

NSL LTD.
(Incorporated in Singapore)
Company Registration No. 196100107C

ANNOUNCEMENT

**PROPOSED DISPOSAL OF NSL LTD'S 19.04 % OF EQUITY INTEREST IN
BANGKOK COGENERATION COMPANY LIMITED**

1. INTRODUCTION

Proposed Disposal. The Board of Directors (the “**Board**”) of NSL Ltd. (“**NSL**”) wishes to announce that NSL has today entered into a share purchase agreement (the “**SPA**”) for the proposed disposal (the “**Proposed Disposal**”) of 1,523,001 Class A shares in the capital of Bangkok Cogeneration Company Limited (“**BCC**” and the shares, the “**Sale Shares**”), representing 19.04 per cent. of the issued share capital in BCC, to Hua Kee Company Limited (the “**Purchaser**”) on the terms and subject to the conditions of the SPA.

2. INFORMATION ON PURCHASER

HUA KEE COMPANY LIMITED (having registered Thai name of "บริษัท ฮั่วกีเปเปอร์ จำกัด"), a private company incorporated under the laws of Thailand, having its registered office at 109 Sua Pa Road, Pom Prap, Pom Prap Sattru Pai, Bangkok 10100, Thailand.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration. Pursuant to the terms of the SPA, the consideration for the Proposed Disposal will be an amount in cash equal to the sum of USD 16,300,000.00. The payment of the Consideration shall be made on the Completion Date.

The Consideration was arrived based on arm's length negotiations between NSL and the Purchaser and represents a premium over the NAV of the Sale Shares and takes into account additional capital injection required by shareholders to generate future earnings potential of BCC.

3.2 Completion.

The completion of the sale and purchase of the Sale Shares (the "Completion") shall take place on a date as the Seller and the Purchaser may mutually agree but in any event no later than 30 November 2020.

4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

4.1 Rationale. The Proposed Disposal involves a disposal of the non-core business of the NSL Group. In addition, the Board of Directors ("**Board**") and management of NSL are of the view that the Proposed Disposal represents an opportunity for NSL to realise the value of the Sale Shares at a premium to its investment cost. The proceeds received from the Proposed Disposal will further strengthen the balance sheet of the NSL Group, enhance the NSL Group's financial flexibility and facilitate any plans by the NSL Group to enhance shareholder value.

4.2 Use of Proceeds. NSL will continue to evaluate opportunities to use the proceeds received from the Proposed Disposal to maximise returns for its shareholders

5. PRO FORMA FINANCIAL EFFECTS

5.1 Net Asset Value. Based on the unaudited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for 6M2020, the attributable net asset value ("**NAV**") of the Sale Shares is approximately \$10,154,000.

5.2 Net Profit and Estimated Gain on Proposed Disposal. Based on the unaudited consolidated financial statements of the NSL Group for 6M2020, the net profit before tax, minority interests and exceptional items attributable to the Sale Shares is approximately \$0. The gain on disposal of the Sale Shares (net of transaction costs) is approximately \$11,751,000, to be accounted as other comprehensive income.

5.3 Bases and Assumptions. The pro forma financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the NSL Group for the twelve-month period ended 31 December 2019 (“**FY2019**”) and are purely for illustrative 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 bases and assumptions:

- (i) the Proposed Disposal had been effected on 31 December 2019, being the end of the most recently completed financial year of the NSL Group, for illustrating the financial effects on the consolidated net tangible assets (“**NTA**”) of the NSL Group;
- (ii) the Proposed Disposal had been effected on 1 January 2020, 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; and
- (iii) the transaction costs for the Proposed Disposal are estimated to be approximately \$100,000.

5.4 NTA. For illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 December 2019, the pro forma financial effects of the Proposed Disposal on the consolidated NTA of the NSL Group as at 31 December 2019 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$ million)	498.8	510.6
No. of NSL Shares	373,558,237	373,558,237
NTA per NSL Share (S\$)	1.34	1.37

5.5 Earnings per NSL Share. For illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 January 2019, the pro forma financial effects of the Proposed Disposal on the consolidated earnings of the NSL Group for FY2019 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss) after tax and non-controlling interests (S\$ million)	(33.1)	(32.8)
No. of NSL Shares	373,558,237	373,558,237
(Loss) per NSL Share (Singapore cents)	(8.87)	(8.77)

5.6 Share Capital. The Proposed Disposal will not have any impact on the issued and paid-up share capital of the Company.

6. RULE 1006 RELATIVE FIGURES

6.1 Rule 1006 Relative Figures. The relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are as follows:

Rule 1006	Bases	Proposed Disposal (S\$'000)	NSL Group (S\$'000)	Relative Figures (%)
(a)	Net asset value of the Sale Shares to be disposed of, compared with the NSL Group's net asset value as at 6M2020	10,154	484,830	2.1
(b)	Net profits/(losses) attributable to the Sale Shares to be disposed of, compared with the NSL Group's net (losses) ⁽¹⁾ for 6M2020	0	(7,274)	0.0
(c)	Consideration payable ⁽²⁾ for the Proposed Disposal compared with the NSL Group's market capitalisation ⁽³⁾	22,005	250,284	8.8

Notes:

- (1) “**Net losses**” is defined as loss before income tax and non-controlling interests.
- (2) Calculated on an exchange rate of SGD 1.3500 / USD.
- (3) The NSL Group's market capitalisation is based upon 373,558,237 shares in issue (excluding treasury shares) (“**NSL Shares**”), at a volume weighted average price of S\$0.67 per NSL Share on 9 Nov 2020, being the last day on which NSL Shares were traded prior to the date of this Announcement.

As each of the relative figures under Rule 1006(c) above exceeds five per cent. but is not more than 20 per cent., the Proposed Disposal constitutes a discloseable transaction for the Company as defined in Chapter 10 of the Listing Manual.

7 FURTHER INFORMATION

- 7.1 Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 7.2 Interests of Directors and Controlling Shareholders.** None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.
- 7.3 Documents Available for Inspection.** A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 317 Outram Road, #03-02, Singapore 169075, for a period of three months commencing from the date of this Announcement.

By Order of the Board

Lim Su-Ling
Company Secretary
10 November 2020, Singapore