

NEWS RELEASE

NAM CHEONG TO INVEST APPROXIMATELY US\$30.7 MILLION IN INDONESIAN SHIP OWNING AND CHARTERING COMPANY

- *Nam Cheong may hold a stake of approximately 30% of the enlarged share capital of BBR, indirect subsidiary of Marco Polo Marine;*
- *Indonesian company involved in the ownership and management of a fleet of OSVs, tugboats and barges;*
- *BBR to utilise part of the proceeds by purchasing five OSVs worth US\$85.0 million from Group and lays groundwork for future purchases;*
- *Second entry into vessel chartering in the Indonesian market;*
- *Extends interests in the vibrant Indonesian oil and gas market.*

Singapore, September 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 entered into a binding Heads Of Agreement (the “**HOA**”) with Marco Polo Marine Limited (“马可波罗海业有限公司”) (“**MPML**”) in relation to a proposed investment in MPML’s indirect subsidiary, PT Pelayaran Nasional Bina Buana Raya Tbk (“**BBR**”).

This is the second significant initiative undertaken by Nam Cheong to further extend its interests in the attractive Indonesian oil and gas market, following the forming of a joint venture in Indonesia in September 2013 to own, operate and charter marine vessels.

MPML is an SGX Mainboard listed integrated marine logistic company, principally engaged in the business of ship chartering and shipyard services while BBR is an indirect subsidiary of MPML in which MPML holds a 49.6% deemed interest. BBR is a reputable shipping company based in Indonesia and listed on the Bursa Efek Indonesia (Indonesia Stock Exchange), primarily engaged in the business of ship owning and chartering through its two divisions of Tugs and Barges Division, and Offshore Marine Division.

Under the HOA, Nam Cheong has agreed to subscribe up to 1.6 billion new shares in BBR's rights issue, at an issue price of IDR 230 per share, which was determined on a "willing-buyer, willing-seller basis". Upon the completion of the rights issue, the Group may hold up to approximately 30% of the enlarged share capital of BBR, for a total consideration of approximately US\$30.7 million (approximately S\$39.0 million¹), funded through the Group's internal resources.

RATIONALE

Mr Leong Seng Keat (“梁成杰”), Nam Cheong's Chief Executive Officer said, “It is our plan to develop strategic partnerships with regional players to strengthen our position in cabotage-protected countries. Investing in BBR provides us with the platform to gain a foothold in the cabotage-protected Indonesia market given BBR's extensive network and strong presence in the country.”

With the proposed investment of US\$30.7 million (approximately S\$39.0 million¹), BBR will utilise part of the proceeds to purchase five small- and mid-sized OSVs, which are appropriate for plying Indonesian waters, from Nam Cheong for US\$85.0 million (approximately S\$108.0 million¹).

Mr Leong added: “The investment serves not only to increase our vessel sales but also lays the groundwork for potential future vessel purchases by BBR from the Group.

¹ Based on an exchange rate of 1.00 USD = 1.27050 SGD

“In addition, this represents our second entry into vessel chartering in the vibrant Indonesian market. With this solid working relationship in place, we believe that it would strengthen our position in vessel chartering in Indonesia by further enhancing our presence in this vibrant market. The Indonesian market presents very exciting prospects for us, driven by an upsurge in E&P activities.”

The vessel chartering business segment remains a small yet important and fast growing part of Nam Cheong’s operations, with the revenue segment having grown 73% to RM65.1 million between FY2012 to FY2013. In addition, the latest quarter, 2Q 2014, saw revenue climb 33% to RM47.3 million from RM15.6 million in 2Q 2013, following the expansion of its chartering fleet since 1Q 2013. With 15 vessels for chartering to date, Nam Cheong is in a strong position to tap on the increasing regional vessel chartering opportunities.

BOARD COMPOSITION

The Board of Directors of BBR will consist of five members of which one will be appointed by BBR, two to be appointed by MPML and one by Nam Cheong, and an existing independent director for whom the appointment is at MPML’s discretion.

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 Canal².

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 platform supply vessels (“PSVs”), safety standby vessels (“SSVs”), anchor handling towing supply (“AHTS”) vessels, 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 100 vessels since 2007.

² *Independent market research report by Pareto Securities Asia Pte Ltd., March 23, 2011*

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 15 vessels, comprising nine SSVs, three landing crafts, two AHTS vessels, and an accommodation vessel, which are chartered out by way of bareboat or time charters. The Group intends to expand in this area for the recurring income stream, and mitigate the cyclical and project-based nature of the shipbuilding industry. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

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