

NEWS RELEASE

NAM CHEONG SECURES ORDERS FOR TWO VESSELS WORTH APPROXIMATELY US\$45 MILLION

- ***One Anchor Handling Towing Supply Vessel sold to Netherlands-based repeat customer, Vroon B.V.;***
- ***One Platform Supply Vessel sold to West Africa-based repeat customer, E.A. Temile Development Company of Nigeria Limited;***
- ***Cumulative order book worth RM1.7 billion (approximately S\$644.5 million¹), comprising of 26 vessels;***
- ***Continues to focus on shallow water segment that is highly resilient to volatile oil prices and capital expenditure cuts;***
- ***Broadened global customer base, sustained interest in Nam Cheong built vessels mitigates overall operational risks.***

Singapore, December 29, 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 announced that it has sold two vessels worth approximately US\$45 million (approximately S\$59.5 million²).

An Anchor Handling Towing Supply Vessel (“**AHTS**”) was sold to a Netherlands-based repeat customer, Vroon B.V., an international shipping company with experience that has spanned more than a century. Nam Cheong also sold a Platform Supply Vessel (“**PSV**”) to a repeat customer, E.A. Temile Development Company of Nigeria Limited (“**Temile**”) based in West Africa, an established engineering and construction company.

¹ Based on an exchange rate of 1.00 MYR = 2.6379 SGD

² Based on an exchange rate of 1.00 USD = 1.3220 SGD

Mr Leong Seng Keat (“梁成杰”), Nam Cheong’s Chief Executive Officer said: “Despite the recent volatility in global oil prices which has affected investor sentiments across the industry, the securing of these orders from our repeat customers evidently reveals the continued interest in oil and gas activities, our strong reputation in the market for quality and reliable vessels as well as our customers’ confidence in Nam Cheong’s capabilities.”

“We are glad that Nam Cheong has evolved from a regional player into an established global leader in the offshore and marine sector. We have consistently received good responses from customers around the world including Europe and West Africa. This has helped broadened our customer base which lowers our geographical concentration risks, placing us in good stead to weather the fluctuations in oil prices. With the securing of the two orders, our order book remains at a healthy level of RM1.7 billion, comprising a total of 26 vessels.”

Nam Cheong last sold an AHTS to Vroon B.V. in September 2014. A PSV which has similar specifications to the new PSV order, was also sold to Temile in March 2014, marking the third such PSV unit sold to the customer.

Shallow water projects require oil prices to be at US\$25 – US\$50 per barrel in order to be profitable while deepwater and ultra-deepwater projects are likely to need prices to be as high as US\$70 a barrel in order to breakeven³.

Commenting on the outlook, Mr Leong said: “Despite the tougher external environment, particularly for our deepwater counterparts, the shallow water segment remains highly resilient even to recently announced capital expenditure cuts by national oil companies. There is a reasonable margin of safety before oil prices fall to unprofitable levels of below US\$25 to US\$50 per barrel to adversely affect our shallow water segment customers. One of Nam Cheong’s unique value propositions is in being a partner to our customers by striving to construct cost efficient vessels that benefit customers by reducing their operating costs.”

³ *Offshore & marine sector: five ways to identify bright spots – Business Times, December 5, 2014*

“We will continue to vigilantly monitor the continuing developments in the industry. Given our leading position in the market as a trusted OSV builder backed by our strong balance sheet, this provides a buffer against further impact and allows us to capitalise on attractive opportunities that may arise amid uncertainties. With the sustained interest in the shallow water vessels across the globe, these factors will likely mitigate Nam Cheong’s overall operational risks.”

The two vessels are all of American Bureau of Shipping (ABS) class and are being constructed as part of Nam Cheong’s built-to-stock series in the Group’s subcontracted yards in China. These vessels are scheduled for delivery in 2015 and are expected to contribute positively to the Group’s earnings for the financial year ending December 31, 2014 and December 31, 2015.

Notes to the Editor:

Specifications of the vessels sold are listed below:

| Vessel Type | Quantity sold | Specifications |
|-------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AHTS | 1 | <i>Size: 6,000 bhp</i> <i>Length: 65 metres</i> <i>Bollard pull: 80 tonnes</i> <i>Other features: Equipped with Dynamic Positioning System 2 (DP2)</i> <i>Class: American Bureau of Shipping (ABS)</i> |
| PSV | 1 | <i>Size: 5,000 dwt</i> <i>Length: 87 metres</i> <i>Other features: Equipped with Dynamic Positioning System 2 (DP2)</i> <i>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.

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 anchor handling towing supply (“AHTS”) vessels, platform supply vessels (“PSVs”), 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 120 vessels since 2007.

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 over 10 vessels, which are chartered out by way of bareboat or time charters. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

ISSUED ON BEHALF OF : Nam Cheong Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Dolores Phua / Mr Han Zhongchou
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9154-3765 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
zhongchou.han@citigatedrimage.com

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