
Unaudited Condensed Interim Financial Statements
For the Three Months and Full Year Ended 31 March 2023

Content	Page
A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
B. Condensed Interim Statements of Financial Position	3
C. Condensed Interim Statements of Changes in Equity	5
D. Condensed Interim Consolidated Statements of Cash Flows	7
E. Notes to the Condensed Interim Consolidated Financial Statements	9
F. Other Information Required by Listing Rule Appendix 7.2	18

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

	Note	The Group		Change %
		3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000	
Revenue	4	64,391	53,902	19%
Cost of sales		(38,382)	(42,128)	(9%)
Gross profit		<u>26,009</u>	<u>11,774</u>	>100%
Other income	5	405	19,139	(98%)
Selling and administrative expenses		(8,463)	(7,159)	18%
Impairment losses on trade and other receivables		(45)	-	n.m.
Other operating expenses		(7,863)	(5,804)	35%
Operating profit		<u>10,043</u>	<u>17,950</u>	(44%)
Finance costs		(6,595)	(6,062)	9%
Share of results of equity accounted joint ventures, net of tax		513	(110)	<(100%)
Share of results of equity accounted associates, net of tax		570	683	(17%)
Profit before tax	6	<u>4,531</u>	<u>12,461</u>	(64%)
Income tax expense	7	(1,406)	(346)	>100%
Profit for the financial period		<u>3,125</u>	<u>12,115</u>	(74%)

n.m. : Not meaningful

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

	3 months ended 31.03.2023 RM'000	The Group 3 months ended 31.03.2022 RM'000	Change %
Other comprehensive (loss)/income			
Exchange differences on translating foreign operations	(3,440)	1,847	n.m.
Other comprehensive (loss)/income for the financial period, net of tax	<u>(3,440)</u>	<u>1,847</u>	n.m.
Total comprehensive (loss)/income for the financial period	<u>(315)</u>	<u>13,962</u>	<(100%)
Profit attributable to:			
Owners of the parent	2,394	11,647	(79%)
Non-controlling interest	731	468	56%
Profit for the financial period	<u>3,125</u>	<u>12,115</u>	(74%)
Total comprehensive (loss)/income attributable to:			
Owners of the parent	(1,046)	13,494	<(100%)
Non-controlling interest	731	468	56%
Total comprehensive (loss)/income for the financial period	<u>(315)</u>	<u>13,962</u>	<(100%)
Earnings per share for profit for the period attributable to the owners of the Company			
Weighted average number of shares in issue (basic)	7,969,714,798	7,850,869,123	
Weighted average number of shares in issue (diluted)	8,110,073,614	7,991,227,939	
Basic earnings per share (Malaysia sen)	0.03	0.15	
Diluted earnings per share (Malaysia sen)	<u>0.03</u>	<u>0.15</u>	

n.m. : Not meaningful

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		31.03.2023 RM'000	31.12.2022 RM'000	31.03.2023 RM'000	31.12.2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	432,788	426,784	-	-
Subsidiaries		-	-	-	-
Joint ventures		3,830	3,315	-	-
Associates		5,783	5,210	-	-
Other investments		-	-	-	-
		<u>442,401</u>	<u>435,309</u>	<u>-</u>	<u>-</u>
Current assets					
Inventories		15,389	13,604	-	-
Trade and other receivables	11	170,698	180,205	152	152
Prepayments		5,762	1,789	160	92
Current tax recoverable		2,919	811	-	-
Fixed deposits		3,478	3,471	-	-
Cash and bank balances		65,679	59,394	69	38
		<u>263,925</u>	<u>259,274</u>	<u>381</u>	<u>282</u>
TOTAL ASSETS		<u>706,326</u>	<u>694,583</u>	<u>381</u>	<u>282</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	3,977	3,904	3,977	3,904
Share premium	12	312,471	310,850	312,471	310,850
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		287,070	290,510	781,384	781,384
Accumulated losses		(1,232,882)	(1,235,276)	(1,961,781)	(1,944,737)
		<u>(633,461)</u>	<u>(634,109)</u>	<u>(868,046)</u>	<u>(852,696)</u>
Non-controlling interest		<u>3,864</u>	<u>3,133</u>	<u>-</u>	<u>-</u>
Total equity		<u>(629,597)</u>	<u>(630,976)</u>	<u>(868,046)</u>	<u>(852,696)</u>
Non-current liabilities					
Deferred tax liabilities		6,365	6,365	-	-
Lease liabilities		891	1,097	-	-
		<u>7,256</u>	<u>7,462</u>	<u>-</u>	<u>-</u>

