

**NOBLE GROUP LIMITED***(Incorporated in Bermuda with limited liability)***PROPOSED DISPOSAL OF VESSEL****1. INTRODUCTION**

Noble Group Limited (“**NGL**” and together with its subsidiaries from time to time, the “**Noble Group**”) wishes to announce that NGL and its indirect wholly-owned subsidiary, Core Forte Limited (the “**Seller**”), had on 15th June 2018 entered into a memorandum of agreement (“**MOA**”) with Aeolian Spirit Shipping Limited (the “**Buyer**”) and Transmed Shipping Limited (which shall guarantee the performance of the Buyer), in connection with the proposed sale of a Kamsarmax dry bulk carrier vessel (the “**Vessel**”) to the Buyer, in accordance with the terms and conditions of the MOA (the “**Proposed Disposal**”).

The Proposed Disposal does not impact the proposed debt restructuring under the restructuring support agreement, as announced by NGL on 14 March 2018 (the “**Proposed Restructuring**”).

**2. DETAILS OF THE PROPOSED DISPOSAL**

The salient terms of the Proposed Disposal are as follows:

- (i) the consideration for the Proposed Disposal shall be US\$23.79 million (“**Consideration**”) payable on completion of the Proposed Disposal and will be satisfied in cash. The Consideration was arrived at after arm’s length negotiations between NGL and the Buyer, on a “willing buyer willing seller” basis, and taking into account, *inter alia*, the valuation of the Vessel (as further described in paragraph 3.2 below) and the Vessel’s specifications and age;
- (ii) as security for the fulfilment of the MOA, the Buyer shall place a deposit of 10 per cent. of the Consideration with an escrow agent;
- (iii) the Proposed Disposal is subject to approval of the Proposed Disposal by the shareholders of NGL; and
- (iv) the cancelling date for the delivery of the Vessel to the Buyer is 30 September 2018.

If the condition referred to in sub-paragraph (iii) is not satisfied before 31 August 2018, the MOA shall be null and void.

The completion of the Proposed Disposal is currently expected to take place between 1 August 2018 and 30 September 2018.

### 3. INFORMATION ON THE VESSEL

#### 3.1 Details of the Vessel

The Vessel (namely, "Ocean Forte") is registered under the flag of Hong Kong. It was built in 2015 and has a capacity of 81,616 dwt. The Vessel is employed to service external customers as well as Noble Group's internal freight requirements. It is included in Noble Group's Metals, Minerals and Ores segment for reporting purposes.

#### 3.2 Asset Value of the Vessel

As at 31 March 2018, based on the latest announced unaudited consolidated financial statements of Noble Group for the three months ended 31 March 2018 ("**3M2018**") ("**Noble Group 3M2018 Results**"), the book value of the Vessel was approximately US\$23.76 million and the net tangible asset value of the Vessel was approximately US\$23.76 million.

The excess of the Consideration over the book value of the Vessel as at 31 March 2018 (as set out above) is approximately US\$0.03 million.

Two valuations of the Vessel were recently commissioned by Noble Group. The first one (the "**Arrow Valuation**") was conducted on 13 June 2018 by Arrow Valuations, and the second (the "**Clarkson Valuation**" and together with the Arrow Valuation, the "**Valuations**") was conducted on 13 June 2018 by Clarkson Valuations Limited. Based on both the Arrow Valuation and the Clarkson Valuation, the Vessel was valued at US\$24.25 million and US\$24.0 million respectively. Taking an average of the Valuations, the average aggregate valuation of the Vessel is US\$24.125 million (the "**Average Aggregate Valuation**").

The Arrow Valuation was arrived at based on certain assumptions, including assumptions that the Vessel is available for prompt charter-free delivery for cash on normal commercial terms, and is in good and seaworthy condition. The Clarkson Valuation was prepared based on recent transactions and broker's market knowledge. The Clarkson Valuation also assumes charter-free delivery on a willing buyer, willing seller basis and the Vessel to be in a good and seaworthy condition. The Arrow Valuation and the Clarkson Valuation relate to 13 June 2018 and the relevant Valuation is not a guide to the market value of the Vessel at any other time. Market values in the shipping industry are highly volatile.

