

ROTARY ENGINEERING LIMITED

(Company Registration Number: 198000255E)
(Incorporated in Singapore)



ACQUISITION OF VESSEL

1. Introduction

In accordance with Rule 1010 of the SGX Listing manual, the Directors of Rotary Engineering Limited ("Company") wish to announce Rotary Automation Pte Ltd, a wholly-owned subsidiary of the Company, has entered into a Vessel Purchase ("Purchase") Agreement to acquire an asset ("Vessel") with an unrelated third party.

2. Information on the Vessel

The Vessel is a Korean-built double hull oil tanker with built year 1999 with a cargo capacity of 123,000 cbm (cubic metres) for either crude or products.

3. Consideration

The total Purchase Consideration for the Vessel is US\$15.6 Million (US Dollars Fifteen Million and Six Hundred Thousand) ("Consideration"). The Consideration was arrived at on a willing-buyer willing-seller basis. This transaction will be funded primarily through internal funds.

4. Rationale for the transaction

The Company is principally engaged in offering fully integrated engineering design, procurement and construction services to the oil & gas, petroleum, petrochemical and pharmaceutical industries. In line with the Company's asset based strategy, the Vessel purchase is intended to strengthen its existing business to complete an end-to-end value chain offering.

5. Financial Effects

There is no financial effect of the transaction on the NTA and EPS of the Group for the year ended 31 December 2015.

6. Rule 1006 of the Listing Manual

The relative figures relating to the transaction computed on the bases set out in Rule 1006 of the Listing Manual are set out as follows:

Rule	Bases of computation	Size of relative figures
Rule 1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	Not applicable as this is an acquisition
Rule 1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable as there is no net profit attributable to the asset acquired
Rule 1006(c)	Aggregate value of Consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	12.9% ⁽¹⁾
Rule 1006(d)	The 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 as no equity securities of the Company will be issued as Consideration for the Purchase
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable as this is not a disposal of asset

Notes:

⁽¹⁾ Based on the aggregate value of Consideration of US\$15.6 Million and the market capitalisation of the Company of S\$173,092,990 (determined by multiplying the existing number of shares in issue by S\$0.305, being the weighted average price of the Company's shares transacted on 2 February 2016, being the market day preceding the date of the transaction).

Based on the relative figures computed above, the Purchase constitutes a discloseable transaction under Rule 1010 of the Listing Manual of the SGX-ST. As none of the relative figures exceed 20%, the Purchase does not constitute a major transaction under Rule 1014, and accordingly, shareholders' approval is not required for the Purchase.

7. Interest of Directors and Controlling Shareholders

As at the date of this announcement, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the transaction.

8. General

A copy of the Memorandum of Agreement is available for inspection at the registered office of the Company during normal business hours for a period of three months from the date of this Announcement.

BY ORDER OF THE BOARD

Tan Cher Liang
Company Secretary
3 February 2016