NEPTUNE ORIENT LINES LIMITED

(Company Registration No. 196800632D)

Proposed Sale of APL Logistics

Introduction

Neptune Orient Lines Limited ("**NOL**") has today agreed to sell its logistics business, APL Logistics Ltd ("**APLL**"), to Kintetsu World Express, Inc. ("**KWE**") for an aggregate purchase price of USD1.2 billion in cash ("**Purchase Price**"), subject to certain customary completion adjustments ("**Transaction**").

Logistics Business

NOL carries on its logistics business through its wholly-owned subsidiary, APLL. As announced on 13 February 2015, APLL and its subsidiaries ("**APLL Group**") contributed USD1,659 million in revenue and USD80 million in core earnings before net finance expense, tax, depreciation and amortisation ("**Core EBITDA**") for the financial year ended 26 December 2014 ("**FY2014**")[1], representing 19% and 25% of the consolidated revenue and Core EBITDA, respectively, of NOL and its subsidiaries ("**NOL Group**") for FY2014.

KWE

Established in 1948 with its headquarters in Tokyo, Japan, KWE is a leading company in the global logistics industry. As at 31 March 2014, KWE has total assets of USD1.4 billion, with revenue of USD2.4 billion and net income of USD81 million. KWE has been listed on the Tokyo Stock Exchange since May 2002 and employs more than 10,000 employees globally. KWE operates in more than 380 offices, in close to 220 cities in 34 countries outside Japan.

Transaction

NOL will effect the Transaction by selling all its shares in APLL to KWE. In connection with the Transaction, NOL will also assign the "APL LOGISTICS" trademarks to APLL.

The Purchase Price represents a 15x multiple to the APLL Group's reported Core EBITDA for FY2014.

[1] Before taking into account certain normalisation adjustments.

Rationale for Transaction

APL Logistics is a global supply chain services provider of specialised, customised and high value-added services across four core industry verticals: automotive, retail, consumer and industrials. It is a steadily growing business and will require significant additional investments to support its growth ambitions.

NOL recognises that this is an opportune time to unlock the value of the logistics business for the NOL shareholders and strengthen the financial position of the NOL Group. In an increasingly competitive liner shipping sector, NOL believes that it is imperative to strive to have the most cost competitive position and the strongest financial position in order to have a better chance to thrive. Accordingly, after carefully considering its strategic options, NOL has decided to dispose of its logistics business and focus on improving its core liner shipping business. The net proceeds of the sale of APL Logistics will be applied to strengthen the financial position of the NOL Group, including to repay its borrowings.

Financial Effects

As set out in **Schedule 1** hereto, the Transaction would on a *proforma* basis:

- increase the earnings per share ("**EPS**") of the NOL Group for FY2014 from (USD0.10) to USD0.28, assuming the Transaction had been completed with effect from 28 December 2013, the first day of FY2014;

- increase the net asset value per share ("**NAV**") of the NOL Group as at the end of FY2014 from USD0.67 to USD1.02, assuming the Transaction had been completed on 26 December 2014, the last day of FY2014; and

- reduce the ratio of net borrowings to total equity[2] ("**Net Gearing Ratio**") of the NOL Group as at the end of FY2014 from 2.25 to 1.08, assuming the Transaction had been completed on 26 December 2014, the last day of FY2014.

Conditions to Completion

Completion of the Transaction is conditional upon certain customary conditions precedent being satisfied, including:

- the approval of the NOL shareholders at an extraordinary general meeting to be convened ("**EGM**") by way of ordinary resolution[3] for the Transaction; and

- the approval, consent or confirmation of no objection by certain anti-trust authorities and regulatory authorities,

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2 That is, borrowings (net of cash)/total equity.

3 An ordinary resolution will be passed if approved by a simple majority of NOL shareholders present and voting on the resolution at the EGM.

as well as certain other customary conditions precedent as to the absence of material breach of warranties or covenants and material adverse changes.

Completion of the Transaction is expected to take place in the middle of 2015.

Major Transaction

The Transaction constitutes a "major transaction" for NOL under Chapter 10 of the SGX-ST Listing Manual, as shown by the following materiality ratios:

Test Ratio	NOL Group	APLL Group	Materiality Ratio
NAV as at 26 December 2014	USD1,750 million	USD241 million	14%
Net (loss)/ profits before income tax, minority interests and extraordinary items for FY2014	USD(217) million	USD73 million	(34)%
Purchase Price to market capitalisation of NOL as at 16 February 2015	USD1,879 million	USD1,200 million	64%

Accordingly, the Transaction is required to be approved by shareholders of NOL at the EGM.

Voting Undertaking

As at the date hereof, Temasek Holdings (Private) Limited ("**Temasek**") and its wholly owned subsidiary Lentor Investments Pte. Ltd. ("**Lentor**") hold in aggregate, a direct interest in 65.4% of all the NOL shares in issue. Lentor has irrevocably undertaken with NOL to vote, and to procure Temasek to vote, their 65.4% interest in NOL shares in favour of the Transaction.

Financial Advisers

Citigroup Global Markets Singapore Pte. Ltd. ("**Citi**") and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ("**HSBC**") are acting as financial advisers to the board of directors of NOL in connection with the Transaction.

Disclosures

No person is proposed to be appointed to the board of directors of NOL, and hence no director's service contract is proposed to be entered into by NOL with any person, in connection with the Transaction. No director or controlling shareholder of NOL has any interest in the Transaction.

By Order of the Board of
NEPTUNE ORIENT LINES LIMITED

Looi Lee Hwa and Wong Kim Wah
Company Secretaries
17 February 2015, Singapore

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Forward-looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" or "might". These statements reflect NOL's current expectations, beliefs, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements. None of NOL, Citi and HSBC guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

Schedule 1
Proforma Financial Effects of Transaction

Bases and Assumptions

The following *proforma* financial effects analysis of the Transaction has been prepared on the following key bases and assumptions:

(a) based on the unaudited consolidated financial statements of the NOL Group for the financial year ended 26 December 2014;

(b) assuming insofar as (i) the EPS of the NOL Group for FY2014 is concerned, that the Transaction had been completed with effect from 28 December 2013, the first day of FY2014 and (ii) each of the NAV and Net Gearing Ratio of the NOL Group as at the end of FY2014 is concerned, that the Transaction had been completed on 26 December 2014, the last day of FY2014; and

(c) after taking into account transaction and transaction-related expenses.

Illustrative Purposes Only

The following *proforma* financial effects analysis of the Transaction is prepared for illustrative purposes only, to show:

(a) what the EPS of the NOL Group for FY2014 would have been if the Transaction had been completed with effect from 28 December 2013, the first day of FY2014; and

(b) what the NAV and Net Gearing Ratio of the NOL Group as at the end of FY2014 would have been if the Transaction had been completed 26 December 2014, the last day of FY2014.

The following *proforma* financial effects analysis may not, because of its nature, give a true picture of what the EPS of the NOL Group for FY2014, or of what the NAV and Net Gearing Ratio of the NOL Group as at the end of FY2014, might have been if the Transaction had actually been completed with effect from 28 December 2013 and 26 December 2014, respectively.

ProForma Financial Effects

On the bases and assumptions set out above, the *proforma* financial effects of the Transaction are as follows

Financial Measure	Actual NOL Group for FY2014 and as at 26 December 2014	*Proforma* for Transaction
EPS	(USD0.10)	USD0.28
NAV	USD0.67	USD1.02
Net Gearing Ratio	2.25	1.08