

# NSL LTD.

(Incorporated in Singapore)  
Company Registration No. 196100107C

## ANNOUNCEMENT

### JOINT VENTURE WITH SALZGITTER MASCHINENBAU AG AND PROPOSED DISPOSAL OF NSL LTD'S RAM ENGINEERING SPREADER BUSINESS

#### 1. INTRODUCTION

- 1.1 **Joint Venture and Proposed Disposal.** The Board of Directors (the “**Board**”) of NSL Ltd. (the “**Company**” or “**NSL**”) are pleased to announce that the Company and its direct wholly-owned subsidiary, NSL Engineering Holdings Pte. Ltd. (“**NSEH**”) have today, entered into various agreements with Salzgitter Maschinenbau AG (“**SMAG**”) in relation to the entry into of a joint venture to form the world’s largest independent lifting device group in both bulk cargo and container handling. In connection with foregoing, the Company and NSEH, will dispose of and contribute to the joint venture company (Peiner SMAG Lifting Technologies GmbH (“**NewCo**”)) the Company’s RAM engineering spreader business and have entered into the following agreements today:
- (i) a Contribution Agreement between the Company, NSEH, NewCo and SMAG, (the “**Contribution Agreement**”), pursuant to which, NSEH has agreed to contribute to NewCo, 5,335,000 ordinary shares in NSL Engineering Pte. Ltd. (“**NSE**”), comprising 97 per cent. of the issued share capital of NSE (the “**NSE SMAG Sale Shares**”), as consideration for the issue of 500,000 new shares in NewCo, representing one third of the enlarged issued share capital<sup>1</sup> in NewCo (the “**Proposed SMAG Disposal**”);
  - (ii) a Shareholders’ Agreement between the Company, NSEH and SMAG (the “**Shareholders’ Agreement**”) which sets out, *inter alia*, the various rights and duties of the Company, NSEH and SMAG as future direct and indirect shareholders in NewCo; and
  - (iii) a Sale and Purchase Agreement between NSEH and Philip Lee Tze Yong (the “**SPA**”) in relation to the proposed purchase of 165,000 ordinary shares in NSE, comprising three per cent. of the issued share capital of NSE (the “**NSE PL Sale Shares**” and collectively with the NSE SMAG Sale Shares, the “**NSE Sale Shares**”) by Philip Lee Tze Yong (“**PL**”) from NSEH (the “**Proposed PL Disposal**” and collectively with the Proposed SMAG Disposal, the “**Proposed Disposal**”).
- 1.2 **Closing.** Closing of the Proposed SMAG Disposal (the “**SMAG Closing**”) is subject to and conditional upon various condition precedents (“**Closing Conditions**”), including, the approval of the shareholders of the Company (the “**Shareholders**”) for the Proposed Disposal at an extraordinary general meeting of the Company to be convened (the “**EGM**”). Closing of the Proposed PL Disposal (the “**PL Closing**” and collectively with the SMAG Closing, the

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<sup>1</sup> For the purposes of this Announcement, the “**enlarged issued share capital of NewCo**” refers to the issued share capital of NewCo immediately following the issuance of the NewCo Consideration Shares (as defined below).

“Closing”), shall occur contemporaneously with the SMAG Closing. If the SMAG Closing does not occur, there shall be no PL Closing. Following the Closing, NSE will cease to be a wholly-owned subsidiary of the Company and NSEH.

1.3 **Term of the Shareholders’ Agreement.** The Shareholders’ Agreement entered into force on the date of this Announcement and is entered into for an indefinite term. However, the Shareholders’ Agreement shall automatically terminate in case of a withdrawal from the Contribution Agreement.

## 2. **INFORMATION ON RAM ENGINEERING SPREADER BUSINESS OF THE COMPANY, NSE, SMAG AND NEWCO**

2.1 **RAM Engineering Spreader Business and NSE.** NSE is a private limited company incorporated in Singapore with issued and paid up capital of S\$5,500,000 consisting of 5,500,000 ordinary shares. As at the date of this Announcement, NSE is a wholly-owned subsidiary of NSEH which in turn, is a wholly-owned subsidiary of the Company. PL is a director and the Chief Executive Officer of NSE.

NSE is the entity in which the Company has concentrated its RAM engineering spreader business and includes the following direct and indirect subsidiaries and associated companies of NSE (the “**Transferred Subsidiaries**” and collectively with NSE, the “**NSE Group**”):

- (i) NSL Engineering (UK) Ltd (“**NSL UK**”), a private limited company incorporated in England and Wales with an issued and paid-up share capital of £1,700,000 consisting of 1,700,000 ordinary shares. NSL UK is a wholly-owned direct subsidiary of NSE;
- (ii) NSL Hydraulics Pte Ltd (“**NSH**”), a private limited company incorporated in Singapore with an issued and paid-up share capital of S\$175,000 consisting of 175,000 ordinary shares. NSH is a wholly-owned direct subsidiary of NSE;
- (iii) SNSL Pte Ltd (“**SNSL**”), a private limited company incorporated in Singapore with an issued and paid-up share capital of S\$2001 consisting of 2001 ordinary shares. SNSL is 50 per cent. owned by NSH and 50 per cent. owned by Stinis Krimpen BV, an entity incorporated in the Netherlands;
- (iv) Changshu RAM Engineering Co., Ltd. (“**CSE**”), a company incorporated in the People’s Republic of China with a registered capital of US\$12,500,000. CSE is a wholly-owned direct subsidiary of NSE; and
- (v) Changshu RAM Trading Co., Ltd. (“**CST**”), a company incorporated in the People’s Republic of China with a registered capital of RMB400,000. CST is a wholly-owned direct subsidiary of CSE.

