



NAM CHEONG LIMITED
(Company Registration Number 25458)
(Incorporated in Bermuda)

UPDATES IN RELATION TO THE PROPOSED SHARE CONSOLIDATION PROPOSED CAPITAL REORGANISATION

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 28 September 2018 in relation to the implementation of the Schemes;
- (e) its announcement dated 1 October 2020 in relation to NCD's admission into the Corporate Debt Restructuring Committee of Malaysia;
- (f) its announcements dated 25 May 2022 and 20 April 2023 in relation to the update on restructuring;
- (g) its announcement dated 28 April 2023 in relation to the entry into placement agreement;
- (h) its announcement dated 9 May 2023 in relation to the submission of whitewash waiver application;
- (i) its announcement dated 30 May 2023 in relation to the receipt of whitewash waiver;
- (j) its announcement dated 25 July 2023 in relation to the application for extension of time to comply with the conditions to the whitewash waiver;
- (k) its announcement dated 28 July 2023 in relation to the receipt of approval from the Securities Industry Council in relation to an application for extension of time to comply with the conditions to the whitewash waiver;
- (l) its announcement dated 28 July 2023 in relation to the appointment of the independent financial adviser to advise the shareholders on the Whitewash Resolution; and
- (m) its announcement dated 5 October 2023 in relation to the Proposed Share Consolidation ("**Proposed Share Consolidation Announcement**").

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the aforementioned announcements.

2. UPDATES IN RELATION TO THE PROPOSED SHARE CONSOLIDATION

The Board wishes to update shareholders that the Company is intending to undertake a capital reorganisation which would comprise of a Capital Reduction (as defined below), Authorised Capital Diminution (as defined below), Authorised Capital Increase (as defined below) and Crediting of Contributed Surplus (as defined below) (collectively, the “**Proposed Capital Reorganisation**”). In light of the Proposed Capital Reorganisation, the Board wishes to clarify paragraph 2 of the Proposed Share Consolidation Announcement as marked-up in red below:

“Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Share Consolidation Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Shares arising upon the implementation of the Proposed Share Consolidation will be ~~aggregated and dealt with in such manner as Directors may, in their absolute discretion, deem fit in the interests of the Company, including (1) disregarding the fractional entitlements; or (2) if practical and permissible, aggregating and selling the same and retaining the net proceeds for the benefit of the Company~~ cancelled pursuant to the Capital Reduction. Affected Shareholders will not be paid for any fractional Shares which are ~~disregarded~~ cancelled pursuant to the Capital Reduction. Notwithstanding, Shareholders should note that the Proposed Share Consolidation is subject to such approvals and conditions set out below.”

“As at the date of this announcement, the Company has an issued and paid-up share capital of HK\$8,078,216 (equivalent to S\$1,412,880) divided into 7,957,181,299 Shares (excluding 6,678,597 treasury shares and 114,356,460 subsidiary holdings). Assuming that there will be no new Shares issued by the Company up to the Share Consolidation Record Date, the Company will have a share capital of HK\$8,078,216 (equivalent to S\$1,412,880) divided into approximately ~~79,571,812.99 Consolidated Shares~~ 79,571,812.99 Consolidated Shares (excluding ~~66,785.97~~ 66,785.97 treasury shares and ~~1,143,564.60~~ 1,143,564.60 subsidiary holdings) ~~(subject to rounding)~~ following the Proposed Share Consolidation. As at the date of this announcement, the Company does not have any existing convertible securities.”

The rest of the information in the Proposed Share Consolidation remains the same.

3. RATIONALE AND DETAILS OF THE PROPOSED CAPITAL REORGANISATION

Under the laws of Bermuda, shares of a Bermuda company may not be issued for an amount less than the par value of the shares. As at the date of this announcement, the authorised share capital of the Company is HK\$12,000,000 divided into 12,000,000,000 Shares with a par value of HK\$0.001 for each, of which 7,957,181,299 Shares (excluding 6,678,597 treasury shares and 114,356,460 subsidiary holdings) have been issued and fully paid-up.

Following the completion of the Proposed Share Consolidation, the authorised share capital of the Company would be HK\$12,000,000 divided into 120,000,000 Consolidated Shares with a par value of HK\$0.10 for each Consolidated Share, of which 79,571,812.99 Consolidated Shares (excluding 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) would be issued and fully paid-up.

