
**Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024**

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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	The Group		Change %
		Half Year ended 30.06.2024 RM'000	Half Year ended 30.06.2023 RM'000	
Revenue	4	311,999	200,520	56%
Cost of sales		(165,952)	(122,262)	36%
Gross profit		<u>146,047</u>	<u>78,258</u>	87%
Other income	5	540,512	1,092	>100%
Selling and administrative expenses		(23,440)	(17,695)	32%
Other operating expenses		(14,201)	(7,816)	82%
Operating profit		<u>648,918</u>	<u>53,839</u>	>100%
Finance costs		(9,266)	(13,647)	(32%)
Share of results of equity accounted joint ventures, net of tax		14	79	(82%)
Share of results of equity accounted associates, net of tax		29,658	1,172	>100%
Profit before tax	6	<u>669,324</u>	<u>41,443</u>	>100%
Income tax expense	7	(33,533)	(9,744)	>100%
Profit for the financial period		<u><u>635,791</u></u>	<u><u>31,699</u></u>	>100%

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

	Note	Half Year ended 30.06.2024 RM'000	The Group Half Year ended 30.06.2023 RM'000	Change %
Other comprehensive loss				
Exchange differences on translating foreign operations		(19,251)	(26,398)	(27%)
Other comprehensive loss for the financial period, net of tax		(19,251)	(26,398)	(27%)
Total comprehensive income for the financial period		616,540	5,301	>100%
Profit attributable to:				
Owners of the parent		626,594	31,230	>100%
Non-controlling interest		9,197	469	>100%
Profit for the financial period		635,791	31,699	>100%
Total comprehensive income attributable to:				
Owners of the parent		607,343	4,832	>100%
Non-controlling interest		9,197	469	>100%
Total comprehensive income for the financial period		616,540	5,301	>100%
Earnings per share for profit for the period attributable to the owners of the Company				
Weighted average number of shares in issue (basic)		393,398,425	80,715,378	
Weighted average number of shares in issue (diluted)		397,452,956	82,118,966	
Basic earnings per share (Malaysia sen)		159.28	38.69	
Diluted earnings per share (Malaysia sen)		157.65	38.03	

n.m. : Not meaningful

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		30.06.2024 RM'000	31.12.2023 RM'000	30.06.2024 RM'000	31.12.2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	631,805	543,837	-	-
Subsidiaries		-	-	212	-
Joint ventures		9,010	8,996	-	-
Associates		39,073	9,415	-	-
		<u>679,888</u>	<u>562,248</u>	<u>212</u>	<u>-</u>
Current assets					
Inventories		35,996	23,959	-	-
Trade and other receivables	11	372,891	254,206	53,040	152
Prepayments		8,195	6,511	55	127
Current tax recoverable		6,678	184	41	41
Fixed deposits		9,349	6,887	-	-
Cash and bank balances		61,545	57,340	72	171
		<u>494,654</u>	<u>349,087</u>	<u>53,208</u>	<u>491</u>
TOTAL ASSETS		<u>1,174,542</u>	<u>911,335</u>	<u>53,420</u>	<u>491</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	227	3,977	227	3,977
Share premium	12	586,604	312,471	586,604	312,471
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		126,239	141,168	782,930	778,608
Accumulated losses		(338,875)	(962,693)	(1,616,307)	(1,960,958)
		<u>370,098</u>	<u>(509,174)</u>	<u>(250,643)</u>	<u>(869,999)</u>
Non-controlling interest		<u>16,185</u>	<u>6,988</u>	<u>-</u>	<u>-</u>
Total equity		<u>386,283</u>	<u>(502,186)</u>	<u>(250,643)</u>	<u>(869,999)</u>
Non-current liabilities					
Deferred tax liabilities		8,269	8,143	-	-
Lease liabilities		-	262	-	-
Borrowings	13	454,517	-	225,092	-
Trade and other payables		26,391	28,093	875	-
		<u>489,177</u>	<u>36,498</u>	<u>225,967</u>	<u>-</u>

Condensed Interim Statements of Financial Position (Cont'd)

	Note	The Group		The Company	
		30.06.2024 RM'000	31.12.2023 RM'000	30.06.2024 RM'000	31.12.2023 RM'000
EQUITY AND LIABILITIES (Cont'd)					
Current liabilities					
Lease liabilities		684	834	-	-
Borrowings	13	40,944	1,042,482	32,801	758,223
Trade and other payables		193,361	279,191	13,327	60,393
Current tax payable		32,125	2,642	-	-
Provision for financial guarantee		31,968	51,874	31,968	51,874
		<u>299,082</u>	<u>1,377,023</u>	<u>78,096</u>	<u>870,490</u>
Total liabilities		<u>788,259</u>	<u>1,413,521</u>	<u>304,063</u>	<u>870,490</u>
TOTAL EQUITY AND LIABILITIES		<u>1,174,542</u>	<u>911,335</u>	<u>53,420</u>	<u>491</u>