2.2 **SMAG.** SMAG is a stock corporation organized under the laws of the Federal Republic of Germany, having its corporate seat in Salzgitter-Bad and recorded in the commercial register of the local court of Braunschweig under HRB 201389. SMAG is the holding company of a German group of mechanical engineering companies with factories in Germany, China, India and Slovakia where grabs for loading and unloading seagoing cargo vessels, completely equipped driver cabins, automated drilling technology for the open-pit and underground mining industry, special-purpose vehicles for the process industry as well as mechanic and

hydraulic telescopic antenna masts are developed and manufactured.

- 2.3 **NewCo and Hive-Down by SMAG.** NewCo is a limited liability company organized under the laws of the Federal Republic of Germany, having its corporate seat in Salzgitter-Bad and recorded in the commercial register of the local court of Braunschweig under HRB 204558. NewCo was established by SMAG by way of hive-down for new formation according to Sections 123 para. 3 no. 2, 124 et seq., 135 et seq., 138, 141 et seq. German Transformation Act based on a hive-down plan dated 27 January 2014 (the “**Hive-Down**”). Pursuant to the Hive-Down, SMAG has transferred its “*Greifer*” business division to NewCo in exchange for shares in NewCo. As at the date of this Announcement, SMAG holds 1,000,000 shares in NewCo representing 100 per cent. of the issued share capital of NewCo.

Pursuant to the Hive-Down, SMAG transferred shares in the following companies to NewCo (the “**NewCo Subsidiaries**”):

- (i) 64.75 per cent. of the shares in Shanghai Peiner SMAG Machinery Co. Ltd. (the “**China JV**”);
- (ii) 50 per cent. of the shares in SMAG Peiner Grabs India PVT Ltd. (the “**India PVT**”); and
- (iii) 70 per cent. of the shares in Peiner SMAG Machinery (India) Private Limited (the “**India JV**”).

- 2.4 **Asset Value.** Based on the unaudited consolidated financial statements of the Company and its subsidiaries (the “**NSL Group**”) for the nine month period ended 30 September 2014 (“**9M2014**”) the attributable net tangible asset value of the NSE Sale Shares as at 30 September 2014 is approximately S\$31.1 million.

- 2.5 **Net Profit.** Based on the unaudited consolidated financial statements of the NSL Group for 9M2014, the net profit before income tax, minority interests and exceptional items for the NSE Sale Shares is approximately S\$5.2 million. The gain on disposal pursuant to the Proposed Disposal is approximately S\$14.9 million.

### 3. **PRINCIPAL TERMS OF THE CONTRIBUTION AGREEMENT**

- 3.1 **Proposed SMAG Disposal.** Pursuant to the Contribution Agreement:

- (i) NSEH has agreed to contribute, assign and transfer, the NSE SMAG Sale Shares, together with all rights and obligations attached to such shares, to NewCo in accordance with and subject to the terms and conditions of the Contribution Agreement. All stamp or any other transfer taxes payable in connection with such contribution of the NSE SMAG Sale Shares will be borne by NewCo.
- (ii) NewCo shall be exclusively entitled to any undistributed dividends from past financial years, as well as to all dividends for the current financial year in relation to the NSE SMAG Sale Shares provided that NSE shall declare and pay a dividend of no more than S\$4,500,000 to NSEH prior to the completion of the contribution of the NSE SMAG Sale Shares, within the period from 24 September 2014 to the completion of the contribution of the NSE SMAG Sale Shares.

3.2 **Consideration.** As consideration for the contribution of the NSE SMAG Sale Shares (the “**SMAG Consideration**”), NewCo shall issue 500,000 new shares representing one third of the enlarged issued share capital of NewCo to NSEH in the nominal amount of EUR 1.00 each (the “**NewCo Consideration Shares**”). To the extent that the value of the contribution of NSE SMAG Sale Shares exceeds the nominal value of the NewCo Consideration Shares so issued, the difference shall be allocated to the capital reserves of NewCo.

Upon the issuance of the NewCo Consideration Shares, SMAG will own 1,000,000 NewCo shares representing two thirds of the enlarged issued share capital of NewCo in the nominal amount of EUR 1.00 each.

NSEH and NewCo have agreed that the basis on which the NSE SMAG Sale Shares will be contributed to NewCo in exchange for the issuance of the NewCo Consideration Shares will be determined by reference to the earnings before interest, tax, depreciation and amortization (“**EBITDA**”) of NSE as reflected in NSE’s audited accounts for the past three financial years as compared against the EBITDA of SMAG’s grab business of the past three financial years considering the companies’ respective planning for the future three financial years and a control premium which would give the proportion of two thirds of the enlarged issued share capital of NewCo to be held by SMAG and one third of the enlarged issued share capital of NewCo to be held by NSEH upon the completion of the Proposed Disposal.

