



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

PROPOSED INVESTMENT BY NAM CHEONG LIMITED IN PT PELAYARAN NASIONAL BINA BUANA RAYA TBK

1. INTRODUCTION

The Board of Directors of Nam Cheong Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 26 September 2014 entered into a binding heads of agreement (the “**HOA**”) with Marco Polo Marine Limited (“**MPML**”) (each of the Company and MPML hereinafter referred to as a “**Party**” and collectively, the “**Parties**”) in relation to the proposed investment by the Company in MPML’s indirect subsidiary, PT Pelayaran Nasional Bina Buana Raya Tbk (“**BBR**”) (the “**Proposed Investment**”). MPML is a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

2. PRINCIPAL TERMS OF HOA

2.1 Under the terms of the HOA the parties have agreed to, *inter alia*, subscribe for the New Shares, details of which are set out below.

2.2 Subscription of New Shares

In connection with the Proposed Investment, MPML shall procure BBR to undertake a rights issue (the “**Rights Issue**”) of up to 1.6 billion new shares (the “**New Shares**” and each, a “**New Share**”) to be issued at an issue price of IDR 230 per New Share (the “**Issue Price**”). In this regard:

- (a) the Company shall undertake to subscribe, directly or through its nominee(s), for the New Shares which remain unsubscribed by the existing shareholders of BBR pursuant to the Rights Issue and on the same terms and conditions; and
- (b) MPML shall undertake not to exercise its rights (through certain of its subsidiaries) to subscribe for the New Shares under the Rights Issue and, to the extent legally permissible, shall assign or renounce its entitlement under the Rights Issue in favour of the Company or its nominee(s).

BBR currently has an issued and paid-up capital of US\$41,390,852 comprising approximately 3.767 billion shares (“**Shares**”). Following the completion of the Rights Issue and assuming none of the existing shareholders of BBR subscribe for the New Shares, it is envisaged that the Company will hold approximately 30% of the enlarged share capital of BBR.

The net proceeds from the Rights Issue will be used to, *inter alia*, fund the fleet expansion of BBR. Please refer to section 5 of this announcement for further details.

2.3 Conditions

2.3.1 The Proposed Investment shall be conditional on the satisfaction (or waiver as the case may be) of the following:

- (a) where necessary under applicable law, (i) the approval of the shareholders of MPML as may be required under the listing rules of the SGX-ST, (ii) the approval of the shareholders of BBR, and as the case may be, (iii) the Bursa Efek Indonesia (Indonesia Stock Exchange) (the “**IDX**”) and other regulatory bodies in Indonesia for the Rights Issue including the issuance and listing of the New Shares;
- (b) all other approvals, waivers, notifications, authorization and consents from relevant domestic and/or foreign authorities having jurisdiction over the Rights Issue or any third parties required under applicable laws or contractual arrangements to give effect to the transactions contemplated under the HOA being obtained; and
- (c) the representations, warranties and undertakings as expressly given by each Party in the HOA remaining accurate and true.

2.3.2 The terms set out in the HOA, though binding, are not exhaustive. Where desired by any of the Parties, it has been agreed that the Parties will discuss and negotiate any further terms and conditions to be included in further agreements, save that any such further terms and conditions shall be aligned with the terms and set out in the HOA.

2.4 Composition of the Board of Directors and Board of Commissioners of BBR

Following the completion of the Rights Issue and for as long as the Company remains a shareholder of BBR holding not less than 20% shareholding interest in BBR, the constitution of the board of directors (the “**BBR BOD**”) and the board of commissioners (the “**BBR BOC**”) of BBR shall be as follows:

- (a) The members of the BBR BOD shall consist of:
 - (i) one (1) executive who is non-affiliated to the Parties, who shall be appointed by BBR to the BBR BOD as director and shall hold the position of President Director;
 - (ii) two (2) persons nominated by MPML, who shall be appointed by BBR to the BBR BOD as directors;
 - (iii) one (1) person nominated by the Company or its nominee(s), who shall be appointed by BBR to the BBR BOD as director; and
 - (iv) one (1) existing independent director (the recommendation of which recommendation of a person for this role shall at times remain at the discretion of MPML).