Condensed Interim Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Contributed surplus RM'000	Foreign currency translation reserve RM'000	Available-for-sale reserve RM'000	Share grant reserve RM'000	Capital reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
The Group												
At 1 January 2024	3,977	312,471	(4,097)	-	145,210	(4,401)	2,776	359	(965,469)	(509,174)	6,988	(502,186)
Profit for the period	-	-	-	-	-	-	-	-	626,594	626,594	9,197	635,791
Other comprehensive loss	-	-	-	-	(19,251)	-	-	-	-	(19,251)	-	(19,251)
Share consolidation (Note 12)	(3,937)	-	-	3,937	-	-	-	-	-	-	-	-
Issuance of :												
- Conversion Shares	105	241,590	-	-	-	-	-	-	-	241,695	-	241,695
- Settlement Shares	7	2,618	-	-	-	-	-	-	-	2,625	-	2,625
- Private Placement Shares	75	29,925	-	-	-	-	-	-	-	30,000	-	30,000
Cancellation of Share grant plan	-	-	-	-	-	-	(2,776)	-	-	(2,776)	-	(2,776)
Share grant plan expenses	-	-	-	-	-	-	385	-	-	385	-	385
At 30 June 2024	227	586,604	(4,097)	3,937	125,959	(4,401)	385	359	(338,875)	370,098	16,185	386,283
At 1 January 2023 (restated)	3,904	310,850	(4,097)	-	185,901	(4,401)	2,776	-	(1,122,743)	(627,810)	3,133	(624,677)
Profit for the period	-	-	-	-	-	-	-	-	31,230	31,230	469	31,699
Other comprehensive loss	-	-	-	-	(26,398)	-	-	-	-	(26,398)	-	(26,398)
Issuance of term loan shares	73	1,621	-	-	-	-	-	-	-	1,694	-	1,694
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	(900)	(900)
At 30 June 2023	3,977	312,471	(4,097)	-	159,503	(4,401)	2,776	-	(1,091,513)	(621,284)	2,702	(618,582)

Condensed Interim Statements of Changes in Equity (Cont'd)

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share grant reserve RM'000	Contributed surplus RM'000	Capital surplus RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
The Company								
At 1 January 2024	3,977	312,471	(4,097)	2,776	-	778,608	(1,963,734)	(869,999)
Profit for the period	-	-	-	-	-	-	347,427	347,427
Share consolidation (Note 12)	(3,937)	-	-	-	3,937	-	-	-
Issuance of :								
- Conversion Shares	105	241,590	-	-	-	-	-	241,695
- Settlement Shares	7	2,618	-	-	-	-	-	2,625
- Private Placement Shares	75	29,925	-	-	-	-	-	30,000
Cancellation of Share grant plan	-	-	-	(2,776)	-	-	-	(2,776)
Share grant plan expenses	-	-	-	385	-	-	-	385
At 30 June 2024	227	586,604	(4,097)	385	3,937	778,608	(1,616,307)	(250,643)
At 1 January 2023 (restated)	3,904	310,850	(4,097)	2,776	-	778,608	(1,940,240)	(848,199)
Loss for the period	-	-	-	-	-	-	(54,091)	(54,091)
Issuance of term loan shares	73	1,621	-	-	-	-	-	1,694
At 30 June 2023	3,977	312,471	(4,097)	2,776	-	778,608	(1,994,331)	(900,596)

Condensed Interim Consolidated Statements of Cash Flows

	The Group	
	Half Year ended 30.06.2024 RM'000	Half Year ended 30.06.2023 RM'000
Operating activities		
Profit before tax	669,324	41,443
Adjustments for:		
Depreciation of property, plant and equipment	16,237	12,217
Gain on disposal of property, plant and equipment	(32,347)	-
Gain on waiver of debts	(390,586)	-
Impairment losses on trade and other receivables (reversed)/made	(4,578)	55
Impairment on other investment reversed	(37)	(35)
Interest expense	9,266	13,647
Interest income	(506)	(791)
Property, plant and equipment written off	860	6
Reversal of inventories written down	(74,571)	-
Reversal of share grant expense	(4,617)	-
Share of results of equity accounted joint ventures, net of tax	(14)	(79)
Share of results of equity accounted associate, net of tax	(29,658)	(1,172)
Total adjustments	(510,551)	23,848
Operating cash before working capital changes	158,773	65,291
Changes in working capital:		
Changes in inventories	(23,375)	(3,440)
Changes in receivables	(80,112)	(39,081)
Changes in prepayments	(1,677)	(2,545)
Changes in payables	(29,161)	19,614
Total changes in working capital	(134,325)	(25,452)
Cash from operations	24,448	39,839
Interest paid	(2,660)	(1,347)
Taxes paid, net of refund	(10,491)	(5,078)
Net cash from operating activities	11,297	33,414