Condensed Interim Statements of Financial Position (Cont'd)

	The Group		The Company	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (Contd.)				
Current liabilities				
Lease liabilities	806	793	-	-
Borrowings	13 1,006,009	994,006	729,995	719,540
Trade and other payables	270,406	271,555	90,011	85,313
Current tax payable	3,025	3,618	-	-
Provision for financial guarantee	48,421	48,125	48,421	48,125
	<u>1,328,667</u>	<u>1,318,097</u>	<u>868,427</u>	<u>852,978</u>
Total liabilities	<u>1,335,923</u>	<u>1,325,559</u>	<u>868,427</u>	<u>852,978</u>
TOTAL EQUITY AND LIABILITIES	<u>706,326</u>	<u>694,583</u>	<u>381</u>	<u>282</u>

Condensed Interim Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Available-for-sale reserve RM'000	Share grant 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 2023	3,904	310,850	(4,097)	292,135	(4,401)	2,776	(1,235,276)	(634,109)	3,133	(630,976)
Profit for the period	-	-	-	-	-	-	2,394	2,394	731	3,125
Other comprehensive loss	-	-	-	(3,440)	-	-	-	(3,440)	-	(3,440)
Issuance of term loan shares	73	1,621	-	-	-	-	-	1,694	-	1,694
At 31 March 2023	3,977	312,471	(4,097)	288,695	(4,401)	2,776	(1,232,882)	(633,461)	3,864	(629,597)
At 1 January 2022	3,836	309,357	(4,097)	316,775	(4,401)	2,776	(1,301,006)	(676,760)	923	(675,837)
Profit for the period	-	-	-	-	-	-	11,647	11,647	468	12,115
Other comprehensive income	-	-	-	1,847	-	-	-	1,847	-	1,847
Issuance of term loan shares	68	1,493	-	-	-	-	-	1,561	-	1,561
At 31 March 2022	3,904	310,850	(4,097)	318,622	(4,401)	2,776	(1,289,359)	(661,705)	1,391	(660,314)

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	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
The Company							
At 1 January 2023	3,904	310,850	(4,097)	2,776	778,608	(1,944,737)	(852,696)
Loss for the period	-	-	-	-	-	(17,044)	(17,044)
Issuance of term loan shares	73	1,621	-	-	-	-	1,694
At 31 March 2023	3,977	312,471	(4,097)	2,776	778,608	(1,961,781)	(868,046)
At 1 January 2022	3,836	309,357	(4,097)	2,776	778,608	(1,898,378)	(807,898)
Loss for the period	-	-	-	-	-	(10,022)	(10,022)
Issuance of term loan shares	68	1,493	-	-	-	-	1,561
At 31 March 2022	3,904	310,850	(4,097)	2,776	778,608	(1,908,400)	(816,359)

Condensed Interim Consolidated Statements of Cash Flows

	The Group	
	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
Operating activities		
Profit before tax	4,531	12,461
Adjustments for:		
Depreciation of property, plant and equipment	5,828	7,133
Gain on disposal of property, plant and equipment	-	(3,093)
Impairment losses on trade and other receivables	45	-
Impairment loss of trade and other receivables written back	-	-
Reversal of impairment on other investment	(26)	-
Gain on waiver of debts	-	(15,450)
Interest expense	6,595	6,062
Interest income	(218)	(273)
Share of results of equity accounted joint ventures, net of tax	(513)	110
Share of results of equity accounted associate, net of tax	(570)	(683)
Total adjustments	<u>11,141</u>	<u>(6,194)</u>
Operating cash before working capital changes	15,672	6,267
Changes in working capital:		
Changes in inventories	(1,785)	(1,413)
Changes in receivables	18,652	21,002
Changes in prepayments	(3,966)	(3,230)
Changes in payables	(7,820)	(7,618)
Total changes in working capital	<u>5,081</u>	<u>8,741</u>
Cash from operations	20,753	15,008
Interest paid	(893)	(2,543)
Taxes paid, net of refund	(4,123)	(1,687)
Net cash from operating activities	<u>15,737</u>	<u>10,778</u>

