

## NEWS RELEASE

### NAM CHEONG SELLS TWO VESSELS FOR US\$43.1 MILLION

- ***Strong sales momentum with 7 vessels sold in first three months in 2014;***
- ***AHTS sold to new customer, emerging oil and gas player, in Malaysia;***
- ***PSV sold to a repeat customer in West Africa – booming oil and gas sector;***
- ***Cumulative order book hits RM1.4 billion (approximately S\$539.8 million<sup>1</sup>);***
- ***Sales to contribute positively to FY2014 earnings.***

**Singapore, March 31, 2014** – Nam Cheong Limited (“南昌有限公司”) (“**Nam Cheong**”), or together with its subsidiaries, the “**Group**”), a leading global offshore marine player listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX**”) and Malaysia’s largest Offshore Support Vessel (“**OSV**”) builder, today reported that it has sold another two vessels worth approximately US\$43.1 million (approximately S\$54.4 million<sup>2</sup>), making it a record sale of seven vessels within the first three months of this year. With these two latest sales contracts, Nam Cheong’s order book has hit RM1.4 billion (approximately S\$539.8 million<sup>1</sup>).

One Anchor Handling Towing Supply Vessel (“**AHTS**”) was sold to an emerging player in the oil and gas sector, a subsidiary of a new customer, Kayfour Development Corporation Sdn Bhd, which will be operating the vessel via its subsidiary, Multi Marine Venture Sdn Bhd. Sale of one Platform Supply Vessel (“**PSV**”) was made to a repeat customer in West Africa, E.A. Temile and Sons Development Company of Nigeria Limited, an established engineering and construction company.

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<sup>1</sup> Based on an exchange rate of 1.00 MYR = 0.385567 SGD

<sup>2</sup> Based on an exchange rate of 1.00 USD = 1.26134 SGD

Mr. Leong Seng Keat (“梁成杰”), Nam Cheong’s Chief Executive Officer said, “We are very pleased with this strong sales momentum, with seven vessels sold in the first three months of the year. Notably, since our first entry into West Africa in August 2012, we have made good progress, with our first repeat business from a customer operating in this region, known for its strong prospects in oil discoveries.” Analysts had estimated that total oil reserves in West Africa are between 10 to 15 billion barrels<sup>3</sup>.

In October 2012, Nam Cheong sold a similar PSV measuring at 5,000 dead weight tonne (“dwt”) to the same customer in West Africa.

Analysts are expecting E&P spending to reach a new record of US\$723 billion this year, with an increasing number of active rigs coming to market<sup>4</sup>. As a result, it is expected that more OSVs will be required to serve the industry<sup>5</sup>. In addition, 30% of the global AHTS fleet is over 25 years-old<sup>6</sup>.

On the industry outlook, Mr Leong added, “As operators seek to grow their efficiencies and capacities, and given the strong sectoral prospects, we expect to see an increase in replacement activities.

“We have also observed that supply remains tight in some segments such as vessels that are involved in the oil production stage. Hence we expect spending to be sustained or increased, especially in relation to oil production and enhanced oil recovery areas.”

Both these vessels sold are being constructed as part of the Group’s build-to-stock series in the Group’s subcontracted yards in China. They are scheduled for delivery in 2014 and are expected to contribute positively to the Group’s earnings for the financial year ending 31 December 2014.

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<sup>3</sup> *‘West Africa bets on Brazilian style oil jackpot’ – Reuters, November 29, 2013*

<sup>4</sup> *‘Barclays Global 2014 EP Spending Outlook’ – Barclays Global, December 9, 2013*

<sup>5</sup> *‘Asia Offshore and Marine Sector’ – Credit Suisse, January 20, 2014*

<sup>6</sup> *‘Ideal Investment Scenario for Offshore Support Vessels’, Synergy Offshore, March 6, 2013*

**Notes to the Editor:**

Specifications of the vessels sold are listed below:

<b>Vessel Type</b>	<b>Quantity sold</b>	<b>Specifications</b>
AHTS	1	<i>Size: 5,150 bhp Length: 59 metres Bollard pull: 62 tonnes Other features: Equipped with Dynamic Positioning System 1 Class: American Bureau of Shipping (ABS)</i>
PSV	1	<i>Size: 5,000 dwt Length: 87 metres Bollard pull: 80 tonnes Other features: Equipped with Dynamic Positioning System 2 Class: American Bureau of Shipping (ABS)</i>

## **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 about 7% of the regional market share and the second largest player east of the Suez Canal<sup>7</sup>.

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 work boats and accommodation work barges.

Nam Cheong has attained strong reputation in Malaysia, the South-East Asian region, the Middle East, West Africa and United States for its expertise and track record in constructing OSVs for customers who consist primarily of ship owners and marine services operators. In 2013, the Group expanded its geographical reach to Latin America.

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 over 100 vessels since 2007.

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<sup>7</sup> *Independent market research report by Pareto Securities Asia Pte Ltd., March 23, 2011*

Nam Cheong's shipbuilding business, which makes up over 90% of its revenue for 2008 to 2013, is complemented by its vessel chartering operations. Nam Cheong currently has a fleet of 14 vessels, comprising nine SSVs, two AHTS vessels two landing crafts and an accommodation vessel, 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 cyclical and project-based nature of the shipbuilding industry. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

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