The Proposed Capital Reorganisation would involve:

- (a) a capital reduction (the “**Capital Reduction**”) by cancellation of any fraction of a Share in the issued share capital of the Company arising from the Share Consolidation and reduction of the issued and paid-up shares of the Company from HK\$8,078,216 divided into 79,571,812.99 Shares (plus 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) of HK\$0.10 each, to HK\$80,782 divided into 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings) of par value HK\$0.001 each, by cancelling the paid-up capital of the Company to the extent of HK\$7,997,434.195

in aggregate on the Shares with a par value of HK\$0.10 in issue on the effective date of the Proposed Capital Reorganisation such that each issued Share 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 as at the effective date of the Proposed 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;

- (b) subject to and forthwith upon the Capital Reduction taking effect, all of the authorised but unissued Shares with a par value of HK\$0.10 each in the share capital of the Company be cancelled, and the authorised share capital of the Company of HK\$12,000,000 be diminished by such amount representing the amount of Shares so cancelled (the **“Authorised Capital Diminution”**), and forthwith upon the Authorised Capital Diminution, the authorised share capital of the Company be increased to HK\$4,000,000 by the creation of such number of Shares with a par value of HK\$0.001 each as shall represent the difference between 4,000,000,000 Shares with a par value of HK\$0.001 each and the number of Shares with a par value of HK\$0.001 each in issue after the Capital Reduction (the **“Authorised Capital Increase”**); and
- (c) subject to and forthwith upon the Capital Reduction taking effect, the credit arising from the Capital Reduction in the sum of HK\$7,997,434.195 shall be credited to the contributed surplus account of the Company (the **“Crediting of Contributed Surplus”**), to be utilised in such manner as may be determined by the Directors in accordance with the Bye-laws and all applicable laws, including but not limited to offsetting against the accumulated losses of the Company.

It is contemplated that HK\$7,997,434.195 of credit would arise from the Capital Reduction which the Company is proposing to transfer to the contributed surplus account of the Company. The Crediting of Contributed Surplus will increase the balance in the contributed surplus account of the Company. Shareholders should note that no cash is required to support such increase in the contributed surplus account of the Company.

The Directors will, as long as the Company is solvent, be authorised to utilise any credit balance in the contributed surplus account of the Company in such manner as they may determine in accordance with the Bye-laws and all applicable laws. Subject to the Bye-laws and all applicable laws, the proposed Crediting of Contributed Surplus will increase the credit balance in the contributed surplus account of the Company and provide the Company with greater flexibility in relation to future distributions, if any, out of contributed surplus. Shareholders should note that whether or not the Company will make a distribution out of contributed surplus and the timing and amount of distribution to be paid will depend on the Company's earnings, financial position including cash flow position, future capital requirements, future plans and other relevant factors.

As at the date of this announcement, Shareholders should note that there are currently no plans to make any distribution out of the increased contributed surplus arising from the Proposed Capital Reorganisation. The Proposed Capital Reorganisation will also not result in a return of capital or cash to Shareholders.

It is contemplated that a total of 343,878,435 Consolidated Shares would be required to be issued pursuant to the issuance of the Conversion Shares, Settlement Shares, Placement Shares, and RTL 3 Shares. Under the laws of Bermuda, the Company is not allowed to issue Shares exceeding its authorised share capital. Subject to the completion of the Proposed Share Consolidation and following the Proposed Capital Reorganisation becoming effective, the par value of each Consolidated Share would decrease to HK\$0.001 (approximately S\$0.00017 based on the exchange rate of HK\$1 to S\$0.1713 as at the date of this announcement) and the authorised capital would increase to HK\$4,000,000 divided into 4,000,000,000 Consolidated Shares.

The Directors are of the view that the Proposed Capital Reorganisation will mitigate the limitations generally associated with the concept of par value and authorised capital and provide the Company with flexibility to issue the Conversion Shares, Settlement Shares, Placement Shares, and RTL 3 Shares to implement the Proposed Scheme. Furthermore, the Proposed

Capital Reorganisation would allow the Company to issue additional Shares on its future capital structure and enable the Company to take advantage of opportunities as and when they arise and provide the Company with greater flexibility to issue new Shares in future should fund raising opportunities arise that may require issuance of Shares below the par value of HK\$0.10 each (approximately S\$0.017 based on the exchange rate of HK\$1 to S\$0.1713 as at the date of this announcement) and/or above the existing authorised capital of the Company.

Upon the Proposed Capital Reorganisation becoming effective, there will be no changes in the number of issued and paid-up Shares held by, or the percentage level of shareholding of, each Shareholder or depositor as a result of the Proposed Capital Reorganisation. The Shares with a par value of HK\$0.001 each will rank *pari passu* in all respects with each other. Other than the costs and expenses incurred in relation to the Proposed Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company. The Proposed Capital Reorganisation will also not result in a return of capital or cash to Shareholders.

Section 46(2)(b) of the Bermuda Companies Act in respect of share capital reduction provides that no company shall reduce the amount of its share capital if, on the date the reduction is to be effected, there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due.

The Proposed Capital Reorganisation will take effect on the effective date of the Proposed as may be determined by the Directors. With the implementation of the Proposed Scheme, the outstanding liabilities owing to the Scheme Creditors will be substantially reduced. Accordingly, as at the date of this announcement, subject to the successful implementation of the Proposed Scheme and barring any further unforeseen adverse, macroeconomic and industry-wide circumstances, the Directors are of the opinion that, there are no reasonable grounds for believing that, on the effective date of the Proposed Capital Reorganisation, the Company is, or after the Proposed Capital Reorganisation would be, unable to pay its liabilities as they become due.