Condensed Interim Consolidated Statements of Cash Flows (Cont'd)

	The Group	
	Half Year ended 30.06.2024 RM'000	Half Year ended 30.06.2023 RM'000
Investing activities		
Repayment from associates	7,493	-
Advances to joint ventures	(35,079)	-
Acquisition of property, plant and equipment	(16,715)	(49,269)
Interest received	506	791
Proceeds from disposal of property, plant and equipment	40,365	-
Net cash used in investing activities	<u>(3,430)</u>	<u>(48,478)</u>
Financing activities		
Repayments of borrowings	(30,383)	-
Payments of lease liabilities	(413)	(193)
Decreased in fixed deposits pledged as security	2,710	-
Increased in restricted cash with licensed banks	(3,409)	-
Proceeds from share issuance	30,000	-
Net cash used in financing activities	<u>(1,495)</u>	<u>(193)</u>
Net changes in cash and cash equivalents	6,372	(15,257)
Effects of exchange fluctuations on cash and cash equivalents	(404)	(489)
Cash and cash equivalents at 1 January	53,376	57,336
Cash and cash equivalents at 30 June	<u>59,344</u>	<u>41,590</u>

Cash and cash equivalents comprise the following as at the statements of financial position date:

Fixed deposits with licensed banks	9,349	2,986
Cash and bank balances	61,545	43,233
	<u>70,894</u>	<u>46,219</u>
Less: Restricted cash with licensed banks	(8,207)	(2,454)
Less: Restricted fixed deposits with licensed banks	(3,343)	(2,175)
Total cash and cash equivalents	<u>59,344</u>	<u>41,590</u>

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Nam Cheong Limited ("the Company") is incorporated as a limited liability company and domiciled in Bermuda. The Company's shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, "the Group").

The principal activities of the Company are those relating to investment holding. The principal activities of the Group are those of shipbuilding and vessel chartering.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards ("IFRS"). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRS, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in Malaysia Ringgit ("RM") which is the Company's functional currency. All financial information is presented in RM and rounded to the nearest thousand, unless otherwise stated.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

Other than the vessels utilisation of the chartering business which is affected by monsoon, the Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information

The Group is organised into the following main business segments:

- (i) Shipbuilding
- (ii) Vessel chartering
- (iii) Others - investment holding and trading of vessel machineries

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Half year ended 30 June 2024					
Revenue					
External revenue	-	311,999	-	-	311,999
Results					
Interest income	76	430	2,072	(2,072)	506
Depreciation of property, plant and equipment	(2,071)	(14,165)	(1)	-	(16,237)
Gain on disposal of property, plant and equipment	-	32,347	-	-	32,347
Gain on waiver of debts	390,586	-	-	-	390,586
Impairment losses on trade and other receivables reversed	-	2,941	1,637	-	4,578
Impairment on other investment reversed	-	37	-	-	37
Restructuring expenses	-	-	(13,283)	-	(13,283)
Finance costs	-	(11,372)	-	2,106	(9,266)
Share of results of joint ventures	-	-	14	-	14
Share of results of associates	-	-	29,658	-	29,658
Profit before tax	520,840	183,705	(35,221)	-	669,324

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
As at 30 June 2024					
Additions to non-current assets	8,713	93,911	-	-	102,624
Investment in associate	-	-	39,073	-	39,073
Investment in joint ventures	-	-	9,010	-	9,010
Segment assets	1,107,099	2,395,651	65,927	(2,400,813)	1,167,864
Segment liabilities	2,152,507	2,540,640	655,032	(4,600,314)	747,865
Half year ended 30 June 2023					
Revenue					
External revenue	-	200,520	-	-	200,520
Results					
Interest income	34	415	6,562	(6,220)	791
Depreciation of property, plant and equipment	(691)	(11,624)	(3)	101	(12,217)
Impairment losses on trade and other receivables reversed/(made)	-	8	(63)	-	(55)
Impairment on other investment reversed	-	35	-	-	35
Restructuring expenses	-	-	(1,993)	-	(1,993)
Finance costs	-	(11,488)	(8,140)	5,981	(13,647)
Share of results of joint ventures	-	-	79	-	79
Share of results of associates	-	-	1,172	-	1,172
Profit/(loss) before tax	16,992	58,312	(33,861)	-	41,443

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

4. Segment and revenue information (Cont'd)

	Shipbuilding RM'000	Chartering RM'000	Others RM'000	Eliminations RM'000	Total RM'000
As at 31 December 2023					
Additions to non-current assets	102,790	44,649	-	-	147,439
Investment in associate	-	-	9,415	-	9,415
Investment in joint ventures	-	6,613	2,383	-	8,996
Segment assets	1,018,748	1,616,011	4,665	(1,728,273)	911,151
Segment liabilities	2,287,255	1,986,628	1,218,549	(4,089,696)	1,402,736
				30.06.2024	31.12.2023
				RM'000	RM'000
Non-current assets					
Malaysia				679,887	562,246
Singapore				1	2
				679,888	562,248

