



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

TERM LOAN INTEREST

1. INTRODUCTION

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

- (a) its announcement dated 16 July 2018 in relation to, amongst others, the sanction of the of 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 announcement dated 3 August 2018 in relation to, amongst others, the sanction of the scheme of arrangement (with modifications) proposed between the Company and its creditors ("**NCL Scheme**");
- (c) its announcement dated 28 September 2018 in relation to the implementation of the Scheme; and
- (d) its announcement dated 24 April 2020 in relation to the Group financial and operations review.

2. TERM LOAN INTEREST

Pursuant to the terms of the NCL Scheme, the NCD Scheme and the NCI Scheme (collectively the "**Schemes**"), the Company is required to service the accrued interest on the Term Loan Facility in the following manner:

- (a) 2% per annum accrued interest payable in cash ("**Term Loan Cash Interest**") on the last day of each interest period of 6 months ("**Interest Period**"), with the first Interest Period having commenced on 1 January 2018; and
- (b) 2% per annum accrued interest for each Interest Period payable by way of the Term Loan Shares to be allotted and issued on the last day of each consecutive 12 months period commencing from 1 January 2018 ("**Review Year**") or as soon as practicable after the Review Year.

The Company has substantively adhered to the terms of the Schemes to-date but regret to inform that the upcoming payment for the Term Loan Cash Interest for the Interest Period from 1 January 2020 to 30 June 2020 ("**5th Interest Period**") due on 30 June 2020 will have to be suspended. This is primarily due to severe cash flow constraints faced by the Group for the foreseeable future as a result of the declining vessel daily charter rates and utilisation as well as the realisable value of the Group's vessels, which hindered the ability to meet its debt obligations. In addition, the severe adverse impacts from uncontrollable external factors also play a major part.

The Company very much regret this but perhaps the Term Loan Creditors might empathise with its position, the oil price volatility since 23 January 2020 has had an adverse impact, not just to the oil production companies, but also the Offshore Support Vessel (OSV) sector. This adverse impact is further exacerbated by the restricted movement order imposed by the Malaysian government due to the Covid-19 pandemic causing an untenable operational environment for virtually every corporate sector.

The Company is mindful of its obligations and are exploring a number of initiatives which it hopes will place the Company in a much better financial and operational footing going forward such that the Company may be better able to cope with any further geopolitical disruption to the sector.

In the meantime, the Company craves the indulgence and understanding of the Term Loan Creditors. The Company intends to revert to the Term Loan Creditors in the near future, possibly before the end of August 2020, with some indication of its plans which must, of necessity, ensure underlying viability and the generation of sufficient EBITDA to meet its obligations.

No definitive agreements in relation to any future Restructuring options have been entered into by the Group as at the date of this announcement. There can be no assurance or reasonable certainty that any discussions or any Restructuring options will materialise or be successfully concluded. In the event the Restructuring is not favourably completed in a timely manner, the Company and the Group will 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 any material developments in compliance with the listing rules of the Singapore Exchange Securities Trading Limited.

Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 28 April 2018.

Given the above matters and pending the completion of the Restructuring, stakeholders and potential investors should exercise caution when trading in the Company's securities. When in doubt as to the action they should take, stakeholders and potential investors should consult their financial, tax or other advisers.

**BY ORDER OF THE BOARD
NAM CHEONG LIMITED**

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

29 June 2020