

NEWS RELEASE

NAM CHEONG LAUNCHES NEW ANCHOR HANDLING TUG SUPPLY VESSEL

- *First vessel based on Nam Cheong's proprietary design;*
- *Fuel-efficient, simplified design and environmentally friendly vessel;*
- *Secured Letters of Intent worth US\$186 million from new and repeat customers, with a mix of sale and also charter of 12 of this new series of vessels;*
- *Secured options for sale of eight additional units of such vessels;*
- *100% take-up rate of a total of 20 vessels planned for delivery;*
- *Secured Letters of Intent from Bumi Armada and Farid Khan-controlled company, each for four vessels and option for four additional vessels.*



NCA80E, a 64.8m diesel electric powered AHTS with 80 tonnes bollard pull, based on Nam Cheong's proprietary design

Singapore, October 17, 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 launched a new Anchor Handling Tug Supply (“**AHTS**”) vessel, the NCA80E. The vessel is a 64.8m diesel electric powered AHTS with 80 tonnes bollard pull and is based on Nam Cheong’s proprietary design.

Nam Cheong’s Executive Chairman, Datuk Tiong Su Kouk (“拿督张仕國”) said: “The launching of the NCA80E vessel is a major milestone for the Group as it is based on Nam Cheong’s proprietary design and is also our first vessel launch in Singapore. Customers are increasingly demanding for such sophisticated OSVs and we received strong interest from customers worldwide for such a vessel that is versatile to be deployed in waters globally. Backed by our deep expertise in engineering and cutting-edge technology required to design and build such vessels, we are confident in powering ahead in the industry and are excited by the prospects.”

Nam Cheong has secured Letters Of Intent (“LOI”) from five customers worth approximately US\$186 million, with a mix of sale and charter of 12 NCA80E vessels. The Group has also secured options for the sale of eight additional NCA80E vessels. The five customers are Bumi Armada Berhad (“Bumi Armada”), Geooffshore Pte Ltd (“Geooffshore”), Opstad Group (“Opstad”), Sofield Marine & Offshore Sdn Bhd (“Sofield”) as well as Vega Offshore Group (“Vega Offshore”). The potential sale of the 20 vessels through the LOIs and options represent a 100% take-up rate of the 20 vessels planned for delivery.

Vessel Details

The NCA80E vessel boasts an energy efficient design from the efficient hull lines and is equipped with selected electric drives which lead to lower fuel consumption without a loss in power to the electric drives due to the vessel design's exploitation of newer technologies. In addition, the vessel features a simplified design and is "Asianised" to allow for an efficient building process to reduce delivery time and yet, is flexible enough in its capabilities to be deployed in multiple roles.

The vessel is also backed by enhanced performance of high speed and high bollard pull with a number of key features such as medium speed controllable pitch thrusters that provide better response and operational flexibility, flexibility in cargo configurations as well as low pressure system anchor handling or towing winches which have been proven to be of greater robustness and reliability.

Mr Leong Seng Keat (“梁成杰”), Nam Cheong's Chief Executive Officer said: “As a global OSV builder, we aspire to construct vessels which are of sophisticated quality that will serve as the industry's gold standard. We believe in continuing to forge our R&D capabilities and in keeping our ears close to the ground to understand what our customers' requirements are. These efforts have been a bright guiding light towards Nam Cheong's success today.

“In developing the design of the NCA80E vessel, Nam Cheong's engineers have integrated specifications and features highly demanded by customers to arrive at an elegant vessel design that suits their requirements of a high performance vessel that is also cost efficient.”

Mr Leong also commented on the green and compliant aspects of the vessel: “Besides the superior performance of the NCA80E vessel, we are also mindful of the need to incorporate environmentally friendly features such as electric propulsion that leads to lower exhaust emissions that helps to reduce the industry's carbon footprint.

The vessel will also come equipped with oil spill recovery capabilities and is in compliance with the latest statutory regulations.”

Letters of Intent and Options

An LOI was secured from repeat customer, Bumi Armada, a Malaysia-based international offshore oilfield services provider. The customer intends to order four vessels with the option for four additional vessels. In addition, an LOI for two vessels was also secured from repeat customer, Norway-based Vega Offshore, which has a presence in Brazil, to facilitate their fleet expansion programme.

Mr Leong noted: “As an established and key repeat customer of Nam Cheong, Bumi Armada’s interest in the NCA80E vessel is indeed a strong endorsement and support for our capabilities. We have an excellent working relationship with Bumi Armada and we look forward to strengthening this mutually beneficial affiliation in the years ahead.”

Separately, LOIs were secured from new customers, Geooffshore, Opstad and Sofield. Registered in Singapore, Geooffshore is an emerging OSV owner, controlled by Singapore businessman, Mr Farid Khan, who is also the regional managing director of an international service provider leader in the offshore oil and gas industry. Geooffshore intends to order four NCA80E vessels and also have the option to purchase four additional vessels.

Mr Leong commented: “The strong interest from Geooffshore is significant as Mr Farid Khan is a well-known veteran in the oil and gas industry and a recognised expert in the operation of OSVs. As such, we are heartened by the affirmation of Nam Cheong’s quality of vessels from such a reputable partner.”

Opstad is an established OSV owner and seismic support operator based in Norway while Sofield is a Sabahan-owned emerging offshore and marine company based in Malaysia. The company which is also a Petronas licensee, ambitions to benefit from the robust oil and gas business opportunities in East Malaysia with this new vessel.

Future Directions and Outlook

Mr Leong commented: “We are working towards our ambition of being the largest OSV builder in the world by 2017. With our built-to-stock business model, it has allowed a shorter lead time in our delivery to customers, securing Nam Cheong a first mover advantage in rolling out the technologies of the NCA80E vessel. As can be seen from the developments over the years, our DNA has evolved from an OSV player focused on cost efficiencies to that of building vessels which are not just cost effective but also fuel efficient and environmentally friendly. As we go forward, we anticipate our DNA to develop into a master systems integrator to tap on the trend of increasing connectivity in vessels’ ecosystems.”

“On the outlook, although we have seen recent volatile oil prices, we believe our strong reputation within the highly resilient shallow water segment remains robust as we continue to see good demand from customers for our vessels. Going forward, we plan to stay ahead of the competition by producing proprietary designs and committing to our philosophy of Quality, Reliability and Delivery.

Datuk Tiong concluded, “With the strong interest in the NCA80E vessel at this early stage from repeat and new customers, it is heartening and is also a clear testament to the relevance of Nam Cheong’s capabilities and commitment to maintaining close relationships with our existing customers and in forging new ones.”

The NCA80E vessels are of American Bureau of Shipping (ABS) class and are being constructed as part of Nam Cheong’s built-to-stock series in the Group’s Miri shipyard in Sarawak, East Malaysia as well as the Group’s subcontracted yards in China.

Notes to the Editor:

Specifications of the vessel are listed below:

Vessel Type	Specifications
AHTS	<i>Length: 64.8 metres</i> <i>Bollard pull: 80 tonnes</i> <i>Other features: Diesel-electric propulsion systems, Dynamic Positioning Systems 2 ("DP2")</i> <i>Class: American Bureau of Shipping (ABS)</i>

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 Canal.

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 anchor handling towing supply (“AHTS”) vessels, platform supply vessels (“PSVs”), 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 110 vessels since 2007.

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 over 10 vessels, which are chartered out by way of bareboat or time charters. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

ISSUED ON BEHALF OF : Nam Cheong Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941
CONTACT : Ms Dolores Phua / Ms Renee Goh
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9667-5837 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com /
renee.goh@citigatedrimage.com

084/14/014/NCL

October 17, 2014