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	30.06.2024 RM'000	31.12.2023 RM'000
Property, plant and equipment	631,805	543,837
Investment in associates	39,073	9,415
Investment in joint ventures	9,010	8,996
	679,888	562,248

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

5. Other income

	The Group	
	Half Year ended 30.06.2024 RM'000	Half Year ended 30.06.2023 RM'000
Foreign exchange gain, net	31,273	-
Gain on discounting of trade payables	1,600	-
Gain on disposal of property, plant and equipment	32,347	-
Gain on waiver of debts	390,586	-
Impairment losses on trade and other receivables reversed	4,636	-
Impairment on other investments reversed	37	35
Interest income	506	791
Miscellaneous	329	266
Rental income	10	-
Reversal of inventories written down	74,571	-
Reversal of share grant expenses, net	4,617	-
	540,512	1,092

6. Profit before tax

	The Group	
	Half Year ended 30.06.2024 RM'000	Half Year ended 30.06.2023 RM'000
The following amounts have been included in arriving at profit before tax:		
<i>Cost of sales</i>		
Depreciation of property, plant and equipment	15,326	11,319
<i>Administrative expenses</i>		
Depreciation of property, plant and equipment	911	898
<i>Other operating expenses</i>		
Impairment losses on trade and other receivables	58	55
Property, plant and equipment written off	860	6
Foreign exchange loss, net	-	5,762
Restructuring expenses	13,283	1,993

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	Half Year ended 30.06.2024 RM'000	Half Year ended 30.06.2023 RM'000
Current income tax expense:		
- Current year	33,985	9,484
- (Over)/under provision in prior year	(578)	264
Deferred tax expense:		
- Under/(over) provision in prior year	126	(4)
	33,533	9,744

8. Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following are transactions with related parties made at terms agreed between the parties:

	The Group	
	Half Year ended 30.06.2024 RM'000	Half Year ended 30.06.2023 RM'000
Other related parties in which directors and key management have interest		
- purchases	183	262
- rental expense	433	427
	616	689

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

9. Net asset value

	The Group		The Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Net asset value per ordinary share (Malaysia sen)	98.2	(6.2)	(63.7)	(10.8)
Ordinary shares in issue	393,398,425	8,071,537,759	393,398,425	8,071,537,759

10. Property, plant and equipment

During the six months ended 30 June 2024, there were acquisition of assets amounting to RM102,624,000 (30 June 2023: RM49,269,000).

11. Trade and other receivables

	The Group		The Company	
	30.06.2024 RM'000	31.12.2023 RM'000	30.06.2024 RM'000	31.12.2023 RM'000
Non-current				
Trade receivables from a third party	5,825	7,585	-	-
Less: Allowance for impairment losses	(5,825)	(7,585)	-	-
	-	-	-	-
Current				
Trade receivables from:				
- third parties	325,984	226,269	-	-
- joint ventures	9,365	21,500	-	-
Less: Allowance for impairment losses	(18,497)	(21,452)	-	-
	316,852	226,317	-	-
Amount due from subsidiaries (non-trade)	-	-	81,446	15,737
Amounts due from joint ventures (non-trade)	76,872	41,103	61	62
Amounts due from associates (non-trade)	-	1,762	-	-
Deposits and other receivables	12,344	18,082	162	152
Less: Allowance for impairment losses				
- amounts due from subsidiaries (non-trade)	-	-	(28,568)	(15,737)
- amounts due from joint ventures (non-trade)	(30,122)	(29,374)	(61)	(62)
- amounts due from associate (non-trade)	-	(635)	-	-
- other receivables	(3,055)	(3,049)	-	-
	56,039	27,889	53,040	152
Total trade and other receivables	372,891	254,206	53,040	152

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

11. Trade and other receivables (Cont'd)

The aging analysis of trade receivables are as follows:

	30.06.2024 RM'000	Financial year of which respective sales were reported
The Group		
Not impaired:		
Not past due	81,948	2024
Past due 1 to 3 months	150,328	2024
Past due 3 to 6 months	29,576	2024
Past due more than 6 months	55,000	2022 -2023
	<u>316,852</u>	
Past due and impaired	24,322	2016 - 2023
	<u>341,174</u>	

Receivables that were determined to be impaired as at 30 June 2024 are related to those which have been past due and have insufficient information to justify recoverability of the respective receivables, including those which are related to customers who are facing financial difficulties in fulfilling their obligations.

