NAM CHEONG LIMITED
(Company Registration No. 25458)
(Incorporated in Bermuda)

UPDATE ON RESTRUCTURING
ENTRY INTO PLACEMENT AGREEMENT

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1. INTRODUCTION

The Board of Directors ("**Board**") of Nam Cheong Limited ("**Company**") and its subsidiaries (together, the "**Group**") refer to:

(a) its announcement dated 16 July 2018 in relation to, amongst other things, the sanction of the schemes of arrangements (with modifications) proposed between Nam Cheong Dockyard Sdn Bhd ("**NCD**") and Nam Cheong International Ltd ("**NCI**") and their respective creditors ("**NCD Scheme**" and "**NCI Scheme**" respectively);

(b) its circular to Shareholders dated 27 July 2018 relating to, amongst other things, the issuance of the Term Loan Shares ("**Circular**");

(c) its announcement dated 3 August 2018 in relation to, amongst other things, the sanction of the scheme of arrangements (with modifications) proposed between the Company and its creditors ("**NCL Scheme**", collectively with the NCD Scheme and the NCI Scheme, the "**Schemes**");

(d) its announcement dated 24 April 2020 informing, inter alia, that the Company is on the course of holding discussions with its principal lenders with a view to address significant debt maturities, which may include, inter alia, extension of the maturities and/or restructuring of existing loans (the "**Restructuring**");

(e) its announcement dated 28 September 2018 in relation to the implementation of the Schemes;

(f) its announcement dated 1 October 2020 in relation to NCD's admission into the Corporate Debt Restructuring Committee ("**CDRC**") of Malaysia;

(g) its announcement dated 25 May 2022 in relation to the update on the Restructuring;

(h) its announcement dated 7 March 2023 in relation to the informal meeting to update term loan creditors on the current restructuring ("**7 March 2023 Announcement**");

(i) its announcement dated 22 March 2023 in relation to the Court's approval to convene scheme meeting;

(j) its announcement dated 31 March 2023 in relation to the application for extension of time in respect of submitting the resumption of trading proposal ("**31 March 2023 Announcement**");

(k) its announcement dated 20 April 2023 in relation to the update on the Restructuring ("**20 April 2023 Announcement**"); and

(l) its announcement dated 24 April 2023 in relation to the Company's submission of the resumption of trading proposal.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the aforementioned announcements in the order of their recency, i.e., the most recent of the aforementioned announcements shall prevail over earlier announcements for the purposes of interpreting such terms.

2. PROPOSED PRIVATE PLACEMENT

Further to the **20 April 2023 Announcement**, the Board is pleased to inform shareholders that the Company has, on 28 April 2023, entered into a placement agreement ("**Placement Agreement**") with Tan Sri Datuk Tiong Su Kouk, as placee ("**Placee**"). The execution and implementation of the Placement Agreement is part of the Restructuring and the DRMA as previously disclosed in the presentation slides uploaded together with the **7 March 2023 Announcement**.

Pursuant to the Placement Agreement, the Company proposes to allot and issue to the Placee an aggregate of 120,387,600 new ordinary shares ("**Shares**") in the capital of the Company ("**Placement Shares**"), for an aggregate amount of RM30,000,000 (equivalent to approximately S$8,996,042 based on the exchange rate as at the date of the announcement).

For illustrative purposes, such Placement Shares represents approximately 30.12% of the enlarged issued and paid-up share capital of the Company (based on the issued Shares in the capital of the Company after the completion of the Restructuring comprising 399,752,666 Shares (excluding 66,785 treasury shares and 1,143,564 subsidiary holdings) ("**Enlarged Share Capital**")), at the price of S$0.077 for each Placement Share ("**Placement Price**") ("**Proposed Private Placement**"). The Placement Price, the total number of Placement Shares to be issued and allotted and the Enlarged Share Capital is subject to the terms of the Placement Agreement, the terms of the New NCL Scheme and the number of Shares which will be issued under the New NCL Scheme.

No lead manager, co-manager, placement agent or underwriter has been appointed and no commission is payable to any lead manager, co-manager, placement agent or underwriter in connection with the Proposed Private Placement.

The Placee is the Executive Chairman of the Company. No introducer was appointed by the Company and no commission is payable by the Company in connection with the Proposed Private Placement. Accordingly, no commission and/or introducer fees are payable/was paid by the Company in connection with the Proposed Private Placement.

The Proposed Private Placement will be made pursuant to Section 272B of the Securities and Futures Act 2001 of Singapore. Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Private Placement.

3. INFORMATION ON THE PLACEE

The Placee is the Executive Chairman and controlling shareholder of the Company, having a direct interest in 436,168,263 Shares, being approximately 5.481% of the share capital of the Company and deemed interest[1] in 1,819,486,230 Shares, being approximately 22.866% of the share capital of the Company.