3.3 **Closing Conditions.** The transfer of the NSE SMAG Sale Shares shall be subject to and the capital increase mentioned in section 1.1 of the Contribution Agreement shall not be filed with the commercial register before the fulfilment of the following Closing Conditions:

- (i) termination of the Management Services Agreement between NSE, Eastern Pretech Pte Ltd and NSL Chemicals Ltd;
- (ii) DBS Bank Ltd. giving its consent to the transactions contemplated in the Contribution Agreement and to the change in the directorship and management of NSE;
- (iii) in relation to CSE, OCBC Bank (China) Limited giving its consent to the transactions contemplated in the Contribution Agreement. The China JV has obtained written consent from Shanghai Qingpu Sub-branch of Agricultural Bank of China and Qingpu Sub-branch of Bank of Shanghai for the Hive-Down;
- (iv) NewCo having entered into new facility agreements for the financing of the SMAG group’s business by a consortium of banks led by Commerzbank AG, terminating any former facility agreements and having obtained the corresponding approvals required under those facility agreements for the implementation of the Proposed SMAG Disposal;
- (v) the supervisory board of SMAG as well as the shareholders of NSL Ltd. having both approved the Proposed SMAG Disposal;
- (vi) the Shanghai Municipal Commission of Commerce approving the transfer of the equity interests in the China JV held by SMAG to NewCo following the Hive-Down and having issued the approval reply and the approval certificate to the China JV indicating that NewCo has become a shareholder of the China JV holding 64.75 per

cent. of its equity interests, without any material variation or imposing conditions that are not acceptable to the Company, NSEH, SMAG and NewCo (the “Parties”) or such other document or evidence issued by the Shanghai Municipal Commission of Commerce acceptable to the Parties;

- (vii) the China JV being issued a new business license indicating that NewCo has become a shareholder of the China JV holding 64.75 per cent. of its equity interests; and
- (viii) the transfer of the shares of the India JV following the Hive-Down being completed and all approvals and waivers of pre-emption or other rights being obtained for such transfer from Chidambaram Lifting Equipment LLP or such approvals and waivers of pre-emption or other rights being no longer necessary because of respective amendments of the articles of association and the shareholders’ agreement of the India JV.

Each of NSEH and SMAG has agreed to use its best efforts to procure that each of the Closing Conditions applicable to each of it or which are its respective responsibilities, is satisfied as soon as practicable after the date of the Contribution Agreement and that there is no occurrence that would prevent the Closing Conditions from being satisfied, as the case may be. If any of the Closing Conditions is not fulfilled by 31 March 2015, the Contribution Agreement (save for certain surviving provisions) shall terminate and none of the Parties shall have any claim against the other Parties for costs, damages, compensation or otherwise, save for a claim by a Party against any other Party arising from antecedent breaches of the terms of the Contribution Agreement. NSEH and NewCo may waive the fulfilment of any of the Closing Conditions by written agreement to the extent the fulfilment of such Closing Condition is not required by law for the implementation of the Proposed SMAG Disposal.

3.4 **Closing.** Subject to the fulfillment (or waiver in accordance with the Contribution Agreement) of the Closing Conditions, completion of the Proposed SMAG Disposal shall take place by NSEH delivering evidence satisfactory to NewCo that the NSE Sale Shares have been effectively transferred to NewCo, in particular by handing in copies of the annulled share certificate issued in the name of NSEH in relation to 5,335,000 shares in NSE and a newly issued share certificate in the name of NewCo in relation to the same shares. Upon completion of the Closing Conditions or waiver of the same in accordance with the Contribution Agreement and delivery of evidence satisfactory to NewCo in accordance with the foregoing, the Parties will sign and execute a closing memorandum in two originals confirming that the SMAG Closing has occurred. Subsequently, the capital increase as referred to in section 1.1 of the Contribution Agreement shall be filed with the commercial register of NewCo. The Proposed Disposal closes with the registration of the capital increase (the “Closing Date”).

3.5 **Right of Withdrawal.** Any time before the transfer of the NSE SMAG Sale Shares has been filed with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”), (i) NewCo is entitled to rescind the Contribution Agreement by written notice to NSEH and not proceed with the filing of the transfer of shares in NSE with ACRA in case a Material Adverse Change<sup>2</sup> occurs with respect to NSE or to one or several Transferred Subsidiaries or (ii)

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<sup>2</sup> “Material Adverse Change” means any event or circumstance which has, or would reasonably be expected to have, individually or as a whole, a material adverse effect (i) on the net assets, financial position or results of operations of (a) NSE or the Transferred Subsidiaries or (b) NewCo or the NewCo Subsidiaries (as the case may be) or (ii) on their ability to continue to conduct their business as currently conducted except for: (I) general market or price

NSEH is entitled to rescind the Contribution Agreement by written notice to SMAG and NewCo and not proceed with the filing of the transfer of shares in NSE with ACRA in case a Material Adverse Change occurs with respect to NewCo and/or the NewCo Subsidiaries.