Those receivables that were determined to be impaired were not from the Group's major customers. The Group has ceased to transact with customers which outstanding debts are deemed doubtful of collection.

As at even date, RM137.0 million (or 43.2%) of the net trade receivables of RM316.9 million in 1H2024 has been collected from the customers subsequent to 1H2024. The Group continues to monitor the aging and collection of receivables on an on-going basis. For those receivables which are past due and doubtful of collection, reminders have been sent to the relevant customers before issuance of demand letters and the recovery of debts via legal proceedings where necessary.

12. Share capital and share premium

	The Group and the Company			
	30.06.2024 '000	31.12.2023 '000	30.06.2024 RM'000	31.12.2023 RM'000
<u>Share capital</u>	Number of ordinary shares			
Issued and fully paid				
At 1 January	8,078,216	7,950,937	3,977	3,904
Share consolidation	(7,997,434)	-	(3,937)	-
Issuance of :				
- Term loan Shares	-	127,279	-	73
- Conversion Shares	176,193	-	105	-
- Settlement Shares	10,982	-	7	-
- Placement Shares	125,508	-	75	-
At 30 June/31 December	<u>393,465</u>	<u>8,078,216</u>	<u>227</u>	<u>3,977</u>

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

12. Share capital and share premium (Cont'd)

	The Group and the Company	
	30.06.2024	31.12.2023
	RM'000	RM'000
<u>Share premium</u>		
At 1 January	312,471	310,850
Issuance of :		
- Term loan Shares	-	1,621
- Conversion Shares	241,590	-
- Settlement Shares	2,618	-
- Placement Shares	29,925	-
At 30 June/31 December	<u>586,604</u>	<u>312,471</u>

Share premium is the amount subscribed for ordinary shares in the capital of the Company in excess of the nominal value.

On 11 March 2024, pursuant to the terms of the Schemes of Arrangement in 2024 ("2024 Scheme"), Share consolidation and Capital reorganisation has taken effect. Each issued Share post Share Consolidation with a par value of HK\$0.10 shall be treated as one (1) fully paid Share with a par value of HK\$0.001 pursuant to the Capital Reorganisation and any liability of the holder of such Shares to make any further contribution to the share capital of the Company on each such Share shall be treated as satisfied.

On 12 March 2024, pursuant to the terms of the 2024 Scheme, an aggregate of 176,193,435 Conversion Shares were allotted and issued at an issue price of S\$0.40 per Conversion Shares to the Scheme Creditors in consideration of the repayment of outstanding debts and liabilities of the Company in accordance with the terms of the 2024 Scheme.

On 12 March 2024, pursuant to the terms of the 2024 Scheme, an aggregate of 10,981,923 Settlement Shares were allotted and issued at an issue price of S\$0.0697 per Settlement Shares to the Company's financial advisors as a part payment of professional fees, in accordance with the terms of the 2024 Scheme.

On 12 March 2024, pursuant to the terms of the 2024 Scheme, an aggregate of 125,507,689 Placement Shares were allotted and issued at an issue price of S\$0.0697 per Placement Shares to the Tan Sri Datuk Tiong Su Kouk as an interested person transaction.

13. Borrowings

	The Group		The Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Bilateral facilities debt (secured)	57,821	103,570	-	-
Term loan (secured)	21,550	-	-	-
Term loan (unsecured)	416,090	938,912	257,893	758,223
	<u>495,461</u>	<u>1,042,482</u>	<u>257,893</u>	<u>758,223</u>
Represented by:				
- Current	40,944	1,042,482	32,801	758,223
- Non-current	454,517	-	225,092	-
	<u>495,461</u>	<u>1,042,482</u>	<u>257,893</u>	<u>758,223</u>

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

13. Borrowings (Cont'd)

Schemes of Arrangement in 2018 (the “2018 Schemes”)

During the financial year ended 31 December 2018, the Group concluded the debt restructuring exercise via 2018 Schemes. The Group and the Company obtained creditors’ approval for the 2018 Schemes on 22 January 2018 and 24 January 2018, respectively, upon which the Group and the Company applied to The High Court of the Republic of Singapore and The High Court of Malaya for the sanction of the 2018 Schemes. Nam Cheong Dockyard Sdn. Bhd. (“NCD”) Scheme and Nam Cheong International Ltd. (“NCF”) Scheme were sanctioned by the Malaysia Court on 12 July 2018, subsequent to which the Nam Cheong Limited (“NCL”) Scheme was sanctioned by the Singapore Court on 3 August 2018. On 20 August 2018, the NCL Scheme was approved by the Company’s shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring.

Following the issuance and allotment of the Rights Shares and Non-sustainable Debt Shares by the Company on 26 September 2018, and together with the payment by the Company under the Cash Out Option to eligible creditors pursuant to the 2018 Schemes on 28 September 2018, the Group and the Company have fulfilled the necessary steps to implement the 2018 Schemes.