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

	The Group	
	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
Investing activities		
Acquisition of property, plant and equipment	(10,120)	(5,649)
Interest received	218	273
Proceeds from disposal of property, plant and equipment	-	3,777
Proceeds from redemption of bond	26	-
Net cash used in investing activities	<u>(9,876)</u>	<u>(1,599)</u>
Financing activities		
Repayments of bank borrowings	-	(3,777)
Payments of lease liabilities	(193)	(1,951)
Net cash used in financing activities	<u>(193)</u>	<u>(5,728)</u>
Net changes in cash and cash equivalents	5,668	3,451
Effects of exchange fluctuations on cash and cash equivalents	23	(44)
Cash and cash equivalents at 1 January	57,336	26,416
Cash and cash equivalents at 31 March	<u>63,027</u>	<u>29,823</u>
Cash and cash equivalents comprise the following as at the statements of financial position date:		
Fixed deposits with licensed banks	3,478	1,039
Cash and bank balances	65,679	31,008
	<u>69,157</u>	<u>32,047</u>
Less: Restricted cash with licensed banks	(3,457)	(1,935)
Less: Restricted fixed deposits with licensed banks	(2,673)	(289)
Total cash and cash equivalents	<u>63,027</u>	<u>29,823</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 three months ended 31 March 2023 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 three months ended 31 March 2023 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 2022.

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 2022.

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.

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

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 year.

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
3 months ended 31 March 2023					
Revenue					
External revenue	-	64,391	-	-	64,391
Results					
Interest income	17	200	2,989	(2,988)	218
Depreciation of property, plant and equipment	(326)	(5,551)	(1)	50	(5,828)
Reverl of impairment on other investments	-	26	-	-	26
Impairment losses on trade and other receivables reversed/(made)	-	8	(53)	-	(45)
Restructuring expenses	-	-	(449)	-	(449)
Finance costs	-	(5,655)	(3,910)	2,970	(6,595)
Share of results of joint ventures	-	-	513	-	513
Share of results of associates	-	-	570	-	570
(Loss)/Profit before tax	(7,919)	13,332	(882)	-	4,531

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 March 2023					
Additions to non-current assets	-	10,120	-	-	10,120
Investment in joint ventures	-	-	3,830	-	3,830
Investment in associate	-	-	5,783	-	5,783
Segment assets	270,779	1,590,055	32,523	(1,189,950)	703,407
Segment liabilities	1,552,814	2,102,562	1,237,891	(3,566,734)	1,326,533
3 months ended 31 March 2022					
Revenue					
External revenue	-	53,902	-	-	53,902
Results					
Interest income	5	268	2,794	(2,794)	273
Depreciation of property, plant and equipment	(328)	(6,814)	(1)	10	(7,133)
Gain on waiver of debts	-	15,450	-	-	15,450
Gain on disposal of property, plant and equipment	-	3,093	-	-	3,093
Restructuring expenses	-	-	(68)	-	(68)
Finance costs	-	(5,193)	(3,657)	2,788	(6,062)
Share of results of joint ventures	-	-	(110)	-	(110)
Share of results of associates	-	-	683	-	683
(Loss)/Profit before tax	(3,956)	20,890	(4,473)	-	12,461
As at 31 December 2022					
Additions to non-current assets	2,266	128,081	-	-	130,347
Investment in associate	-	-	3,315	-	3,315
Investment in joint ventures	-	-	5,210	-	5,210
Segment assets	225,549	1,032,874	27,442	(592,093)	693,772
Segment liabilities	1,479,651	1,556,551	1,250,818	(2,971,444)	1,315,576

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

4. Segment and revenue information (Cont'd)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
Revenue		
Malaysia	64,391	53,902
	31.03.2023 RM'000	31.12.2022 RM'000
Non-current assets		
Malaysia	442,397	435,304
Singapore	4	5
	442,401	435,309

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

	31.03.2023 RM'000	31.12.2022 RM'000
Property, plant and equipment	432,788	426,784
Investment in associates	5,783	5,210
Investment in joint ventures	3,830	3,315
	442,401	435,309

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

5. Other income

	The Group	
	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
Gain on disposal of property, plant and equipment	-	3,093
Gain on waiver of debts	-	15,450
Interest income	218	273
Reversal of impairment on other investment	26	-
Miscellaneous	161	323
	<u>405</u>	<u>19,139</u>