3.6 **Option for Sale and Transfer of NewCo Shares.** Without prejudicing other remedies available under the Contribution Agreement or applicable law, each of SMAG and NSEH may request the sale and transfer of shares in NewCo to itself from the other in accordance with the following:

- (i) One of SMAG or NSEH (the “**Demanding Party**”) has issued to the other a written notice demanding a payment under the Contribution Agreement. Such claim has been consented to by the other party in writing or has been established as final and absolute in an arbitration proceeding according to the Contribution Agreement (the “**Claim**”).
- (ii) The other of SMAG or NSEH (the “**Defaulting Party**”) fails to comply with the Claim more than 90 days from the receipt of (a) its written declaration of consent to the Claim or (b) the final judgment over the Claim.
- (iii) Pursuant to (i) and (ii) above, each of SMAG or NSEH (i. e. the Demanding Party as well as the Defaulting Party) may request the sale and transfer of such number of shares in NewCo held by the Defaulting Party as corresponding to the value of the Claim. Each share in NewCo shall have a value corresponding to its proportionate share in the net asset book value of NewCo. Such net asset book value shall be deemed to be EUR 45,000,000 from the Closing Date (i.e. including the value of the shareholding in NSE) until the financial statements of NewCo for the business year 2014/2015 have been approved by NewCo’s shareholder meeting. Thereafter, NewCo’s net asset book value shall be based on the respective last audited and approved financial statements of NewCo.
- (iv) The option must be exercised in writing (the “**Exercise Note**”). Within four weeks after the receipt of the Exercise Note, SMAG and NSEH shall conclude a notarial deed for the sale and transfer of the shares in accordance with the terms of the Contribution Agreement. Unless SMAG and NSEH agree otherwise, the shares will be transferred to the Demanding Party within 90 days after the receipt of the Exercise Note. The costs of the notarial deed shall be borne by the Defaulting Party.
- (v) Following the transfer of the shares, the Claim shall be settled to the extent covered by the value of the transferred shares (according to the valuation method provided for above).
- (vi) The Parties agree that the completion of any disposal or acquisition of NewCo shares by NSEH shall be subject to (if applicable), compliance by NSEH and the Company with any law or stock exchange rules to which NSL Ltd. is subject or an enforceable court, government authority or other official decision, including but not limited to, the approval of the shareholders of the Company for such disposal or acquisition.

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developments not disproportionately affecting NSE and the Transferred Subsidiaries, as compared to other businesses engaged in the same line of business; (II) changes in laws or regulations or the application thereof; and (III) events for which NewCo is responsible.

Notwithstanding the foregoing, in the event that NSEH is the Defaulting Party, and NSEH is unable to complete the disposal of NewCo shares to SMAG within the time period set out in the Contribution Agreement, NSEH has agreed that until such time as NSEH is able to complete the disposal of NewCo shares (including but not limited to having obtained the approval of the shareholders of the Company) (such period referred to as the “**Relevant Period**”), (i) all of NSEH’s rights as a shareholder in NewCo (to the extent permissible by law) shall be suspended and (ii) NSEH shall irrevocably waive its rights to receive any distributions, payments or dividends from NewCo attributable to the Relevant Period, and such amounts shall instead be paid to SMAG.

#### 4. PRINCIPAL TERMS OF THE SHAREHOLDERS’ AGREEMENT

The Shareholders’ Agreement entered into between the Company, NSEH and SMAG stipulates the rights and obligations of the Parties as future direct and indirect shareholders in NewCo. The Shareholders’ Agreement provides, *inter alia*:

4.1 **Business of the NewCo.** The Parties intend to merge their businesses of grabs and spreaders through the Proposed SMAG Disposal, to form a joint manufacturer of bulk and container lifting accessories. NewCo shall engage in the grabber and spreader business, by itself or through subsidiaries. NewCo and its subsidiaries shall not be active in any other business segments that SMAG, NSEH or the Company or their respective affiliates currently have. SMAG, NSEH and the Company and their subsidiaries shall not be active in the business segments of NewCo except through NewCo.

4.2 **Liabilities vis-à-vis NewCo and NSE.** In case the competent tax authorities require that any assets which were transferred to NewCo according to the Hive-Down should not have been transferred to NewCo for the tax neutrality of the Hive-Down, and the retransfer of those assets has any operational effects on NewCo, SMAG shall make the necessary business arrangements to ensure that the re-transfer has no adverse profit impact for NewCo. In addition, in the event that the re-transfer results in a reduction of the net book value of NewCo’s assets in excess of EUR 225,000, SMAG shall compensate NewCo for such reduction of book value in the corresponding amount.

In case the competent tax authorities require that any assets which were not transferred to NewCo according to the Hive-Down should have been transferred to NewCo for the tax neutrality of the Hive Down, SMAG shall procure that those assets are transferred to NewCo. In the event that the transfer results in an increase of the net book value of NewCo’s assets in excess of EUR 225,000, the Parties shall cause NewCo to compensate to SMAG or any other transferor, as the case may be, such increase of book value in the corresponding amount.

4.3 **Reserved Matters.** NewCo resolutions in relation to the matters set out in **paragraph 1** of the **Schedule** as well as other matters of NewCo requiring by law a majority of at least 75 per cent. of the votes cast may only be adopted with the unanimous consent of all shareholders of NewCo

4.4 **Management.** The new group of companies formed by the Proposed SMAG Disposal shall have a management board at the level of NewCo (the “**Management Board**”). The Management Board shall have three members. SMAG shall be entitled to nominate two members of the Management Board one of whom shall be the chairman of the Management

Board. NSEH shall be entitled to nominate the third member, provided, however, that only members of the executive boards of NewCo on the one hand (NewCo's Geschäftsführung) and NSE on the other hand (NSE's directors) can be nominated as members of the Management Board.