Since the previous financial year, the Group breached the payment for Bilateral Facilities Debt, Term Loan Principal and Term Loan Cash Interest of Sustainable Debt until the completion of the debt restructuring exercise on 30 March 2024.

Non-sustainable Debt

Pursuant to the 2018 Schemes, each Non-sustainable Debt Share is allotted and issued at a conversion price of S\$0.045. Pursuant to the 2018 Schemes, an aggregate of 3,348,250,793 and 416,918,605 Non-Sustainable Debt Shares were allotted and issued in the financial year 2018 and 2021 respectively.

Term Loan - Sustainable Debt

US\$221,619,000 (equivalent to RM923,043,135) of the Sustainable Debt was restructured as the Term Loan. The tenure of the Term Loan is from 1 January 2018 to 31 December 2024. Interest is charged at 4% per annum. There will be no repayment of the principal from 2018 to 2020. The principal shall be repaid in eight half-yearly instalments from 2021 to 2024 in the percentage of 10%, 20%, 30% and 40%, respectively. The Group breached the payment for Term Loan Principal of 10% and 20% which was due on 31 December 2021 and 31 December 2022 respectively. The Group also breached the payment for Term Loan Cash Interest for the interest period from 1 January 2020 to 30 June 2020 which was due on 30 June 2020, interest period from 1 July 2020 to 31 December 2020 which was due on 31 December 2020, interest period from 1 January 2021 to 30 June 2021 which was due on 30 June 2021, interest period from 1 July 2021 to 31 December 2021 which was due on 31 December 2021, interest period from 1 January 2022 to 30 June 2022 which was due on 30 June 2022 and interest period from 1 July 2022 to 31 December 2022 which was due on 31 December 2022.

Bilateral Facilities Debt

Pursuant to 2018 Schemes, the Bilateral Facilities Debt is excluded from the 2018 Schemes. The maturity date of the Bilateral Facilities Debt was 31 December 2020. The Group breached the payment for Bilateral Facilities Debt amounting to RM100,568,000 which was due on 31 December 2020.

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

13. Borrowings (Cont'd)

Scheme of Arrangement in 2024 (the “2024 Scheme”)

The Group and the Company obtained creditors’ approval for the 2024 Scheme on 3 November 2023. The 2024 Scheme was subsequently sanctioned by the High Court of Malaya on 21 December 2023. Subsequently, on 29 February 2024, the proposed resolutions related to the restructuring was approved by the Company’s shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring. On 30 March 2024, the Group concluded the debt restructuring exercise via 2024 Scheme and the Debt Restructuring Master Agreement (“DRMA”).

Following the issuance and allotment of the Conversion Shares, Settlement Shares and Placement Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the 2024 Scheme on or before 14 March 2024, the 2024 Scheme and the DRMA have become fully effective and unconditional on 30 March 2024.

Non-sustainable Debt

Pursuant to the 2024 Scheme, an aggregate of 176,193,435 Conversion Shares were allotted and issued at an issue price of S\$0.40 per Conversion Shares to the Scheme Creditors in consideration of the repayment of outstanding debts and liabilities of the Company in accordance with the terms of the 2024 Scheme.

Bilateral Facilities Debt

The Group has on 30 March 2024 concluded the debt restructuring exercise. Pursuant to 2024 Scheme the maturity date of the Bilateral Facilities Debt has been restructured and extended to 31 March 2026.

Term Loan (Secured)

Pursuant to 2024 Scheme, RM21,932,080 of the Bilateral Facilities Debt was restructured as the Restructured Term Loan (Secured). The tenure of Restructured Term Loan (“RTL”) 1A is from 30 March 2024 to 31 March 2031. Interest rates is charged at cost of funds plus 1 to 2% per annum. The principal of RTL 1A shall be repaid in 84 monthly instalments ranges between RM127,000 to RM468,000 per instalment commencing 30 April 2024.

Term Loan (Unsecured)

The Sustainable Debt was restructured as RTL 1B and RTL B respectively. The tenure of both RTL 1B and RTL B is from 30 March 2024 to 31 March 2031. Interest rates range between 3% to cost of fund plus 2% per annum. The principal of RTL 1B shall be repaid in 14 semi-annual instalments ranges between RM7,500,000 to RM27,500,000 per instalment commencing 30 September 2024. Whereas the principal of RTL B shall be repaid in 7 annual instalments ranges between RM13,000,000 to RM52,000,000 per instalment commencing 31 March 2025.

Security

The Bilateral facilities debts and Term Loan (Secured) are secured by the underlying assets, comprising leasehold lands, buildings and vessels with carrying amount of RM5,408,000 (31 December 2023: RM5,489,000), RM1,506,000 (31 December 2023: RM1,528,000) and RM38,439,000 (31 December 2023: RM38,506,000) respectively.