The Consideration is US\$335,000 below the Average Aggregate Valuation on account of the fact that the Vessel will be delivered to the Buyer at a port in the Pacific Ocean. As such, the Buyer will be prevented from earning a front haul income premium on the Vessel's future employment valued at US\$492,000 (calculated based on the difference between current market front haul earnings of US\$20,000 per day compared to trans-pacific earnings of US\$11,800 per day, over a notional 60 day duration).

### 3.3 **Net Profit of the Vessel**

The net profit (before income tax, minority interests and extraordinary items) attributable to the Vessel, based on the Noble Group 3M2018 Results, is approximately US\$0.3 million.

### 3.4 **Gain on Proposed Disposal**

The gain on the Proposed Disposal would amount to approximately US\$0.03 million based on the carrying value of the Vessel as at 31 March 2018 (as set out above).

## 4. **RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

### 4.1 **Rationale**

Reference is made to the NGL's announcement "Noble Group Announces Binding Agreement for Financial Restructuring" and presentation "Noble Group Progress Updated on Proposed Financial Restructuring dated 14 March 2018 (the "**Restructuring Announcements**"). As further described in the Restructuring Announcements, the Vessel and certain other vessels owned by Noble Group, including any proceeds of sale received by Noble Group before or after the Restructuring Effective Date (as defined in the Restructuring Announcements), will form part of the Asset Co assets. Noble Group has decided to avail itself of favourable market conditions to monetise the Vessel.

The Vessel is currently operated as part of Noble Group's Freight<sup>1</sup> business; however, the Proposed Disposal will not significantly impact the operations of Noble Group's Freight business as Noble Group also has access to other wholly-owned vessels, vessels which are co-owned with third parties under joint venture structures, vessels under bareboat charter structures and time-chartered vessels and accordingly, such vessels are expected to provide Noble Group with sufficient carrying capacity to fulfil Noble Group's internal and external cargo commitments.

The Freight business services external customers, as well as Noble Group's internal freight requirements, with ocean transport in the dry bulk segment. Additionally, the Freight business provides both external and internal customers with long term freight solutions and freight market guidance.

### 4.2 **Use of Proceeds**

The Vessel is currently mortgaged to a financial institution and part of the proceeds from the Proposed Disposal will be used by Noble Group to pay down the amounts owed under the relevant facility.

The net proceeds arising from the Proposed Disposal ("**Net Proceeds**") (after taking into account the repayment of the relevant facility and deducting the estimated transaction costs

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<sup>1</sup> Results from the Freight business are included in Noble Group's Metals, Minerals and Ores segment for reporting purposes.

relating to the Proposed Disposal) will amount to approximately US\$8.4 million.

The Net Proceeds (save for any excluded amounts as may be agreed with the Ad Hoc Group, which in any event are not expected to be material) will form part of the assets proposed to be sold and transferred to the new entity (the "**Asset Co**") under the Proposed Restructuring, or will be used towards repayment of facilities on other vessels owned by Noble Group which are also proposed to be sold and transferred to Asset Co under the Proposed Restructuring.

## 5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 5.1 Assumptions

The pro forma financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share, the book value per share and the earnings per share of Noble Group and the share capital of NGL as set out below are prepared purely for illustration only and do not reflect the actual future financial situation of Noble Group after the Proposed Disposal. The pro forma financial effects have been prepared based on:

- (i) the latest announced audited consolidated financial statements of Noble Group for the financial year ended 31 December 2017 ("**FY2017**"), such financial year being the most recently completed financial year; and
- (ii) the Noble Group 3M2018 Results.

### 5.2 NTA – FY2017

Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 December 2017, being the end of FY2017, the effect on the NTA per share of Noble Group as at 31 December 2017 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000)	(807,211)	(807,181)
NTA per share (US\$)	(0.61)	(0.61)

### 5.3 NTA – 3M2018

Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 March 2018, being the end of 3M2018, the effect on the NTA per share of Noble Group as at 31 March 2018 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
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NTA (US\$'000)	(908,522)	(908,492)
NTA per share (US\$)	(0.68)	(0.68)

#### 5.4 **Book Value – 3M2018**

Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 March 2018, being the end of 3M2018, the effect on the book value per share of Noble Group as at 31 March 2018 is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Book value (US\$'000)	(902,222)	(902,192)
Book value per share (US\$)	(0.68)	(0.68)

#### 5.5 **Loss – FY2017**

Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 January 2017, being the beginning of FY2017, the effect on the loss per share of Noble Group for FY2017 is as follows:

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Loss attributable to the Shareholders (US\$'000)	(4,938,234)	(4,938,204)
Less: Capital securities dividend (US\$'000)	(24,388)	(24,388)
Adjusted loss attributable to the Shareholders (US\$'000)	(4,962,622)	(4,962,592)
Weighted average number of shares ('000)	1,309,253	1,309,253
Loss per share (US cents)	(379.04)	(379.04)

#### 5.6 **Loss – 3M2018**

Purely for illustrative purposes only and assuming that the Proposed Disposal had been

completed on 1 January 2018, being the beginning of 3M2018, the effect on the loss per share of Noble Group for 3M2018 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to the Shareholders (US\$'000)	(71,534)	(71,504)
Less: Capital securities dividend (US\$'000)	(6,365)	(6,365)
Adjusted loss attributable to the Shareholders (US\$'000)	(77,899)	(77,869)
Weighted average number of shares ('000)	1,326,188	1,326,188
Loss per share (US cents)	(5.87)	(5.87)

## 5.7 Share Capital

The Proposed Disposal will not have any impact on the issued share capital of NGL.

## 6. CHAPTER 10 OF THE LISTING MANUAL

### 6.1 Rule 1006 Relative Figures for the Proposed Disposal

The relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual of the SGX-ST ("**Listing Manual**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Vessel as compared with Noble Group's net liability value <sup>2</sup>	-3.0
(b)	Net profit attributable to the Vessel compared with Noble Group's net loss <sup>3</sup>	-0.4

<sup>2</sup> The net asset value attributable to the Vessel of approximately US\$23.76 million is the carrying value of the Vessel based on the Noble Group 3M2018 Results. Noble Group's net liability value of approximately US\$902 million is based on the Noble Group 3M2018 Results.

<sup>3</sup> Net profit/loss is defined as profit/loss before income tax, minority interest and extraordinary items. The net profit of NGL attributable to the Vessel based on the Noble Group 3M2018 Results is approximately US\$0.3 million. Noble Group's net loss based on the Noble Group 3M2018 Results is approximately US\$64 million.

Rule 1006	Bases	Relative Figures (%)
(c)	The consideration <sup>4</sup> received compared with the market capitalisation <sup>5</sup> of NGL	45

## 6.2 Rule 1014

Rule 1014 of the Listing Manual states, *inter alia*, that where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the transaction is classified as a “major transaction” and must be made conditional upon approval by Shareholders in general meeting. As the relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual exceed 20%, the Proposed Disposal is classified as a “major transaction” for the purposes of Chapter 10 of the Listing Manual which requires Shareholders’ approval.

NGL intends to convene a special general meeting (“SGM”) to seek approval of the Shareholders for the Proposed Disposal. A circular to Shareholders containing further information relating to the Proposed Disposal, together with a notice of SGM, will be despatched to Shareholders in due course.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the shares of NGL (if any), none of the Directors or controlling shareholders of NGL has any interest, direct or indirect, in the Proposed Disposal.

## 8. DIRECTORS’ SERVICE CONTRACTS

No person is proposed to be appointed as a director of NGL in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between NGL and any such person in connection with the Proposed Disposal.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of NGL at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and at the offices of Allen & Gledhill LLP, 30<sup>th</sup> Floor, One Marina Boulevard, Singapore 018989 for a period of three months commencing from the date of this Announcement:

<sup>4</sup> Based on the Consideration of US\$23.79 million.

<sup>5</sup> The market capitalisation of NGL of approximately US\$53 million is based on a total number of 1,327,483,781 shares of NGL in issue (excluding treasury shares) as at 14 June 2018 (Singapore time), at the volume-weighted average price of S\$0.0529 per share transacted on 14 June 2018 (Singapore time), being the market day preceding the date of the MOA, and an exchange rate of US\$1.00 to S\$1.3342.

- (i) the MOA; and
- (ii) the reports in respect of the Valuations.

Noble Group Limited  
15 June 2018



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**About Noble Group**

Noble Group (SGX: CGP) manages a portfolio of global supply chains covering a range of industrial and energy products. Noble facilitates the marketing, processing, financing and transportation of essential raw materials. Sourcing bulk commodities from low cost regions such as South America, South Africa, Australia and Indonesia, the Group supplies high growth demand markets, particularly in Asia and the Middle East. For more information please visit [www.thisisnoble.com](http://www.thisisnoble.com).

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