4. EFFECT OF THE PROPOSED CAPITAL REORGANISATION

Upon the Proposed Capital Reorganisation taking effect on the effective date of the Proposed Capital Reorganisation as may be determined by the Directors:

- (a) the par value of each issued and unissued Share will be reduced from HK\$0.10 to HK\$0.001;
- (b) the issued and paid-up share capital (based on the number of issued Shares as at the date of this announcement) will be HK\$80,782 divided into 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings) of par value HK\$0.001. The number of issued Consolidated Shares will remain unchanged at 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings); and
- (c) following the Authorised Capital Diminution and the Authorised Capital Increase, the authorised share capital will be increased to HK\$4,000,000, divided into 4,000,000,000 Consolidated Shares with a par value of HK\$0.001 each.

Upon the Proposed Capital Reorganisation becoming effective, there will be no changes in the number of issued and paid-up Shares held by, or the percentage level of shareholding of, each Shareholder or depositor as a result of the Proposed Capital Reorganisation. The Consolidated Shares with a par value of HK\$0.001 each will rank *pari passu* in all respects with each other. Other than the costs and expenses incurred in relation to the Proposed Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company.

5. APPROVALS AND CONDITIONS

The Proposed Capital Reorganisation is subject to, *inter alia*:

- (a) the completion of the Proposed Share Consolidation;
- (b) the approval by the Shareholders of the Proposed Capital Reorganisation by way of a special resolution (as defined in the Bye-laws) at the SGM, that is to say, the Proposed Capital Reorganisation has to be approved by a resolution passed by a majority of not less than three-fourths (3/4) of the votes cast by the Shareholders, being entitled so to do, present and voting at the SGM (either voting in person or by duly authorized corporate representative or by proxy) of which not less than twenty-one (21) clear days' notice shall be given;
- (c) compliance with relevant legal procedures and requirements under Bermuda law and Singapore law (if any) to effect the Proposed Capital Reorganisation, including but not limited to the following:
 - (i) the publication of a notice of the book closure in an appointed newspaper in Bermuda;
 - (ii) the filing of a certified true copy of the special resolution approving the Capital Reduction, a memorandum of reduction of share capital and the Capital Reduction newspaper notice with the Bermuda Registrar within 30 days of the effective date of the Proposed Capital Reorganisation;
- (d) the receipt of all necessary approvals (if any) from the regulatory authorities, as may be required in respect of the Proposed Capital Reorganisation; and
- (e) the Proposed Capital Reorganisation being approved by Shareholders at the SGM.

6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REORGANISATION

For illustrative purposes only, the pro forma financial effects of the Proposed Capital Reorganisation set out below have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

(a) Share Capital

	Before completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation and Proposed Capital Reorganisation
Issued and paid-up share capital (RM'000)	3,977 ¹	39
Number of Shares ('000)	7,957,181 ²	79,572

¹ For the avoidance of doubt, the issued and paid-up share capital includes the 127,278,701 Term Loan Shares issued on 14 March 2023. Please refer to further details in the Company's announcement dated 15 March 2023 in relation to the issuance of the Term Loan Shares.

² For the avoidance of doubt, the 7,957,181,299 issued Shares includes the 127,278,701 Term Loan Shares issued on 14 March 2023. Please refer to further details in the Company's announcement dated 15 March 2023 in relation to the issuance of the Term Loan Shares.

(b) Shareholders' funds and reserves

	After completion of the Proposed Share Consolidation and the Proposed Capital Reorganisation RM ('000)
Share capital	39
Share premium	312,471
Treasury shares	(4,097)
Other reserves	287,734
Contributed surplus	3,938

7. PROPOSED CAPITAL REORGANISATION EFFECTIVE DATE

Upon the approval of Shareholders for the Proposed Capital Reorganisation being duly passed at the SGM, an announcement will be released by the Company to confirm the effective date of the Proposed Capital Reorganisation.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling Shareholder and their respective associates have any interest, direct or indirect, in the Proposed Capital Reorganisation (other than through their respective shareholdings in the Company).

9. DESPATCH OF CIRCULAR

A circular containing, *inter alia*, the notice of the SGM and the details of the Proposed Capital Reorganisation ("**Circular**") will be despatched to Shareholders in due course.

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers about the action they should take.

10. CAUTION IN TRADING

Shareholders should note that there is no certainty or assurance as at the date of this announcement that approval for the Proposed Capital Reorganisation will be obtained or if the Proposed Capital Reorganisation will be undertaken at all. Shareholders are advised to exercise caution in trading their Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

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

Kong Wei Fung
Cheok Hui Yee
Company Secretaries

1 December 2023