Notes to the Condensed Interim Consolidated Financial Statements (Cont'd)

14. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and of the Company as at 30 June 2024 and 31 December 2023:

	The Group		The Company	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost				
Trade and other receivables	372,891	254,206	53,040	152
Cash and bank balances	61,545	57,340	72	171
Fixed deposits	9,349	6,887	-	-
	<u>443,785</u>	<u>318,433</u>	<u>53,112</u>	<u>323</u>
Financial liabilities at amortised cost				
Bilateral facilities debt	57,821	103,570	-	-
Term loans	437,640	938,912	257,893	758,223
Lease liabilities	684	1,096	-	-
Trade and other payables	217,832	304,838	14,056	60,247
Provision for financial guarantee	31,968	51,874	31,968	51,874
	<u>745,945</u>	<u>1,400,290</u>	<u>303,917</u>	<u>870,344</u>

Other Information Required by Listing Rule Appendix 7.2

1. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on preceding year.

There were no movement in the treasury shares during the six months ended 30 June 2024. As at 30 June 2024, 66,785 shares were held as treasury shares by the Company.

2. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no movement in the subsidiary holdings during the six months ended 30 June 2024. As at 30 June 2024, 1,143,564 shares were held as subsidiary holdings.

3. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The condensed consolidated statement of financial position of Nam Cheong Limited and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended and certain explanatory notes have not been audited or reviewed.

4. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

5. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2023.

6. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The accounting policies and methods of computation for the current reporting period adopted are consistent with those stated in the Annual Report for the financial year ended 31 December 2023.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

7. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

1H2024 vs 1H2023

	1H2024				1H2023				Variance			
	Revenue		Gross Profit	Margin	Revenue		Gross Profit	Margin	Revenue		Gross Profit	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	n.m.	-	-	-	n.m.	-	n.m.	-	n.m.
Vessel Chartering	311,999	100%	146,047	47%	200,520	100%	78,258	39%	111,479	56%	67,789	87%
Total	311,999	100%	146,047	47%	200,520	100%	78,258	39%	111,479	56%	67,789	87%

For the six months ended 30 June 2024 ("1H2024"), the Group's revenue from vessel chartering division increased by 56% from RM200.5 million in the previous corresponding six months ended 30 June 2023 ("1H2023") to RM312.0 million in 1H2024 mainly driven by improved daily charter rates and higher vessel utilisation of larger vessels.

The shipbuilding segment did not register any revenue for both 1H2024 and 1H2023 as there was no vessel scheduled for delivery during the period.

Gross profit increased 87% year-on-year ("yoy") to RM146.0 million in 1H2024, in tandem with the increase in revenue. Accordingly, the gross margin stood at 47% for 1H2024, up 8 percentage points.

Other income was higher at RM540.5 million in 1H2024 as compared to RM1.1 million recorded in 1H2023, mainly attributable to the waiver of debts pursuant to the 2024 Scheme and the DRMA which have become fully effective and unconditional on 30 March 2024.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

7. (Cont'd)

Review of Group Performance (Cont'd)

(a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

1H2024 vs 1H2023 (Cont'd)

Selling and administrative expenses increased by 32% yoy to RM23.4 million for 1H2024, in tandem with the increase in revenue.

Other operating expenses of RM14.2 million in 1H2024 was higher than RM7.8 million recorded in 1H2023 mainly due to the increase in restructuring expenses. The impact was partially off-set by the absence of net foreign exchange loss during the period.

Following the conclusion of the debt restructuring, the finance costs decreased by 32% to RM9.3 million for 1H2024.

Share of profit of equity accounted joint ventures of RM0.1 million in 1H2024 is consistent with RM0.1 million share of profit recorded in 1H2023. Whereas, share of profit of associates of RM29.7 million in 1H2024 is higher as compared to profit of RM1.2 million 1H2023 is mainly due to the realisation of asset by one of the associates during the period.

Consequently, the Group delivered a net profit after tax of RM635.8 million in 1H2024, as compared to a net profit after tax of RM31.7 million in 1H2023.

(b) Condensed Interim Statements of Financial Position (Group)

Total Assets

Total assets of the Group increased by 29% or RM263.2 million from RM911.3 million as at 31 December 2023 ("FY2023") to RM1.175 billion as at 30 June 2024 ("1H2024") mainly due to the following:

- (i) Property, plant and equipment increased by RM88.0 million or 16% from RM543.8 million as at FY2023 to RM631.8 million as at 1H2024 mainly due to the acquisition of vessels during the period;
- (ii) Trade and other receivables increased by RM118.7 million or 47% from RM254.2 million as at FY2023 to RM372.9 million as at 1H2024 in tandem with the increase in revenue during the period;
- (iii) Inventories increased by RM12.0 million or 50% from RM24.0 million as at FY2023 to RM36.0 million as at 1H2024 mainly due to vessels under construction during the period;
- (iv) Cash and cash equivalents increased by RM6.7 million or 10% from RM64.2 million to RM70.9 million mainly due to the collection from customers during the period.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

7. (Cont'd)

Review of Group Performance (Cont'd)

(b) Condensed Interim Statements of Financial Position (Group) (Cont'd)

Total Liabilities

Total liabilities of the Group significantly decreased by 44% or RM625.2 million from RM1.414 billion as at FY2023 to RM788.3 million as at 1H2024 mainly due to the 2024 Scheme and the DRMA which have become fully effective and unconditional on 30 March 2024.

