



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

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## **DISPOSAL OF NON-CORE ASSETS**

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### **1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Nam Cheong Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Nam Cheong Offshore Pte. Ltd. (“**NCOPL**”), a subsidiary of the Company, had on 15 September 2017 granted an Option to Purchase (“**Option to Purchase**”) to third party purchasers (“**Purchaser**”) in relation to the sale of the unit located at 146B Paya Lebar Road, #02-01 Ace Building, Singapore 409017 (“**Paya Lebar Property**”) on the terms and subject to the conditions of the Option to Purchase (the “**Proposed Disposal**”).

### **2. INFORMATION ON THE PAYA LEBAR PROPERTY**

- 2.1 The Paya Lebar Property is a freehold property and has a gross floor area of approximately 545 square metres.
- 2.2 The legal and beneficial interest, rights, powers and benefits of the Group in relation to the Paya Lebar Property are held by NCOPL.

### **3. CONSIDERATION AND TERMS OF THE OPTION TO PURCHASE**

- 3.1 The consideration for the Proposed Disposal is S\$4,500,000 (the “**Consideration**”), which shall be payable in the following manner:
- (a) A sum of S\$45,000 shall be payable upon the date of the Option to Purchase;
  - (b) A further sum of S\$180,000 shall be payable within 21 days of the date of the Option to Purchase; and
  - (c) The balance of the Consideration being S\$4,275,000 (which is equivalent to 95% of the amount of the Consideration) shall be payable upon completion of the Proposed Disposal (“**Balance Consideration**”).
- 3.2 The Consideration was arrived at on a willing-buyer willing-seller basis, having taking into account the valuation report issued by Allied Appraisal Consultants Pte Ltd on 12 January 2017 (the “**Valuation Report**”).

- 3.3 The Property is sold on an “as is where is” basis. Completion of the Proposed Disposal shall take place within twelve (12) weeks from the date of the exercise of the Option to Purchase or such other date as may be mutually agreed.

#### 4. FINANCIAL EFFECTS

- 4.1 The financial effects of the Proposed Disposal on the Group as set out below are for illustrative purposes only and are not intended to reflect actual future financial performance or position of the Group immediately after the completion of the Proposed Disposal. The financial effects of the Proposed Disposal set out below have been prepared based on the Group’s audited consolidated financial statements for the financial year ended 31 December 2016 (“FY2016”).

##### 4.1.1 Net Tangible Assets (“NTA”)

For illustrative purposes only, the effects of the Proposed Disposal on the audited consolidated NTA per share of the Group as at FY2016, assuming that the Proposed Disposal had been completed on 31 December 2016, being the end of the most recently completed financial year, are set out below:

	Before the Proposed Disposal	After the Proposed Disposal
<b>Consolidated NTA (RM’000)</b>	1,368,033	1,375,079
<b>Number of shares (’000)</b>	2,096,466	2,096,466
<b>Consolidated NTA per share (cents)</b>	65.3	65.6

##### 4.1.2 Earnings per Share (“EPS”)

	Before the Proposed Disposal	After the Proposed Disposal
<b>Earnings attributed to equity holders of the Company (RM’000)</b>	(42,014)	(34,968)
<b>Weighted average number of shares (’000)</b>	2,096,466	2,096,466
<b>Consolidated EPS (cents)</b>	(2.00)	(1.67)

#### 5. USE OF PROCEEDS

The Paya Lebar Property is mortgaged to DBS Bank Limited and all proceeds from the Proposed Disposal will be applied towards settlement of outstanding amount under a credit facility granted by DBS Bank Limited.

## 6. REQUIREMENTS UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 Based on the announced consolidated unaudited financial statements of the Group for the period ended 30 June 2017, being the latest announced consolidated unaudited financial statements of the Group, the relative figures applicable to the Proposed Disposal computed on the bases pursuant to Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net liabilities value <sup>(1)</sup>	-1.0%
(b)	Net profit attributable to the assets to be disposed of, compared with the Group's net loss <sup>(2)</sup>	<-1.0%
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares <sup>(3)</sup>	10.5%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to disposal of assets

### Notes:

- (1) Based on the net asset value of the Paya Lebar Property and the net liabilities value of the Group as at 30 June 2017 being RM6,824,000 and (RM700,265,000) respectively.
- (2) Based on the net profit of the Paya Lebar Property and the net loss of the Group for the 6-month-period ended 30 June 2017 being RM7,126,000 and RM2,071,733,000 respectively.
- (3) Based on the consideration of RM13,950,000 and market capitalisation of the Company of RM132,580,503 which is determined by multiplying the issued share capital of the Company of 2,096,465,885 ordinary shares in issue with the weighted average price of S\$0.0204 transacted on the Mainboard of the SGX-ST on 20 July 2017, being one market day prior to suspension of the shares of the Company on 21 July 2017 and based on an exchange rate of S\$1.00 : RM3.10 as at the date of this announcement.