- 4.5 **Shareholders' Committee.** NewCo's shareholders' meeting shall set up a shareholders' committee which shall be responsible for advising NewCo's management. The shareholders' committee shall be informed of various matters in relation to NewCo and all its direct and indirect subsidiaries by the NewCo's management, including but not limited to, intended business policy, profitability, the development of business and transactions of major significance to profitability or liquidity. The shareholders' committee is entitled to inform itself about all affairs and matters of NewCo or its direct or indirect subsidiaries in which NewCo has a controlling influence.

The shareholders' committee consists of six members. SMAG is entitled to delegate four members to the shareholders' committee. NSEH is entitled to delegate two members to the shareholders' committee.

- 4.6 **Assignment and Encumbrance of Shares.** The Shareholders' Agreement sets out various restrictions and mechanisms in relation to the transfer or encumbrance of NewCo shares including, a lock-in period, put options exercisable by NSEH, rights of first refusal, tag-along rights and options in case of defaults and deadlocks. Further details on the same are set out in **paragraph 2** of the **Schedule**. The Parties have also agreed that the completion of any disposal or acquisition of NewCo shares by NSEH pursuant to the Shareholders' Agreement shall be subject to if applicable, compliance by NSEH and NSL Ltd. with any law or stock exchange rules to which NSL Ltd. is subject or an enforceable court, government authority or other official decision, including but not limited to, the approval of the shareholders of NSL Ltd. for such disposal or acquisition.
- 4.7 **Material Terms.** A summary of the material terms of the Shareholders' Agreement is set out in the **Schedule**.

## 5. PRINCIPAL TERMS OF THE SPA

- 5.1 **Proposed PL Disposal.** Pursuant to the SPA, NSEH has agreed to sell and transfer and PL has agreed to purchase the NSE PL Sale Shares free from claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind and together with all rights and advantages attaching to them as at the PL Closing.
- 5.2 **Consideration.** The aggregate consideration for the purchase of the NSE PL Sale Shares is approximately S\$1.4 million (the "**PL Consideration**", collectively with the SMAG Consideration, the "**Consideration**"), which shall be paid by PL on the PL Closing. The PL Consideration was arrived at on a willing buyer willing seller basis after taking into account the historical EBITDA of NSE Group and the net cash balance of NSE Group as at date of completion.
- 5.3 **Conditions.** The PL Closing shall occur contemporaneously with the SMAG Closing. For the avoidance of doubt, if the SMAG Closing does not occur for any reason whatsoever, there shall be no PL Closing.



## 6. RATIONALE FOR THE PROPOSED DISPOSAL AND JOINT VENTURE

The Board and management of NSL are continuously evaluating the long-term growth strategy for each of its portfolio businesses. This process includes assessing organic growth opportunities and optimizing shareholder's value.

NSL's RAM engineering spreader business is one of the world's frontrunners in container lifting device while SMAG's NewCo grab business is also a global leader in bulk cargo lifting device. The merger will lead to the formation of the world's largest independent lifting device group in both bulk cargo and container handling. The merged NewCo will have a diversified portfolio of products leveraging on a strong platform for further future organic growth as well as significant synergies in market networking, technology development, after sales support, and economics of scale in production. The merged NewCo will have access to a market potential significantly larger than just the port equipment sector, including bulk cargo vessels, waste to energy incineration plants, scrap metal yards, steel mills, marine dredging and mining businesses.

Based on the NSL Group's carrying value in RAM spreader business as of 30 September 2014, the Proposed Transaction will result in an estimated accounting gain of S\$14.9 million to NSL.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 **Bases and Assumptions.** The pro forma financial effects for the Proposed Disposal have been prepared based on the audited consolidated financial statements of the NSL Group for the financial year ended 31 December 2013 ("FY2013") and are purely for illustration purposes only and do not reflect the future actual financial position of the NSL Group following Closing. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Proposed Disposal had been effected on 31 December 2013, 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 2013, 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 associated transaction costs are assumed to be S\$1.2 million.

7.2 **NTA.** For illustrative purposes only and assuming the Proposed Disposal had been completed on 31 December 2013, the pro forma financial effects on the consolidated NTA of the NSL Group for FY2013 are set out below. The NTA is determined by the consolidated net asset value ("NAV") of the NSL Group less the intangible assets of the NSL Group.

