

NSL LTD.

(Incorporated in Singapore)
Company Registration No. 196100107C

ANNOUNCEMENT

PROPOSED DISPOSAL OF NSL CHEMICALS (THAILAND) PTE. LTD. BY NSL CHEMICALS LTD. WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE SGX-ST LISTING MANUAL

The Board of Directors (the “**Board**”) of NSL Ltd. (“**NSL**” or the “**Company**”) refers to the proposed sale (the “**Proposed Disposal**”) of the entire issued and paid-up share capital of NSL Chemicals (Thailand) Pte. Ltd. (“**NSCT**”) by its wholly-owned subsidiary, NSL Chemicals Ltd. (“**NSC**”) to SCG Chemicals Co., Ltd (the “**Purchaser**”), a wholly-owned subsidiary of The Siam Cement Public Company Limited. NSCT is an investment holding company and is the legal and beneficial owner of 2,678,346 ordinary shares of par value Bt100 each of Bangkok Synthetics Co., Ltd. (“**BST**”), representing approximately 22.83 per cent. of the issued share capital of BST as at the date of this Announcement.

*All capitalised terms used and not defined herein shall have the same meanings given to them in the announcement dated 17 November 2013 (the “**Proposed Disposal Announcement**”) made by the Company in relation to the Proposed Disposal.*

The Board wishes to announce that the Company had on 21 November 2013 applied to the SGX-ST to seek the SGX-ST’s confirmation either that (i) notwithstanding that the relative figures for the Proposed Disposal as set out in paragraph 6 of the Proposed Disposal Announcement exceed 20 per cent., the approval of the shareholders of the Company at an EGM for the Proposed Disposal should not be required under Rule 1014 of the Listing Manual or (ii) in the alternative, the prior approval of the shareholders of the Company for the Proposed Disposal is not required and that the Company may instead seek the approval of its shareholders to ratify the Proposed Disposal. The Company’s application to the SGX-ST was made on the following grounds:

- (a) the Company’s interest in BST, through its indirect wholly-owned subsidiary, NSCT, is less than 30 per cent., is not consolidated by the Company in its financial results and is only accounted for as an associated company. In recent years, BST has undertaken a significant downstream investment plan and may continue to invest in new projects for the next stage of its development. The Company has and will have limited influence as a shareholder in BST’s decision making process on such investment plans, which may place its investment in BST at risk. Further, as mentioned in paragraph 4 of the Proposed Disposal Announcement, as BST is no longer part of the Company’s core strategy, it is and would therefore be in the best interests of the Company to, through the Proposed Disposal, divest its interest in BST;
- (b) the Board is of the view that the Proposed Disposal will significantly reduce the risk profile of the Company:
 - (1) as illustrated below, BST’s earnings contribution has been volatile which has consequently resulted in significant volatility in the Company’s financial performance. This is to be expected given the unpredictable nature of the business of BST and its dependence on underlying commodity prices:

	FY2008	FY2009	FY2010	FY2011	FY2012	3Q2013
Income from associates attributable to BST (S\$ million) ⁽¹⁾	52.5	20.7	41.8	82.8	22.0	11.5
Deferred tax (S\$ million) ⁽¹⁾	(5.1)	(2.1)	(4.2)	(8.3)	(1.3)	(1.1)
Income from associates attributable to BST (net of deferred tax) (S\$ million)	47.4	18.6	37.6	74.5	20.7	10.4

Note:

- (1) Based on audited consolidated financial statements of the NSL Group for the financial years ended 31 December (“FY”) 2008 to 2012 and the nine-month period ended 30 September 2013 (“3Q2013”).
- (2) BST has historically paid relatively low dividends in comparison to its underlying cash generation, which has led to substantial cash accumulation within BST. With its limited influence as a shareholder in the management of BST, the Company does not have any ability to control the dividend policy of BST, including the declaration of any dividends by BST; and
- (3) the Proposed Disposal enables the monetisation of this volatile monetary investment and will return significant cash proceeds to the Company. As set out in paragraph 4.1 of the Proposed Disposal Announcement, the Proposed Disposal will generate gross cash proceeds of at least S\$328.3 million¹ based on the Upfront Consideration Amount and the Initial Contingent Consideration Amount, and will result in an estimated accounting gain of S\$119.8 million¹ to the Company, based on the NSL Group’s carrying value in NSCT as at 30 September 2013;
- (c) with significant volatility in regional currencies (including the Thai Baht) resulting from on-going concerns over the US Federal Reserve’s “tapering” of its quantitative easing measures, as the Consideration and the payment of any Consideration is/will be denominated in Thai Baht, the timely completion of the Proposed Disposal would allow the Company to, in the interests of all shareholders, minimise any erosion to the Consideration by reducing its exposure to any currency fluctuations in the Thai Baht, as well as managing any hedging costs. As an illustration, during the period commencing on 1 November 2013 and ending on 21 November 2013, the Thai Baht has weakened against the Singapore dollar by approximately 1.5 per cent.², translating into a potential reduction of the Consideration of approximately S\$4.9 million² (after conversion of the Thai Baht equivalent of the aggregate of the Upfront Consideration Amount and the Initial Contingent Consideration into Singapore dollars). The timely completion of the Proposed Disposal would also allow management to receive and deploy the proceeds of the Proposed Disposal at the earliest opportunity to the benefit of all shareholders of the Company; and
- (d) unnecessary expense may be incurred by the Company in undertaking an EGM where the majority shareholder has already given an undertaking to approve the Proposed Disposal. 98 Holdings Pte Ltd (“**98 Holdings**”), who holds a direct 81.24 per cent. interest in the Company,

¹ S\$ equivalent of Bt amounts based on an exchange rate of S\$1.00 : Bt25.34 as at 15 November 2013, being the last trading day prior to the date of the Proposed Disposal Announcement.

² Based on an exchange rate of S\$1.00 : Bt25.10 as at 1 November 2013 and S\$1.00 : Bt25.47 as at 21 November 2013, being the date of the application made to the SGX-ST.

will be, in accordance with the voting undertaking given by 98 Holdings on 15 November 2013, voting all of its Shares in favour of the Proposed Disposal. As 98 Holdings holds a clear majority of the Shares, the resolution to approve the Proposed Disposal will be approved by the shareholders of the Company. However, if required to hold an EGM to ratify the Proposed Disposal, minority shareholders would also not be prejudiced as they would be afforded the opportunity to raise questions and express their views at the EGM to ratify the Proposed Disposal.

Following the Company's application, the SGX-ST has confirmed that it has no objections to granting the Company a waiver from compliance with Rule 1014(2) of the Listing Manual for the Proposed Disposal, subject to the following conditions:

- (I) the Company announcing the waiver granted, the reasons seeking the waiver and the conditions as required under Rule 107 of the Listing Manual;
- (II) a shareholders' meeting being held by the Company to ratify the Proposed Disposal;
- (III) submission of a written undertaking from the controlling shareholder, 98 Holdings, to vote in favour of the ratification of the Proposed Disposal at the EGM to be convened; and
- (IV) 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.

BY ORDER OF THE BOARD

Lim Su-Ling
Company Secretary
Singapore, 26 November 2013