Pursuant to Rules 804, 805(1), and 812 of the Listing Manual, the Company will be seeking the approval of its shareholders for the Proposed Private Placement at a special general meeting ("**SGM**") to be convened.

[1] As at the date of this announcement, TST is deemed to have an interest in the Shares held by Hung Yung Enterprise Sdn. Bhd., S.K. Tiong Enterprise Sdn. Bhd., his wife, Puan Sri Datin Wong Bak Hee and 50,000 Shares held by Phillip Securities Pte. Ltd. (as nominee), by virtue of Section 4 and 133 of the Securities and Futures Act 2001 of Singapore.

4. PRINCIPAL TERMS OF THE PROPOSED PRIVATE PLACEMENT

4.1 Placement Price

The Placement Price represents a premium of approximately 1825% to the weighted average price of S$0.004 for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full market day on 27 April 2020, being the last market day on which the shares of the Company were traded, prior to the suspension of the Shares of the Company on 28 April 2020.

4.2 Placement Shares

Pursuant to Rule 805(1) of the Listing Manual, the issue and allotment of the Placement Shares is subject to shareholder approval. The Company will be seeking specific approval from shareholders for the issue and allotment of the Placement Shares at the SGM to be convened.

For illustrative purposes, the Placement Shares represents approximately 30.12% of the Enlarged Share Capital.

4.3 Conditions Precedent

The Proposed Private Placement is subject to the following salient conditions:

Completion Date

"Completion Date" means the date falling seven (7) clear Market Days after the fulfilment or waiver (if capable of waiver) of all the conditions, unless specifically agreed in writing between the Parties.

Conditions

(a) subject always to the Agreed Placement Share Issuance Principle (as defined in **paragraph 4.3(b)** below), in the event:

(i) the Company issues new Shares at an issue price lower than the Placement Price during the period commencing from the date of the Placement Agreement until the completion date of the Placement Agreement, the Placement Price shall be adjusted to such lower price accordingly; and

(ii) of any sub-division or consolidation of the Shares or bonus issue of Shares on a *pro rata* basis which occurs on or prior to the completion date of the Placement Agreement, the Placement Price shall be adjusted immediately in the manner set out below:

NCP = OCP x (A ÷ B)

where:-

NCP *is the Placement Price expressed in S$ in force after such alteration*

OCP *is the Placement Price expressed in S$ in force immediately before such alteration*

A *the number of Shares immediately before such alteration*

B *the number of Shares immediately after such alteration*

(b) in addition to the Placee's existing shareholding, the Placement Shares representing approximately 30% of the aggregate number of Shares in issue, after taking into account, *inter alia,* the consolidation of the existing Shares in issue and the issuance of Shares as

part of the New NCL Scheme, the issuance of the Placement Shares under the Placement Agreement, and any other issuances of Shares prior to the issuance of the Placement Shares (the "**Enlarged Issued Share Capital Post-Restructuring**") shall be issued and allotted by the Company to the Placee in accordance with the following formula:

$$\frac{X}{Y} \times 100 \approx 30\%, \text{ where } X \times Z \times \text{Exchange Rate} = \text{RM}30{,}000{,}000$$

where:-
X *is the number of Placement Shares*
Y *is the Enlarged Issued Share Capital Post-Restructuring*
Z *is the Placement Price*

(the "**Agreed Placement Share Issuance Principle**");

(c) the listing and quotation notice from the SGX-ST for the listing and quotation of the Placement Shares on the Mainboard being obtained from the SGX-ST and not having been revoked or amended and, where such notice is subject to conditions, such conditions to be reasonably acceptable to the Placee and to the extent that any conditions for the listing and quotation of the Placement Shares on the Mainboard of the SGX-ST are required to be fulfilled on or before the completion date, they are so fulfilled;

(d) the Placement not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;

(e) approval from shareholders for (i) the issue and allotment of the Placement Shares, and (ii) waiver of their rights to receive a general offer from the Placee and his concert parties under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**") being obtained;

(f) the whitewash waiver having been obtained on such terms as are reasonably acceptable to the Placee, and not being revoked or amended;

(g) all authorisations, approvals, waivers or permits, if any, of any governmental authority or other person that are required in connection with the transactions contemplated by the Placement Agreement including but not limited to all necessary authorisations, approvals, waiver or permits required by the Placee for the funding of and for all the transactions contemplated by the Placement Agreement, having been duly obtained and effective on terms reasonably satisfactory to the Placee;

(h) all conditions precedent under the DRMA (other than the condition relating to the completion of this Agreement) having been satisfied or waived in accordance with the terms of the DRMA;

(i) the Company obtaining an order from the High Court of Malaya sanctioning the New NCL Scheme

(j) approval from the SGX-ST for the lifting of the suspension of trading of the Company's securities being obtained; and

(k) the Placement Agreement shall be governed by, and construed in accordance with, the laws of Singapore.

5. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

As part of the New NCL Scheme, the Company is proposing to, *inter alia*, make cash payments to scheme creditors who elected to receive cash payments in accordance with the terms of the New NCL Scheme (the "**Conversion Cash**"). In this regard, and in line with the Placee's

continued commitment and support to the Group, the Company intends to undertake the Proposed Private Placement to raise funds.

6. USE OF PROCEEDS

It is intended that the proceeds raised from the Proposed Private Placement will be used to fund the Conversion Cash to be paid to the scheme creditors where such scheme creditor elects to do so under the New NCL Scheme. Any remaining proceeds from the Proposed Private Placement (that is the remaining monies from the Proposed Private Placement not utilised to fund the Conversion Cash option) will be used for the operations and working capital of the Group.

7. THE PROPOSED PRIVATE PLACEMENT AS AN INTERESTED PERSON TRANSACTION

The Placee is the Executive Chairman and controlling shareholder of the Company. Accordingly, the Placee is considered an "interested person" within the meaning of Chapter 9 of the Listing Manual and the Proposed Private Placement is an interested person transaction within the meaning of Chapter 9 of the Listing Manual.

Pursuant to Rule 906(1) and 906(2) of the Listing Manual, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or more than 5% of the Group's latest audited net tangible asset ("**NTA**") value. Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2022 ("**FY2022**"), the Group has recorded a negative audited NTA of approximately negative RM630,976,000 as at 31 December 2022.

Pursuant to Rule 906(3) of the Listing Manual, if the Group's latest audited NTA is negative, the issuer should consult the SGX-ST on the appropriate benchmark, which may be based on its market capitalisation. Accordingly, the Company, will be consulting the SGX-ST on the appropriate benchmark to use in respect of the Proposed Private Placement. The Company will make the necessary announcements in due course to update shareholders on whether the Company would be required to seek shareholders' approval for the Proposed Private Placement as an interested person transaction pursuant to Chapter 9 of the Listing Manual.

8. FINANCIAL EFFECTS

The exact number of Placement Shares to be allotted and issued to the Placee is subject to, *inter alia*, the number of Shares to be allotted and issued pursuant to the New NCL Scheme, and the Proposed Private Placement is conditional upon, *inter alia*, the court's sanction of the New NCL Scheme.

Accordingly, the Company is unable, and it would not be meaningful, to calculate or illustrate the potential financial effects of the Proposed Private Placement at this juncture. Such information, together with information on the financial effects of the New NCL Scheme, will be set out in the circular which will be despatched to the shareholders of the Company prior to the SGM to be convened.

9. NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE

The Placement Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

10. THE WHITEWASH WAIVER

The Proposed Private Placement may result in the Placee and his concert parties (collectively, the "**Concert Parties**") carrying 30% or more of the voting rights in the Company. Accordingly, an application will be made to the Securities Industry Council of Singapore ("**SIC**") for, *inter alia*, a waiver of the obligations of the Concert Parties to make a mandatory general offer pursuant

to Rule 14.1(a) of the Code for the remaining Shares not already owned or controlled by the Concert Parties (the "**Whitewash Waiver Application**"). Further announcements will be made where there are material developments in relation to the Whitewash Waiver Application.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement may be inspected at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712, during normal business hours for 3 months from the date of this announcement.

12. CIRCULAR TO SHAREHOLDERS

A circular to the shareholders containing, *inter alia*, information on the Proposed Private Placement will be despatched to shareholders in due course.

13. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Tan Sri Datuk Tiong Su Kouk, being the Placee, none of the Directors or the controlling shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposed Private Placement, other than through their respective shareholdings in the Company.

14. DIRECTORS' RESPONSIBILITY STATEMENTS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement Agreement and the Proposed Private Placement, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors have been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

15. FURTHER ANNOUNCEMENTS

Any further material developments relating to the Restructuring will be disseminated at the appropriate juncture. There is no assurance or reasonable certainty that any Restructuring options will be successfully concluded, although we are hopeful that the Group can achieve a viable solution going forward. In the event the Restructuring is not concluded in a timely manner, the Company / Group will continue to be faced with a going concern issue.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments, in compliance with the listing rules of the SGX-ST.

16. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. The Proposed Private Placement is subject to the fulfilment of certain conditions and there is no certainty or assurance at the date of this announcement that the Placement will be completed or that no changes will be made to the terms of the Agreement. The New NCL Scheme is subject to the sanction of the Court. There is no certainty or assurance at the date of this announcement that the New NCL Scheme will be implemented. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. The Company will make the necessary announcements as and when there are further material developments.

BY ORDER OF THE BOARD
NAM CHEONG LIMITED

Kong Wei Fung
Cheok Hui Yee
Company Secretaries

28 April 2023