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$ million)	680.0	694.6
No. of issued Shares (million)	373.6	373.6
NTA per Share (S\$)	1.82	1.86

- 7.3 **EPS.** For illustrative purposes only and assuming the Proposed Disposal had been completed on 1 January 2013, the pro forma financial effects on the consolidated earnings of the NSL Group for FY2013 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to ordinary shareholders of NSL (S\$ million)	148.6	160.3
No. of issued Shares (million)	373.6	373.6
Basic earnings per share (“EPS”) (Singapore cents)	39.8	42.9

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

## 8. MAJOR TRANSACTION

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

Rule 1006	Bases	Proposed Disposal (S\$ million)	NSL Group (S\$ million)	Relative Figures (%)
(a)	NAV of the NSE Sale Shares compared with the NSL Group’s NAV <sup>(1)</sup>	31.1	536.7	5.8
(b)	Net profit attributable to the NSE Sale Shares compared with the NSL Group’s net profit <sup>(1)(2)</sup>	5.2	15.3	34.0

Rule 1006	Bases	Proposed Disposal (\$ million)	NSL Group (\$ million)	Relative Figures (%)
(c)	Total Consideration compared with NSL's market capitalisation <sup>(4)</sup>	46.8	604.6	7.7

**Notes:**

- (1) Based on the unaudited consolidated financial statements of the NSL Group for 9M2014.
- (2) The net profit before income tax, minority interests and exceptional items attributable to the NSE Sale Shares for 9M2014 has been compared with the NSL Group's net profits before income tax, minority interests and exceptional items for 9M2014.
- (3) NSL's market capitalisation is based upon 373,558,237 ordinary shares in issue in the capital of the Company ("NSL Shares") as at 4 December 2014 at a volume weighted average price of S\$1.6184 for NSL Share.

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

8.2 **EGM.** A circular to Shareholders (the "**Circular**") setting out, *inter alia*, the terms of the Proposed Disposal 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.

**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 Disposal. 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 have any interest, direct or indirect, in the Proposed Disposal.

9.3 **Documents for Inspection.** Copies of the Contribution Agreement, Shareholders' Agreement and SPA are available for inspection during normal business hours at the registered office of NSL 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, 5 December 2014

## Schedule

### Key Terms of the Shareholders' Agreement

#### 1. Reserved Matters

- (i) Approval of the annual accounts;
- (ii) dividends or other distributions or equivalent payments or other provisions of value by NewCo to shareholders or companies affiliated with shareholders within the meaning of Section 15 German Stock Corporation Act ("**AktG**"), including from capital reductions;
- (iii) changes to accounting policies;
- (iv) any change to the registered capital of NewCo, including issuance of any new shares, preference shares or convertible instruments;
- (v) conclusion, amendment or termination of enterprise agreements within the meaning of Sections 291, 292 AktG other than with wholly owned subsidiaries of NewCo;
- (vi) any capital restructuring of any sort affecting NewCo's statutory capital and any reorganizations of the corporate structure in accordance with the German Reorganization Act (*Umwandlungsgesetz*);
- (vii) entering into new lines of business not covered by NewCo's objects and closing existing ones;
- (viii) any disposition regarding the shares in NewCo (in particular transfers and the creation of encumbrances);
- (ix) amendments of the articles of association – including, but not limited to – capital increases, capital reductions, mergers and the dissolution of NewCo;
- (x) the termination of any management employee of the NSE Group listed in the Shareholders' Agreement within two years from the completion of the Proposed SMAG Disposal other than in the ordinary course of business; and
- (xi) certain other transactions of the management of NewCo.

#### 2. Transfer and Encumbrance of Shares

- (i) **Lock-in Period.** Until 30 September 2019 (the "**Lock-in Period**") no shareholder shall assign, transfer, pledge, encumber or otherwise dispose of its shares in NewCo or establish trustee or sub-participation relationships.
- (ii) **Put Option NSEH I.** SMAG has committed itself to purchase and accept transfer of all NewCo shares held by NSEH (the "**NSEH NewCo Shares**") at the request of NSEH (the "**Put Option NSEH I**") if the cumulative consolidated EBITDA of NewCo and its subsidiaries (including NSE and the Transferred Subsidiaries) in the business years 2014/15, 2015/16 and 2016/17 (each business year running from 1<sup>st</sup> October until 30<sup>th</sup> September of the following year) is less than EUR 21,000,000 in the following manner:

- (a) The Put Option NSEH I may only be exercised within 30 days after the approval of the 2016/2017 annual accounts of NewCo (the “**Exercise Period I**”).
  - (b) The parties shall determine the cumulative consolidated EBITDA of NewCo and its subsidiaries for the relevant business years 2014/15, 2015/16 and 2016/17 on the basis of the audited annual accounts of NewCo and its subsidiaries within 10 days after the approval of the annual accounts for each of the relevant business years.
  - (c) The Put Option NSEH I must be exercised in writing (the “**Exercise Note I**”) and be received by the recipient within the Exercise Period I. The day of exercise of the option (the “**Exercise Day I**”) is the day of receipt of the respective Exercise Note I.
  - (d) The purchase price to be paid for the shares to be transferred under the Put Option NSEH I shall amount to S\$30,000,000 on the basis that the consolidated net asset value of NSE and its direct and indirect subsidiaries as at the SMAG Closing is no less than S\$30,000,000 which otherwise shall be decisive.
  - (e) Within four weeks after the receipt of the Exercise Note I SMAG and NSEH shall conclude a notarial deed for the sale and transfer of the shares.
  - (f) Unless SMAG and NSEH agree otherwise, the shares will pass to SMAG within 90 days after the receipt of the Exercise Note I. The purchase price shall be paid performance upon counter-performance against the transfer of the shares.
- (iii) **Put Option NSEH II.** SMAG has granted NSEH a put option exercisable only at the expiry of the Lock-in Period to allow NSEH to exit NewCo through the sale of all NSEH NewCo Shares at the request of NSEH (the “**Put Option NSEH II**”) if:
- (a) SMAG has received a written request from NSEH for the issue of the statement mentioned in (b) below not later than three months prior to the end of the Lock-in Period;
  - (b) despite the request mentioned in (a) above, SMAG has not declared in writing prior to the end of the Lock-in Period that SMAG is prepared to resolve upon any and all shareholder resolutions necessary to list NewCo on a German stock exchange; and
  - (c) no binding notarial agreement on a trade sale of the shares of NSEH to a third party has been concluded prior to the end of the Lock-in Period.

