

NOBLE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

PROPOSED DISPOSAL OF VESSEL

1. INTRODUCTION

Noble Group Limited (“**NGL**” and together with its subsidiaries from time to time, the “**Noble Group**”) wishes to announce that NGL and its indirect wholly-owned subsidiary, Core Integrity Limited, had on 12 March 2018 (Singapore time) entered into a memorandum of agreement (“**MOA**”) with Bianca Corporation (the “**Buyer**”) and Primerose Shipping Co Ltd, in connection with the proposed sale of a Kamsarmax dry bulk carrier vessel (the “**Vessel**”) to the Buyer, in accordance with the terms and conditions of the MOA (the “**Proposed Disposal**”).

2. DETAILS OF THE PROPOSED DISPOSAL

The salient terms of the Proposed Disposal are as follows:

- (i) the consideration for the Proposed Disposal shall be US\$24 million (“**Consideration**”) payable on completion of the Proposed Disposal and will be satisfied in cash. The Consideration was arrived at after arm’s length negotiations between NGL and the Buyer, on a “willing buyer willing seller” basis, and taking into account, *inter alia*, the valuation of the Vessel (as further described in paragraph 3.2 below) and the Vessel’s specifications and age;
- (ii) as security for the fulfilment of the MOA, the Buyer shall place a deposit of 10 per cent. of the Consideration with an escrow agent; and
- (iii) the cancelling date for the delivery of the Vessel to the Buyer is 16 April 2018.

The completion of the Proposed Disposal is currently expected to take place between 20 March 2018 and 16 April 2018.

3. INFORMATION ON THE VESSEL

3.1 Details of the Vessel

The Vessel (namely, “Ocean Integrity”) is registered under the flag of Hong Kong. It was built in 2015 and has a capacity of 81,499 dwt. The Vessel is employed to service external customers as well as Noble Group’s internal freight requirements. It is included in Noble Group’s Metals, Minerals and Ores segment for reporting purposes.

3.2 **Asset Value of the Vessel**

As at 31 December 2017, based on the latest announced audited consolidated financial statements of Noble Group for the financial year ended 31 December 2017 (“**FY2017**”) (“**Noble Group FY2017 Results**”), the book value of the Vessel was approximately US\$23.5 million and the net tangible asset value of the Vessel was approximately US\$23.5 million.

The excess of the Consideration over the book value of the Vessel as at 31 December 2017 (as set out above) is approximately US\$0.5 million.

As stated in NGL’s announcement dated 2 February 2018, two valuations of, among others, the Vessel were recently commissioned by Noble Group. The first one (the “**Arrow Valuation**”) was conducted on 1 February 2018 by Arrow Valuations, and the second (the “**Clarkson Valuation**”) and together with the Arrow Valuation, the “**Valuations**”) was conducted on 1 February 2018 by Clarkson Valuations Limited. Based on both the Arrow Valuation and the Clarkson Valuation, the Vessel was valued at US\$24 million.

The Arrow Valuation was arrived at based on certain assumptions, including assumptions that the Vessel is available for prompt charter-free delivery for cash on normal commercial terms, and is in good and seaworthy condition. The Clarkson Valuation was prepared based on recent transactions, negotiations and broker’s market knowledge. The Clarkson Valuation also assumes charter-free delivery on a willing buyer, willing seller basis and the Vessel to be in a good and seaworthy condition. The Arrow Valuation and the Clarkson Valuation relate to 1 February 2018 and the relevant Valuation is not a guide to the market value of the Vessel at any other time. Market values in the shipping industry are highly volatile.

3.3 **Net Loss of the Vessel**

The net loss (before income tax, minority interests and extraordinary items) attributable to the Vessel, based on the Noble Group FY2017 Results, is approximately US\$2 million.

3.4 **Gain on Proposed Disposal**

The gain on the Proposed Disposal would amount to approximately US\$0.5 million based on the carrying value of the Vessel as at 31 December 2017 (as set out above).

4. **RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

4.1 **Rationale**

Reference is made to the NGL’s announcement “Noble Group Announces Update on Strategic Review and In Principle Agreement for Financial Restructuring” and the term sheet setting out the material terms of the proposed financial restructuring dated 29 January 2018 (the “**In Principle Restructuring Announcements**”). As further described in the In Principle Restructuring Announcements, the Vessel and certain other vessels owned by Noble Group,

including any proceeds of sale received by Noble Group before or after the Restructuring Effective Date (as defined in the In Principle Restructuring Announcements), will form part of the Asset Co assets. Noble Group has decided to avail itself of favourable market conditions to monetise the Vessel.

The Vessel is currently operated as part of Noble Group's Freight¹ business; however, the Proposed Disposal will not significantly impact the operations of Noble Group's Freight business.