- (b) The members of the BBR BOC shall consist of:
- (i) two (2) persons nominated by Mr. Lee Wan Tang, who shall be appointed by BBR to the BBR BOC as commissioners, one of whom shall hold the position of President Commissioner;
 - (ii) one (1) person nominated by the Company or its nominee(s), who shall be appointed by BBR to the BBR BOC as commissioner; and
 - (iii) two (2) existing independent commissioners (in respect of which recommendation of these persons for this role shall be at all times remain at the discretion of MPML).

3. CONSIDERATION

The Issue Price was determined on a willing-buyer, willing-seller basis, taking into consideration (i) the unaudited consolidated net asset value (“NAV”) per share of the BBR Group of IDR 240 as at 30 June 2014, based on the BBR Group’s consolidated NAV of approximately US\$75.5 million as well as (ii) the initial listing price of BBR on the IDX on 9 January 2013 of IDR 230 per share. The consolidated NAV of approximately US\$75.5 million or approximately IDR 906 billion is derived from an exchange rate of approximately US\$1.00 : IDR12,000, as at 25 September 2014.

Based on the exchange rate of approximately US\$1.00 : IDR12,000, as at 25 September 2014, the aggregate consideration (“**Consideration**”) is approximately US\$30.7 million.

The Consideration payable by the Company will be satisfied in cash on completion of the Rights Issue, and will be funded by the Group’s internal resources.

4. INFORMATION ON BBR

BBR is an indirect subsidiary of MPML. As at the date of this announcement, MPML holds a deemed interest of 49.6% in BBR. BBR was established in 1998 and has been listed on the IDX since 9 January 2013. BBR and its subsidiary (collectively the “**BBR Group**”) are primarily engaged in the business of ship owning and chartering, comprising two divisions as follows:

- (a) Under its Tugs and Barges Division, the BBR Group owns and manages a fleet of tugboats and barges. The BBR Group provides voyage and time charters of vessels for bulk handling, transportation and transshipment solutions.
- (b) Under its Offshore Marine Division, the BBR Group owns a fleet of offshore support vessels (“**OSV**”), comprising mainly anchor handling tug supply (“**AHTS**”) vessels.

5. RATIONALE

On 26 September 2014, the Company entered into respective memorandums of agreement (“MOAs”) with BBR in relation to the sale of five (5) small- and mid-sized OSVs which are appropriate for plying Indonesian waters (“**Sale Vessels**”). The Sale Vessels are expected to be delivered on a staggered and gradual basis in 2015. The MOAs relating to the Sale Vessels are subject to the successful completion of the Rights Issue as made evident by the date of the listing of New Shares.

Under the HOA and in connection with the Proposed Investment, part of the proceeds from the Rights Issue are expected to be utilised by BBR to purchase the Sale Vessels in the aggregate amount of US\$85 million from the Company. So long as the Company is entitled to nominate a representative to the BBR BOD, any future capital expenditure of BBR for the purchase of vessels from either of the Parties and/or their respective affiliates requires the joint agreement of both Parties.

The Company therefore believes that the Proposed Investment will enable the Company to benefit from the sale of the Sale Vessels along with future opportunities for sale of other vessels to BBR, and will allow the Group an opportunity to expand into the chartering business in a new market. This is consistent with the strategy of the Company in partnering with local marine operators to strengthen its position in cabotage-protected countries.

6. NON-DISCLOSEABLE TRANSACTION

As each of the relative figures computed on the applicable bases as set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) is less than 5.0%, the Proposed Investment is a “Non-Discloseable Transaction” under Rule 1008 of the Listing Manual. However the Board has decided to disclose the Proposed Investment to enhance the corporate disclosure standards of the Company.

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

7. MISCELLANEOUS

None of the Directors (other than in his capacity as a Director or Shareholder) or controlling Shareholders (other than in his capacity as a Shareholder) has any interest, direct or indirect, in the Proposed Investment.

The Company will update the Shareholders on any new developments arising from the Proposed Investment as and when appropriate.

BY ORDER OF THE BOARD

Datuk Tiong Su Kouk
Executive Chairman
29 September 2014