NSEH may only exercise the Put Option NSEH II within 30 days after the end of the Lock-in Period (the “**Exercise Period II**”). The Put Option NSEH II shall be exercised in writing vis-à-vis SMAG (the “**Exercise Note II**”) and shall be received by SMAG within the Exercise Period II. The day of exercise of the Put Option NSEH II (the “**Exercise Day II**”) is the day on which SMAG receives the Exercise Note II.

The consideration for the shares to be acquired shall correspond to the proportionate fair market equity value of NewCo. The relevant date for determining NewCo's fair market equity value shall be the Exercise Day II and the determination of the said fair market equity value shall be done in accordance with the Shareholders' Agreement.

Within two weeks after the determination of NewCo's fair market equity value but not earlier than two weeks after the Exercise Day II, SMAG and NSEH shall conclude a notarial deed for the sale and transfer of the shares in accordance with the Shareholders' Agreement.

Unless SMAG and NSEH agree otherwise, the shares shall pass to SMAG within 90 days after the receipt of the Exercise Note II. The purchase price shall be paid performance upon counter-performance against the transfer of the shares.

If SMAG or a direct or indirect parent company of SMAG (the "**Public Company**") undertakes a listing at a stock exchange (the "**Listing**"), then NSEH shall be entitled to swap its shares in NewCo into a participation in the Public Company prior to the Listing. NSEH shall receive shares in the Public Company based on the valuation of NSEH's shares in NewCo as mutually agreed between SMAG and NSEH based on an independent valuation for Listing purposes commissioned by SMAG. The exact number of the shares in the Public Company shall be calculated by dividing the NewCo Share Valuation by the price of the shares of the Public Company at the Listing. If the exact number is not a whole number it shall be rounded upwards to the next whole number.

If NewCo is listed at a German stock exchange within one year following the Exercise Day II, then (I) SMAG shall refrain from selling and buying shares on the first day of such listing and (II) SMAG shall pay to NSEH – per share – any excess of the average stock exchange price of the first day of such listing above the consideration SMAG has paid for each share acquired under the Put Option NSEH II.

(iv) **After the Lock-in Period: Approval and Right of First Refusal.** After the expiration of the Lock-in Period:

(a) Each shareholder shall have the right to sell all - but not less than all - of its shares in NewCo in a transaction negotiated in *bona fide* to a third party. In such a case, the shareholder wishing to sell shall promptly give the other shareholder written notice of such intent (the "**Disposal Notice**"). The Disposal Notice shall contain the terms and conditions, and the price offered by the third party, the identity of the third party as well as the essentials of the transaction structure (including all documents drafted for purposes of the transaction). Such sale requires prior written consent by the other shareholder.

(b) The other shareholder shall have, within a one month period following the receipt of the Disposal Notice, the right to acquire all (but not less than all) of the shares to be disposed of by the disposing shareholder, which right he may exercise by registered letter. The one month period will not start to run unless the Disposal Notice does contain all the information required under the Shareholders' Agreement. If the right of first refusal is exercised, the non-disposing shareholder may acquire the shares of the disposing shareholder either at the price equivalent to the price offered by the third party or, at the

sole discretion of the non-disposing shareholder, at the fair market value to be determined in accordance with the Shareholders' Agreement. If the non-disposing shareholder does not exercise its right of first refusal in a timely manner, then with the expiration of the time period for the exercise of the right the non-disposing shareholder is deemed to have consented to the transfer to the third party, provided, however, that the transfer is made at the price and terms included in the Disposal Notice. At any other terms the transfer to the third party may only take place if the other shareholder expressly consents thereto. The disposing shareholder shall furnish any evidence of the completion and time of completion of such transfer and the terms thereof as may be reasonably requested by the shareholder not exercising its right of first refusal.

- (c) The restrictions above do not apply to a disposition of shares by a shareholder to a company which is directly or indirectly wholly owned by it, provided that the acquirer executes a deed of adherence to the obligations of this Shareholders' Agreement and remains, directly or indirectly, a company wholly owned by the disposing shareholder.

