



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

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**DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND VARIANCE BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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**DISCLAIMER OF OPINION**

In compliance with Rule 704(5) of the Listing Manual, the Board (“Board”) of Directors of Nam Cheong Limited (the “Company”, and together with its subsidiaries, the “Group”) would like to announce that its independent auditors, BDO LLP (the “Auditors”), have issued a disclaimer of opinion in their report (the “Independent Auditor’s Report”) with respect to the use of the going concern basis of accounting in the preparation of the financial statements of the Group for the financial year ended 31 December 2017 (the “Audited FY2017 Financial Statements”).

The nature and contents of the disclaimer of opinion are contained in the Independent Auditor’s Report, a copy of which together with the Audited FY2017 Financial Statements is annexed to this announcement.

As at the date of the Independent Auditor’s Report, the Directors are of the view that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis on the assumptions that (i) the schemes of arrangement proposed by the Company (“NCL Scheme”) and its subsidiaries (collectively, the “Schemes”) become effective and successfully implemented; (ii) no claims from the Group’s trade creditors, which are not part of the Schemes, that are reasonably likely to have a material effect on the Group’s financial conditions and operations are brought against the Group; and (iii) the Group’s internal resources, operating cashflows, working capital facilities and estimated proceeds from the proposed rights issue related to the NCL Scheme are taken into account.

The Company is working with its advisors and all relevant stakeholders towards the fulfillment of the remaining conditions to the effectiveness of the Schemes, which are, *inter alia*:

- (a) the approval of the shareholders of the Company (“Shareholders”) at a Special General Meeting being obtained for, *inter alia*, the various proposals under the NCL Scheme; and
- (b) the sanction of the NCL Scheme by the High Court of the Republic of Singapore.

The Board confirms that all material information have been provided by the Company via the announcements on the SGXNET.

A circular to Shareholders containing further details on the NCL Scheme and the notice of the Special General Meeting to be convened will be despatched to Shareholders in due course. Further announcements will be made by the Company as and when appropriate.

## VARIANCE

The Board refers to the unaudited financial statement announcement for the financial year ended 31 December 2017 dated 1 March 2018 (“Unaudited FY2017 Results”) and the Board wishes to announce that subsequent to the release of the Unaudited FY2017 Results and upon the finalisation of the audit by the Auditors, certain adjustments have been made to Audited FY2017 Financial Statements as compared to what was disclosed in the Unaudited FY2017 Results.

The details and explanations of the variances between the Unaudited FY2017 Results and the Audited FY2017 Financial Statements are set out below:

### (a) Statement of Comprehensive Income

	Unaudited FY2017 Results RM'000	Audited FY2017 Financial Statements RM'000	Variance RM'000	Notes
Revenue	313,118	319,578	6,460	Reclassification of discount given from revenue to selling and administrative expenses; and elimination of consolidation entries.
Cost of sales	(279,289)	(283,758)	(4,469)	
Other income	23,938	24,194	256	Reclassification from revenue to other income.
Selling and administrative expenses	(32,465)	(33,766)	(1,301)	Reclassification from revenue for the discount given.
Other operating expenses	(3,059,348)	(2,919,899)	139,449	Mainly due to (1) recovery of impairment on amount due from customers on contracts of RM40.6 million, (2) over accrual of expenses amounted to RM35.8 million and (3) reclassification and over-recorded of unrealised foreign exchange loss of RM63.6 million.
Finance costs	(69,716)	(73,391)	(3,675)	Mainly due to accrual for default interest which will be subsequently waived pursuant to the Schemes.
Share of results of equity accounted associate, net of tax	(47,703)	(46,610)	1,093	Due to effect of realisation of profits.

**(b) Statements of Financial Position**

	Group (RM'000)		Company (RM'000)		Variance		Notes
	Unaudited FY2017 Results	Audited FY2017 Financial Statement s	Unaudited FY2017 Results	Audited FY2017 Financial Statements	Group (RM'000)	Company (RM'000)	
Non current assets	304,867	323,740	-	-	18,873	-	Over-provision of impairment in investment in associate
Current assets	755,210	716,273	-	-	(38,937)	-	Reclassification from trade and other receivables to trade and other payables of RM93.5 million which was partially offset with subsequent settlement by amount due from customers on contract of RM30.4 million
Current liabilities	2,862,171	2,770,802	1,116,658	1,601,058	(91,369)	484,400	<b>Group</b> Reclassification from trade and other receivables to trade and other payables of RM93.5 million.  <b>Company</b> Due to provision for financial guarantees given to subsidiaries.

**(c) Consolidated Statement of Cash Flows**

	<b>Unaudited FY2017 Results RM'000</b>	<b>Audited FY2017 Financial Statements RM'000</b>	<b>Variance RM'000</b>	<b>Notes</b>
Net cash flows from operating activities	69,473	49,063	(20,410)	Mainly due to reclassification of sundry receivables relating to the sale of leasehold property and deposit received relating to asset-held-for-sales of RM19.2 million to investing activities.
Net cash flows from investing activities	25,987	43,774	17,787	Mainly due to reclassification of sundry receivables relating to sale of leasehold property and deposit received relating to asset-held-for-sales of RM19.2 million from operating activities
Net cash flows used in financing activities	63,752	59,649	(4,103)	Mainly due to the reclassification to operating activities as a result of the utilisation of pledged fixed deposits for settlement of interest.
Effect by exchange rate changes on cash and cash equivalents	(11,303)	(12,783)	1,480	Mainly due to reclassification of non-cash items to its respective categories.

This announcement is to be read in conjunction with the attached Independent Auditor's Report and the Audited FY2017 Financial Statements.

Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 21 July 2017. 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  
24 July 2018