6.2 As the relative figure computed under Rule 1006(c) of the listing manual ("**Listing Manual**") of the SGX-ST exceeds 5% but does not exceed 20%, the Proposed Disposal constitutes a disclosable transaction under Chapter 10 of the Listing Manual. However, Rule 1005 of the Listing Manual provides that in determining whether a transaction falls under Rule 1014, the SGX-ST may aggregate separate

transactions within the last twelve (12) months and treat them as if they were one transaction.

## **7. APPLICATION FOR WAIVER OF RULE 1014**

7.1 On 15 August 2017, the Company had submitted a written application to the SGX-ST to seek a waiver from strict compliance with Rule 1014 in relation to the Proposed Disposal in the event that the Proposed Disposal is aggregated with the proposed disposal of the Company's property at located at Unit #41-01, Unit #41-02 and Unit #41-03 of 8 Temasek Boulevard, Suntec Tower Three, Singapore 038988 ("**Proposed Suntec Disposal**"), on the following basis (the "**Waiver Application**"):

- (a) The Proposed Disposal constitutes a disposal of a non-operational and non-core asset;
- (b) Given that the Paya Lebar Property is currently a non-operational and non-core asset, the ownership of the Paya Lebar Property is neither critical nor essential to the Group's ability to operate its core businesses. Accordingly the Proposed Disposal does not result in any material change to the risk profile of the Group;
- (c) The Proposed Disposal will not impact the existing operations of the Group since the Group derives its operating income from its shipbuilding and chartering business; and
- (d) Each of the substantial shareholders of the Company, being Tan Sri Datuk Tiong Su Kouk, S.K. Tiong Enterprise Sdn Bhd, Hung Yung Enterprise Sdn Bhd and Puan Sri Datin Wong Bak Hee has provided an undertaking that should a general meeting be convened for the purposes of approving the Proposed Disposal and the Proposed Suntec Disposal, each of them will vote and/or procure its representative or proxy to vote in favour of the Proposed Disposal and the Proposed Suntec Disposal.

7.2 On 5 September 2017, the Company has received a letter from SGX-ST granting approval to the Waiver Application that shareholders' approval is not required for the Proposed Disposal and the Proposed Suntec Disposal, subject to the following:

- (a) The Company announcing the waiver granted, the reasons for granting the waiver and the conditions as required under Rule 107 of the Listing Manual; and
- (b) Submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

As at the date of this announcement, the written confirmation has been provided to SGX-ST.

## **8. RATIONALE FOR THE PROPOSED DISPOSAL**

- 8.1 The Company had announced on 17 March 2017 and 23 April 2017 that in light of the severe and protracted downturn in the global oil and gas industry, the Company has taken steps to review its options to restructure its business, operations, and balance sheet to preserve the value of the Company for its stakeholders, including discussions with the Group's principal lenders to address significant debt maturities, which may include refinancing and/or restructuring of existing loans ("**Proposed Debt Restructuring**").
- 8.2 The Board has considered and resolved that the Proposed Disposal will be in the commercial interests and benefit to the Group as all proceeds from the Proposed Disposal will be applied towards settlement of outstanding amount under a credit facility granted by DBS Bank Limited and secured by the Paya Lebar Property. This will reduce the Group's current financial liabilities and borrowings in light of the on-going discussions in relation to the Proposed Debt Restructuring.
- 8.3 Although the Paya Lebar Property is currently used as the corporate office of the Group and its principal place of business, the Company intends to negotiate for a lease back of the Paya Lebar Property from the Purchaser to allow the Company to continue using the Paya Lebar Property as corporate office to minimise any disruption to the business of the Company.

## **9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or (so far as they are aware) controlling shareholders of the Company has an interest, direct or indirect, in the Proposed Disposal, other than through their respective directorships and shareholding interests, if any, in the Company.

## **10. DIRECTORS' SERVICE CONTRACTS**

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

## **11. NO CONVENING OF EXTRAORDINARY GENERAL MEETING**

As the SGX-ST has granted the Waiver Application, the Company will not be convening an extraordinary general meeting to seek shareholders' approval for the Proposed Disposal and the Proposed Suntec Disposal and accordingly, will not be dispatching a circular to the shareholders in relation thereto.

## **12. INSPECTION OF DOCUMENTS**

Copies of the Option to Purchase and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at

146B Paya Lebar Road, #02-01 Ace Building, Singapore 409017 for a period of three (3) months from the date of this announcement.

**By Order of the Board**  
Nam Cheong Limited

Tan Sri Datuk Tiong Su Kouk  
Executive Chairman

15 September 2017