The Freight business services external customers, as well as Noble Group's internal freight requirements, with ocean transport in the dry bulk segment. Additionally, the Freight business provides both external and internal customers with long term freight solutions and freight market guidance.

4.2 **Use of Proceeds**

The Vessel is currently mortgaged to a financial institution and part of the proceeds from the Proposed Disposal will be used by Noble Group to pay down the amounts owned under the relevant facility.

The net proceeds arising from the Proposed Disposal ("**Net Proceeds**") (after taking into account the repayment of the relevant facility and deducting the estimated transaction costs relating to the Proposed Disposal) will amount to approximately US\$7.3 million. The transaction costs include a commission of one per cent. of the Consideration payable to the broker appointed by Noble Group to procure purchasers for the Vessel.

The Net Proceeds will form part of the Asset Co assets.

5. **PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

5.1 **Assumptions**

The pro forma financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share, the book value per share and the earnings per share of Noble Group and the share capital of NGL as set out below are prepared purely for illustration only and do not reflect the actual future financial situation of Noble Group after the Proposed Disposal. The pro forma financial effects have been prepared based on the Noble Group FY2017 Results.

5.2 **NTA – FY2017**

Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 December 2017, being the end of FY2017, the effect on the NTA per share of Noble Group as at 31 December 2017 is as follows:

¹ Results from the Freight business are included in Noble Group's Metals, Minerals and Ores segment for reporting purposes.

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000)	(807,211)	(806,711)
NTA per share (US\$)	(0.61)	(0.61)

5.3 **Book Value – FY2017**

Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 31 December 2017, being the end of FY2017, the effect on the book value per share of Noble Group as at 31 December 2017 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Book value (US\$'000)	(800,911)	(800,411)
Book value per share (US\$)	(0.60)	(0.60)

5.4 **Loss – FY2017**

Purely for illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 January 2017, being the beginning of FY2017, the effect on the loss per share of Noble Group for FY2017 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to the Shareholders (US\$'000)	(4,938,234)	(4,937,734)
Less: Capital securities dividend (US\$'000)	(24,388)	(24,388)
Adjusted loss attributable to the Shareholders (US\$'000)	(4,962,622)	(4,962,122)
Weighted average number of shares ('000)	1,309,253	1,309,253
Loss per share (US cents)	(379.04)	(379.00)

5.5 Share Capital

The Proposed Disposal will not have any impact on the issued share capital of NGL.

6. CHAPTER 10 OF THE LISTING MANUAL

6.1 Rule 1006 Relative Figures for the Proposed Disposal

The relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual of the SGX-ST (“**Listing Manual**”) are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Vessel as compared with Noble Group’s net asset value ²	-3
(b)	Net profit attributable to the Vessel compared with Noble Group’s net loss ³	Not meaningful
(c)	The consideration ⁴ received compared with the market capitalisation ⁵ of NGL	18

6.2 Rule 1014

As the relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual exceed 5% but does not exceed 20%, the Proposed Disposal is classified as a “discloseable transaction” for the purposes of Chapter 10 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the shares of NGL (if any), none of the Directors or controlling shareholders of NGL has any interest, direct or indirect, in the Proposed Disposal.

² The net asset value attributable to the Vessel of approximately US\$23.5 million is the carrying value of the Vessel based on the Noble Group FY2017 Results. Noble Group’s net liability value of approximately US\$801 million is based on the Noble Group FY2017 Results.

³ Net profit/loss is defined as profit/loss before income tax, minority interest and extraordinary items. The net loss of NGL attributable to the Vessel based on the Noble Group FY2017 Results is approximately US\$2 million. Noble Group’s net loss based on the Noble Group FY2017 Results is approximately US\$4,827 million.

⁴ Based on the Consideration of US\$24 million.

⁵ The market capitalisation of NGL of approximately US\$133 million is based on a total number of 1,327,483,781 shares of NGL in issue (excluding treasury shares) as at 9 March 2018 (Singapore time), at the volume-weighted average price of S\$0.1318 per share transacted on 9 March 2018 (Singapore time), being the market day preceding the date of the MOA, and an exchange rate of US\$1.00 to S\$1.3184.

8. DIRECTORS' SERVICE CONTRACTS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of NGL at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and at the offices of Allen & Gledhill LLP, 30th Floor, One Marina Boulevard, Singapore 018989 for a period of three months commencing from the date of this Announcement:

- (i) the MOA; and
- (ii) the reports in respect of the Valuations.

Noble Group Limited
12 March 2018

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About Noble Group

Noble Group (SGX: CGP) manages a portfolio of global supply chains covering a range of industrial and energy products. Noble facilitates the marketing, processing, financing and transportation of essential raw materials. Sourcing bulk commodities from low cost regions such as South America, South Africa, Australia and Indonesia, the Group supplies high growth demand markets, particularly in Asia and the Middle East. For more information please visit www.thisisnoble.com.

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