- (i) Borrowings decreased by RM547.0 million or 52% from RM1.042 billion as at FY2023 to RM495.5 million as at 1H2024 mainly due to the issuance and allotment of the Conversion Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the 2024 Scheme on or before 14 March 2024;
- (ii) Trade and other payables decreased by RM87.5 million or 28% from RM307.3 million as at FY2023 to RM219.8 million as at 1H2024 mainly due to waiver of interest on borrowings as a result of the 2024 Scheme; and

The decrease in total liabilities was partially offset by the following:

- (i) Current tax payables increased by RM29.5 million or more than 100% from RM2.6 million as at FY2023 to RM32.1 million as at 1H2024 as a result of the increase in profit before tax during the period.

(c) Condensed Interim Consolidated Statements of Cash Flows

1H2024

Net cash from operating activities of RM11.3 million in 1H2024 was mainly due to collection from customers during the period.

Net cash used in investing activities of RM3.4 million in 1H2024 was mainly due to the advances to joint ventures of RM35.1 million and payments made for acquisition of property, plant and equipment of RM16.7 million which was partially offset by proceeds received from disposal of property, plant and equipment of RM40.4 million and repayment from associates of RM7.5 million.

Net cash used in financing activities of RM1.5 million in 1H2024 was mainly due to the repayment of borrowings of RM30.4 million and increased in restricted cash with licensed bank of RM3.4 million, which was partially offset by the proceeds from share issuance of RM30.0 million and decreased in fixed deposits pledged as security of RM2.7 million.

8. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There is no material change from the previous prospect statement.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

9. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

According to the US Energy Information Administration (“EIA”), Brent crude oil prices averaged US\$85 per barrel in July and are anticipated to edge upward, reaching US\$85-90 per barrel by year-end, fuelled by the falling global oil inventories¹.

In Malaysia, the national oil company Petronas is ramping up its upstream spending, with a focus on growing E&P activities to enhance domestic oil and gas output. Recently, Petronas has taken further steps by signing multiple agreements with various oil and gas companies for the development of 12 offshore fields². The ongoing strategic support from the Malaysian government continues to build confidence in the anticipated offshore market upcycle. The rise in offshore activities, coupled with the tight supply of offshore support vessels (“OSVs”), is expected to support the improvement in daily charter rates in 2025³.

In addition, Malaysian economic growth in the second quarter exceeded expectations, fuelled by widespread gains across various sectors, signalling that the recovery is gaining momentum⁴. However, inflationary pressures remain a concern. Bank Negara Malaysia projects headline inflation of 2% and 3.5% for the year⁵, up from last year’s level of 2.5%.

Despite ongoing macroeconomic headwinds, the outlook in the O&G market continues to favour the Group. Leveraging our proven track record in the domestic OSV chartering sector, the Group is working on capitalising on the expanding offshore O&G market and positioning ourselves for long-term growth.

[1] EIA: Short Term Energy Outlook, August 2024

[2] Offshore Energy: Multiple oil & gas firms ink deals for 12 fields offshore Malaysia, 2 August 2024

[3] Business Times: Malaysian OSV providers to see higher rates in financial year 2025, 2 May 2024

[4] The Straits Times: Malaysia’s Q2 GDP growth beats estimates as recovery holds, 19 July 2024

[5] Central Bank of Malaysia: Monetary Policy Statement, 11 July 2024

10. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

Other Information Required by Listing Rule Appendix 7.2 (Cont'd)

11. [If no dividend has been declared \(recommended\), a statement to that effect and the reason\(s\) for the decision](#)

No dividend has been declared in the period under review as the Company is working through its restructuring arrangement and wishes to enhance the financial strength of the Company.

12. [General mandate relating to interested person transactions](#)

The Group has not obtained a general mandate from shareholders for interested person transactions.

13. [Confirmation pursuant to Appendix 7.7 under Rule 720\(1\) of the Listing Manual](#)

The Board of Directors of Nam Cheong Limited hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

14. [Confirmation from the Board](#)

We, the undersigned, hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and of the Company for the six months ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

Tiong Chiong Hiiung
Executive Vice Chairman cum Finance Director

13 August 2024