



NAM CHEONG LIMITED
(Incorporated in Bermuda)
(Company Registration Number 25458)

PROPOSED ACQUISITION AND CO-OPERATION IN MALAYSIA

1. INTRODUCTION

The Board of Directors of Nam Cheong Limited (“Nam Cheong”, the “Company”, and together with its subsidiaries, the “Group”) is pleased to announce that it has entered into a Joint Venture and Collaboration Agreement with a Singapore Exchange Mainboard-listed company, Marco Polo Marine Ltd (“MPM”) to jointly co-operate and collaborate in the investment, funding, ownership and operation of vessels (the “JV Agreement”). Pursuant to the JV Agreement, Nam Cheong will acquire 200,200 ordinary shares in the capital of the Marco Polo Offshore (IV) Pte Ltd (the “JV Co”) at the par value of US\$10 per share and a total consideration of US\$2,002,000 from MPM, such that the percentage shareholding interest of Nam Cheong and MPM shall respectively be 50% each based on the issued and paid-up capital of the JV Co. of US\$4.0 million. Nam Cheong and MPM have also respectively committed to fund up to US\$4.0 million in aggregate by way of shareholder loans to the JV Co. in the proportion of their percentage shareholding interests in the JV Co.. Up to US\$8.0 million in aggregate will be used to fund the acquisition of the first accommodation work vessel under the JV Agreement.

2. INFORMATION ON JV CO

The JV Co is a company duly incorporated and validity existing under the laws of Labuan, Malaysia.

The purpose and objectives of the JV Co is for Nam Cheong and MPM to jointly co-operate and collaborate in the investment, funding, ownership and operation of vessels (including but not limited to work-boats, accommodation work barges, anchor handling tug supply vessels and, if mutually agreed, such other assets and undertakings as the joint venture may acquire or participate in the future) (the “**Business**”).

3. RATIONALE FOR THE JVA

Leveraging on the strengths of both Nam Cheong and MPM in ship-chartering and ship-building, the JV Co is strategically positioned to seize opportunities presented in the regional market. In line with the Group’s corporate strategy to strengthen its position as one of the leading global offshore marine players, the Group is bringing to the joint venture its strength in constructing and delivering high quality vessels. In addition, the joint venture will help to enhance the Group’s vessel chartering operations and grow its recurring income stream through the utilisation of MPM’s experience and wide network of business relationship in the vibrant chartering space.

The Directors of the Company believe the joint venture is in line with the Company’s intention to capture regional oil and gas chartering business and would serve as a good platform for future strategic collaboration for the benefit of its stakeholders.

4. FINANCIAL EFFECTS OF THE TRANSACTION

The above investment is not expected to have any material financial impact on the consolidated net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2014.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company, has any interest, direct or indirect, in the above transaction save through their shareholdings (if any) in the Company.

By Order of the Board

Datuk Tiong Su Kouk
Executive Chairman

Date: 19 August 2014