6. Profit before tax

	The Group	
	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 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	<u>5,399</u>	<u>6,703</u>
<i>Administrative expenses</i>		
Depreciation of property, plant and equipment	<u>429</u>	<u>430</u>
<i>Other operating expenses</i>		
Impairment losses on trade and other receivables	45	-
Foreign exchange loss, net	7,414	5,736
Restructuring expenses	<u>449</u>	<u>68</u>

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	
	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
Current income tax expense:		
- Current year	1,406	1,000
- Overprovision in prior year	-	(654)
	1,406	346

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	
	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
Joint ventures		
- interest income	-	232
Other related parties in which directors and key management have interest		
- purchases	234	53
- rental expense	213	192
	213	192

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

9. Net asset value

	The Group		The Company	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Net asset value per ordinary share (Malaysia sen)	(7.8)	(7.9)	(10.8)	(10.7)
Ordinary shares in issue	8,071,537,759	7,944,259,058	8,071,537,759	7,944,259,058

10. Property, plant and equipment

During the three months ended 31 March 2023, there were addition of assets amounting to RM10,120,000 (31 March 2022: RM5,655,000) and disposal of assets amounting to RMNil (31 March 2022: RM36,715,000).

Including in the additions to property, plant and equipment is right-of-use assets of RM629,000 (31 March 2022: RMNil).

11. Trade and other receivables

	The Group		The Company	
	31.03.2023 RM'000	31.12.2022 RM'000	31.03.2023 RM'000	31.12.2022 RM'000
Non-current				
Trade receivables from a third party	8,722	8,600	-	-
Less: Allowance for impairment losses	(8,722)	(8,600)	-	-
	-	-	-	-
Current				
Trade receivables	126,647	146,663	-	-
Less: Allowance for impairment losses	(22,693)	(22,675)	-	-
	103,954	123,988	-	-
Amount due from subsidiaries (non-trade)	-	-	66,437	80,859
Amounts due from associates and joint ventures (non-trade)	65,570	54,526	60	59
Deposits and other receivables	31,656	31,957	152	152
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(66,437)	(80,859)
- amounts due from associate and joint ventures (non-trade)	(27,252)	(27,044)	(60)	(59)
- other receivables	(3,230)	(3,222)	-	-
	66,744	56,217	152	152
Total trade and other receivables	170,698	180,205	152	152

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

11. Trade and other receivables (Cont'd)

As at even date, RM11.6 million (or 11.2%) of the net trade receivables of RM104.0 million in 1Q2023 has been collected from the customers subsequent to 1Q2023. The Group continue 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			
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
	Number of ordinary shares		RM'000	RM'000
<u>Share capital</u>				
Issued and fully paid				
At 1 January	7,944,259	7,816,909	3,904	3,836
Issuance of non-sustainable debt shares	-	-	-	-
Issuance of term loan shares	127,279	127,350	73	68
	<u>8,071,538</u>	<u>7,944,259</u>	<u>3,977</u>	<u>3,904</u>

Share premium

	The Group		The Company	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
At 1 January	310,850	309,357	310,850	309,357
Issuance of non-sustainable debt shares	-	-	-	-
Issuance of term loan shares	1,621	1,493	1,621	1,493
	<u>312,471</u>	<u>310,850</u>	<u>312,471</u>	<u>310,850</u>

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

13. Borrowings

	The Group		The Company	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Bilateral facilities debt (secured)	102,153	101,802	-	-
Term loan - sustainable debts (unsecured)	903,856	892,204	729,995	719,540
	<u>1,006,009</u>	<u>994,006</u>	<u>729,995</u>	<u>719,540</u>
Represented by:				
Current	<u>1,006,009</u>	<u>994,006</u>	<u>729,995</u>	<u>719,540</u>

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

13. Borrowings (Cont'd)

Bilateral Facilities Debt

The maturity date of the Bilateral Facilities Debt was 31 December 2020.

Term Loan - Sustainable Debts

The tenor of the Term Loan is from 1 January 2018 to 31 December 2024. Interest is charged at 4% per annum. 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 repayment of the borrowings have been suspended since the financial year ended 31 December 2020. Consequently, the non-current borrowings became repayable on demand and were classified as current liabilities. The Group is currently in discussions with the lenders to review its options of restructuring its debts. Please refer to Paragraph 6 of Other Information Required by Listing Rule Appendix 7.2 for further information.

