company ("Shares") as at 2 November 2016, being the last market day preceding the date of the Agreement on which Shares were traded on the SGX-ST, at a volume weighted average price of S\$1.4096 for each Share.

As the relative figures under Rules 1006(b) and 1006(c) above exceed 20 per cent., the Proposed Transaction constitutes a major transaction for NSL as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Transaction is subject to the approval of Shareholders.

8.2 **EGM.** A circular to Shareholders (the "**Circular**") setting out, *inter alia*, the terms of the Proposed Transaction and the notice of EGM to be convened, will be despatched to Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the Circular.

8.3 **Voting Undertaking.** As at the date of this Announcement, 98 Holdings Pte. Ltd. holds 303,484,453 Shares, representing approximately 81.24 per cent. of the total number of Shares in issue. 98 Holdings Pte. Ltd. had on 4 November 2016 provided an undertaking to NSL that it would, *inter alia*, vote in favour of any resolutions to be proposed at the EGM to approve the Proposed Transaction.

9. FURTHER INFORMATION

9.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9.2 **Interests of Directors and Controlling Shareholders of the Company.** None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

9.3 **Documents for Inspection.** A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 77 Robinson Road, #27-00 Robinson 77, Singapore 068896, for a period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD

Lim Su-Ling
Company Secretary
Singapore, 4 November 2016