(v) **Tag Along Right**

- (a) The non-disposing shareholder may at its discretion instead of exercising its rights under the Shareholders' Agreement in relation to the transfer of NewCo shares, within a period of thirty (30) days following the receipt of the Notice, require the disposing shareholder to ensure that all (but not less than all) shares held by the non-disposing shareholder are purchased by the third-party buyer along with the shares held by the disposing shareholder on same terms and conditions as offered to the disposing shareholder (the "**Tag-Along Right**") by delivering a written notice (the "**Tag-Along Notice**") to the disposing shareholder of its intent to co-sell its shares to the third-party buyer. In the event the non-disposing shareholder exercises its Tag-Along Right, the sale of shares held by the disposing shareholder must not be consummated unless the third-party buyer also purchases the shares held by the non-disposing shareholder (the "**Co-Selling Shareholder**") for the same conditions in a legally binding form (the "**Tag-Along Sale**").
- (b) The Co-Selling Shareholder shall take any actions and make and receive any declarations required under applicable law or, in the reasonably view of a prudent business person, appropriate and customarily made or received in similar transactions in connection with the transfer of the Co-Selling Shareholder's shares as provided for in the definitive sale and purchase agreement and the Co-Selling Shareholder shall provide reasonable cooperation and assistance in effecting such transfer, including, but not limited to, in respect of any regulatory filings that may be required in connection therewith.
- (c) In the event the third-party buyer only offers to purchase less than 100 per cent. of the shares (including the Co-Selling Shareholder's shares), then no shares shall be transferred at all.
- (d) The disposing shareholder shall have a period of 30 days from the receipt of the Tag-Along Notice in order to consummate the Tag-Along Sale on the

terms and conditions set forth in the Tag-Along Notice. If such Tag-Along Sale is subject to regulatory approval, such period shall be extended until the expiration of 15 days after all such approvals have been received, but in no event later than 90 days following the receipt of the Tag-Along Notice. If the Tag-Along Sale has not been consummated during such period, the disposing shareholder shall return to the Co-Selling Shareholder all documents in the possession of the disposing shareholder which were executed by the Co-Selling Shareholder in connection with such proposed transfer. All restrictions on transfer contained in the Shareholders' Agreement or otherwise applicable at such time with respect to the shares shall again be in effect.

- (e) Concurrently with the consummation of the transfer of the shares pursuant to the foregoing, the disposing shareholder shall give written notice thereof to the Co-Selling Shareholder and shall remit to the Co-Selling Shareholder the total consideration (the cash portion of which is to be paid by wire transfer in accordance with the Co-Selling Shareholder's wire transfer instructions to be timely provided to the disposing shareholder) for the shares transferred in such Tag-Along Sale, unless under the terms of the transfer agreement performance shall be rendered directly to the Co-Selling Shareholder, which the disposing shareholder shall strive to be stipulated. The disposing shareholder shall furnish any other evidence of the completion and time of completion of such transfer and the terms thereof as may be reasonably requested by the Co-Selling Shareholder.
  - (f) Except in the case of a disregard of the Tag-Along Right by the disposing shareholder, there shall be no liability on the part of any of the shareholders to the respective other shareholder if the implementation of the tag along right pursuant to the above is not consummated for whatever reason.
- (vi) **Options in Case of Defaults and Deadlocks.** Without prejudicing other remedies available under applicable law and regardless of whether the Lock-in Period has already expired, within 60 days of either of the events listed under (a) to (f) below taking place and coming to the knowledge of the other shareholder, SMAG may require the sale and transfer of all shares in NewCo held by NSEH (the "**Call Option SMAG II**") and NSEH may require SMAG to purchase and acquire all the shares held by NSEH (the "**Put Option NSEH III**"), provided, however, that with regard to the events listed under (b) to (g) below such option may only be exercised by the shareholder that does not cause such event to take place (the "**Non-Defaulting Shareholder**"):
- (a) If the shareholders do not agree or do not come to a majority decision on one or several matters which are listed in Section 6.5 of the Shareholders' Agreement in three consecutive shareholders' meetings that have been duly convened.
  - (b) In the event that the other shareholder commits a breach of its obligations under this Shareholders' Agreement, and such breach continues uncured for 60 days after receipt of a written notice of default from the Non-Defaulting Shareholder.
  - (c) If execution is levied against the shares of one shareholder or one of the shareholders becomes insolvent or unable to pay its debts when due, or commits or permits any act of bankruptcy, or becomes the subject of any bankruptcy,



reorganization, winding-up or liquidation proceeding, or other proceeding analogous in purpose or effect, including the appointment of a receiver, trustee or liquidator for any such purpose.

- (d) In the event that one of the shareholders enters into an agreement breaching the non-competition or non-solicitation rules under the Shareholders' Agreement.
- (e) Any Change of Control (as defined in the Shareholders' Agreement) occurs in the shareholdings of a shareholder, which means in relation to this shareholder the acquisition directly or indirectly (for clarity, this Change of Control provision applies only to NSEH and SMAG respectively only) - as the case may be via a merger - by any person of shares conferring more than 50 per cent. of the voting rights in this shareholder or the right to appoint the majority of the members of the statutory representatives or board of directors (as applicable) of this shareholder (in such case the respective other shareholder being deemed as the Non-Defaulting Shareholder).
- (f) In the event that a resolution has been passed for the winding up of a shareholder.
- (g) In the event that a shareholder ceases or threatens to cease to carry on its business or any governmental authority expropriates or threatens to expropriate all of its business and assets.

The consideration for the shares to be acquired must correspond to their proportionate share in the fair market equity value of NewCo as determined by the Shareholders' Agreement. The relevant date for determining NewCo's fair market equity value shall be the day the Put Option NSEH III or the Call Option SMAG II, respectively, are exercised.