Borrowings are secured by the underlying assets, comprising leasehold land and vessels with carrying amount of RM5,610,000 (31.12.2022 – RM5,651,000) and RM39,373,000 (31.12.2022 – RM39,685,000), respectively.

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 31 March 2023 and 31 December 2022:

	The Group		The Company	
	31.03.2023 RM'000	31.12.2022 RM'000	31.03.2023 RM'000	31.12.2022 RM'000
Financial assets at amortised cost				
Trade and other receivables	170,698	180,205	152	152
Cash and bank balances	65,679	59,394	69	38
Fixed deposits	3,478	3,471	-	-
	<u>239,855</u>	<u>243,070</u>	<u>221</u>	<u>190</u>
Financial liabilities at amortised cost				
Bilateral facilities debt	102,153	101,802	-	-
Term loan	903,856	892,204	729,995	719,540
Lease liabilities	1,697	1,890	-	-
Trade and other payables	269,887	270,629	89,865	85,167
Provision for financial guarantee	48,421	48,125	48,421	48,125
	<u>1,326,014</u>	<u>1,314,650</u>	<u>868,281</u>	<u>852,832</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 three month ended 31 March 2023. As at 31 March 2023, 6,678,597 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 three months ended 31 March 2023. As at 31 March 2023, 114,356,460 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

The condensed consolidated statement of financial position of Nam Cheong Limited and its subsidiaries as at 31 March 2023 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 three 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 2022.

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 2022.

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

1Q2023 vs 1Q2022

	1Q2023				1Q2022				Variance			
	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	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	64,391	100%	26,009	40%	53,902	100%	11,774	22%	10,489	19%	14,235	>100%
Total	64,391	100%	26,009	40%	53,902	100%	11,774	22%	10,489	19%	14,235	>100%

For the three months ended 31 March 2023 ("1Q2023"), the Group's revenue from vessel chartering division increased by 19% from RM53.9 million in the previous corresponding three months ended 31 March 2022 ("1Q2022") to RM64.4 million in 1Q2023 due to higher vessel utilisation in 1Q2023.

The shipbuilding segment did not register any revenue for both 1Q2023 and 1Q2022 as there was no scheduled delivery of vessel sale during the period.

In line with the increase in chartering revenue and higher gross profit margin, gross profit increased by 121% to RM26.0 million in 1Q2023.

Other income was lower at RM0.4 million in 1Q2023 as compared to RM19.1 million recorded in 1Q2022 mainly due to the absence of gain on waiver of debts by trade and financial creditors and gain on disposal of property, plant and equipment amounting to RM15.5 million and RM3.1 million respectively.

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

7. (Contd.)

Review of Group Performance (Contd.)

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

1Q2023 vs 1Q2022

Selling and administrative expenses increased by RM1.3 million or 18% to RM8.5 million in tandem with the increase in revenue.

Other operating expenses of RM7.9 million in 1Q2023 was higher than RM5.8 million recorded in 1Q2022 mainly due to the increase in foreign exchange loss by RM1.7 million.

Finance costs increased to RM6.6 million in 1Q2023 from RM6.1 million recorded in 1Q2022, mainly due to the fluctuation of foreign exchange rates during the period.

Share of results of equity accounted joint ventures improved to profit of RM0.5 million in 1Q2023 as compared to loss of RM0.1 million mainly due to higher vessel utilisation. Share of results of equity accounted associates decreased to profit of RM0.6 million from profit of RM0.7 million in 1Q2022 mainly due to lower vessel utilisation.

Consequently, the Group registered a net profit after tax of RM3.1 million in 1Q2023 as compared to a net profit after tax of RM12.1 million in 1Q2022.

Total Assets

Total assets of the Group increased by 1.7% or RM11.7 million from RM694.6 million as at 31 December 2022 ("FY2022") to RM706.3 million as at 31 March 2023 ("1Q2023") mainly due to:

- (i) Property, plant and equipment increased by RM6.0 million or 1.4% from RM426.8 million to RM432.8 million as at 1Q2023 mainly due to addition of dry docking costs;
- (ii) Prepayments increased by RM4.0 million or 222.1% from RM1.8 million as at FY2022 to RM5.8 million as at 1Q2023 mainly due to payment in advance for the purchase of inventories during the period; and
- (iii) Cash and bank balances increased by RM6.3 million from RM59.4 million to RM65.7 million mainly due to the proceeds received from chartering of vessels during the period.

The increase in total assets was partially offset by the decrease in trade and other receivables of RM9.5 million or 5.3% from RM180.2 million to RM170.7 million mainly due to collection from customers during the period.

Total Liabilities

Total liabilities of the Group increased by 0.8% or RM10.4 million from RM1.33 billion as at FY2022 to RM1.34 billion as at 1Q2023 mainly due to the increase in borrowings by RM12.0 million in 1Q2023 as a result of fluctuation of foreign currency exchange rates.

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

7. (Contd.)

Review of Group Performance (Contd.)

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

Negative working capital

The decrease in net working capital of RM5.9 million, or 0.6%, from negative RM1.059 billion as at FY2022 to negative RM1.065 billion as at 1Q2023 was mainly due to the increase in borrowings of RM12.0 million and the decrease in trade and other receivables of RM9.5 million, which was offset by the increase in property, plant and equipment of RM6.0 million, increase in prepayments of RM4.0 million and the increase in cash and bank balance of RM6.3 million.

The following steps, which has been announced previously, have been taken by the Group as part of on-going measures to position the Group to ride out this incredibly challenging market environment and also to address its debt obligations:

- (i) The Group has been holding discussions with its principal lenders and has appointed advisors to help address significant debt maturities, which may include, inter alia, extension of the maturities and/or restructuring of existing loans.

As a positive development, the Group's wholly owned subsidiary, Nam Cheong Dockyard ("NCD") applied and was formally admitted into the Corporate Debt Restructuring Committee of Malaysia ("CDRC"), a committee under the purview of Bank Negara Malaysia (the Central Bank of Malaysia) in October 2020, for the CDRC's assistance to mediate between NCD and its financial creditors. These secured and unsecured financial institution creditors ("FI Creditors") are expected to observe an informal standstill, and withhold from any proceedings against, inter alia, NCD and its subsidiaries. Since November 2020, NCD has been engaging actively with both financial creditors and trade creditors.

- (ii) The Group has been reviewing its cash flow projections, in the face of the great business uncertainties, operational disruptions and costs containment measures. It has been entering into discussions with various parties regarding possible actions to contain operating costs and to preserve working capital to fund the Group's operations.
- (iii) The Group has explored various strategies to bolster its financial position whilst continuing its cost rationalisation measures to improve overall competitiveness.

Following many rounds of feedback and negotiations with the secured and unsecured FI creditors, NCD, together with its advisors, evolved a revised debt restructuring proposal which was presented to the secured and unsecured FI creditors in 2022. After further rounds of negotiations, the Group has, on 20 April 2023, entered into the debt restructuring master agreement ("DRMA") with the FI creditors. Meanwhile, the Group will work towards the restructuring of the remaining liabilities with the corresponding creditors. Please refer to the Company's announcement on SGXNET for more information.

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

7. (Contd.)

Review of Group Performance (Contd.)

(c) Condensed Interim Consolidated Statements of Cash Flows

1Q2023

Net cash from operating activities of RM15.7 million in 1Q2023 was mainly due to collection from customers during the period.

Net cash used investing activities of RM9.9 million in 1Q2023 was mainly due to the payment made for acquisition of property, plant and equipment of RM10.1 million.

Net cash used in financing activities of RM0.2 million in 1Q2023 was mainly due to repayment of lease liabilities.

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.

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**

The Intercontinental Exchange (“ICE”) benchmark Brent crude price averaged at US\$82.16 per barrel with a medium of US\$83.00 per barrel in 1Q2023. OPEC+ production cuts announced in early April have somewhat supported the oil price with ICE benchmark Brent crude price increasing in April, averaged at US\$83.37 per barrel with a medium of US\$84.76 per barrel. At present, crude prices are facing slight volatility and weakness.

According to International Energy Agency (“IEA”), oil demand is expected to increase by 2 million barrels per day (“mb/d”) to a record of 101.9 mb/d in 2023 supported by a resurgent China. In addition, oil and gas investments are expected to climb by 13% respectively in 2023 (2022: 20% growth in total).

Despite the challenging macroeconomic environment, the overall market condition bodes well for the recovery of the Group’s business. After making significant progress recently, the Group is striving to finalise the debt restructuring with the corresponding creditors in an expedited manner. Any material progress made will be updated to SGXNET.

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

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.

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 three months ended 31 March 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

Leong Seng Keat
Chief Executive Officer

12 May 2023