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**Unaudited Condensed Interim Financial Statements  
For the Six Months Ended 30 June 2021**

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

	Note	The Group		Change %
		Half Year ended 30.06.2021 RM'000	Half Year ended 30.06.2020 RM'000	
<b>Revenue</b>	4	143,284	189,566	(24%)
Cost of sales		(101,511)	(148,874)	(32%)
<b>Gross profit</b>		<u>41,773</u>	<u>40,692</u>	3%
Other income	5	3,948	5,852	(33%)
Selling and administrative expenses		(14,910)	(22,329)	(33%)
Impairment on property, plant and equipment		(2,997)	(255,356)	(99%)
Impairment on investment in an associate		-	(17,288)	n.m.
Impairment on investment in a joint venture		-	(1,430)	n.m.
Impairment on trade and other receivables		-	(8,195)	n.m.
Inventories written down		-	(13,505)	n.m.
Other operating expenses		(23,452)	(11,464)	>100%
<b>Operating profit/(loss)</b>		<u>4,362</u>	<u>(283,023)</u>	<(100%)
Finance costs		(18,371)	(21,367)	(14%)
Share of results of equity accounted joint ventures, net of tax		(1,927)	(507)	>100%
Share of results of equity accounted associates, net of tax		-	(1,213)	n.m.
<b>Loss before tax</b>	6	<u>(15,936)</u>	<u>(306,110)</u>	(95%)
Income tax expense	7	(1,182)	(1,467)	(19%)
<b>Loss for the financial period</b>		<u>(17,118)</u>	<u>(307,577)</u>	(94%)

n.m. : Not meaningful

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

	Note	The Group		Change %
		Half Year ended 30.06.2021 RM'000	Half Year ended 30.06.2020 RM'000	
<b>Other comprehensive income/(loss)</b>				
Exchange differences on translating foreign operations		9,685	(218)	<(100%)
<b>Other comprehensive income/(loss) for the financial period, net of tax</b>		9,685	(218)	<(100%)
<b>Total comprehensive loss for the financial period</b>		(7,433)	(307,795)	(98%)
<b>Loss attributable to:</b>				
Owners of the parent		(17,769)	(308,127)	(94%)
Non-controlling interest		651	550	18%
<b>Loss for the financial period</b>		(17,118)	(307,577)	(94%)
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent		(8,084)	(308,345)	(97%)
Non-controlling interest		651	550	18%
<b>Total comprehensive loss for the financial period</b>		(7,433)	(307,795)	(98%)
<b>Earnings per share for loss for the period attributable to the owners of the Company</b>				
Weighted average number of shares in issue (basic)		7,714,670,861	7,242,318,125	
Weighted average number of shares in issue (diluted)		7,714,670,861	7,242,318,125	
Basic loss per share (Malaysia sen)		(0.23)	(4.25)	
Diluted loss per share (Malaysia sen)		(0.23)	(4.25)	

The basic and diluted loss per share are the same as the outstanding contingently issuable shares were anti-dilutive.

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	492,857	485,627	-	-
Investment in joint ventures		1,121	667	-	-
Investment in associates		-	-	-	-
		<u>493,978</u>	<u>486,294</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Inventories		20,703	17,922	-	-
Trade and other receivables	11	166,626	125,423	213	213
Prepayments		5,204	2,367	70	23
Current tax recoverable		1,254	1,113	-	-
Fixed deposits		1,029	1,005	-	-
Cash and bank balances		79,424	95,350	197	158
		<u>274,240</u>	<u>243,180</u>	<u>480</u>	<u>394</u>
<b>TOTAL ASSETS</b>		<u>768,218</u>	<u>729,474</u>	<u>480</u>	<u>394</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	12	3,836	3,552	3,836	3,552
Share premium	12	309,357	303,028	309,357	303,028
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		320,231	310,361	781,384	778,608
Accumulated losses		(1,405,536)	(1,387,767)	(1,877,190)	(1,857,683)
		<u>(776,209)</u>	<u>(774,923)</u>	<u>(786,710)</u>	<u>(776,592)</u>
<b>Non-controlling interest</b>		<u>4,145</u>	<u>3,494</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>(772,064)</u>	<u>(771,429)</u>	<u>(786,710)</u>	<u>(776,592)</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		3,009	3,126	-	-
Lease liability		13,573	990	-	-
Trade and other payables		137,605	127,675	-	-
		<u>154,187</u>	<u>131,791</u>	<u>-</u>	<u>-</u>

Condensed Interim Statements of Financial Position (Cont'd)

	The Group		The Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES (Contd.)</b>				
<b>Current liabilities</b>				
Lease liability	7,565	714	-	-
Borrowings	13 1,008,177	997,175	681,547	670,869
Trade and other payables	324,347	325,424	61,607	62,081
Current tax payable	1,970	1,763	-	-
Provisions	44,036	44,036	44,036	44,036
	<u>1,386,095</u>	<u>1,369,112</u>	<u>787,190</u>	<u>776,986</u>
<b>Total liabilities</b>	<u>1,540,282</u>	<u>1,500,903</u>	<u>787,190</u>	<u>776,986</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>768,218</u>	<u>729,474</u>	<u>480</u>	<u>394</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
<b>The Group</b>										
<b>At 1 January 2021</b>	3,552	303,028	(4,097)	312,171	(4,401)	2,591	(1,387,767)	(774,923)	3,494	(771,429)
Loss for the period	-	-	-	-	-	-	(17,769)	(17,769)	651	(17,118)
Other comprehensive income	-	-	-	9,685	-	-	-	9,685	-	9,685
Issuance of non-sustainable debt shares	218	4,848	-	-	-	-	-	5,066	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	-	1,547	-	1,547
Share grant plan expenses	-	-	-	-	-	185	-	185	-	185
<b>At 30 June 2021</b>	<b>3,836</b>	<b>309,357</b>	<b>(4,097)</b>	<b>321,856</b>	<b>(4,401)</b>	<b>2,776</b>	<b>(1,405,536)</b>	<b>(776,209)</b>	<b>4,145</b>	<b>(772,064)</b>
<b>At 1 January 2020</b>	3,484	300,417	(4,097)	316,575	(4,401)	1,351	(983,611)	(370,282)	6,062	(364,220)
Loss for the period	-	-	-	-	-	-	(308,127)	(308,127)	550	(307,577)
Other comprehensive loss	-	-	-	(218)	-	-	-	(218)	-	(218)
Issuance of term loan shares	68	2,611	-	-	-	-	-	2,679	-	2,679
Share grant plan expenses	-	-	-	-	-	973	-	973	-	973
<b>At 30 June 2020</b>	<b>3,552</b>	<b>303,028</b>	<b>(4,097)</b>	<b>316,357</b>	<b>(4,401)</b>	<b>2,324</b>	<b>(1,291,738)</b>	<b>(674,975)</b>	<b>6,612</b>	<b>(668,363)</b>

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

	Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	Treasury shares RM'000	Contributed surplus RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
<b>The Company</b>							
<b>At 1 January 2021</b>	3,552	303,028	2,591	(4,097)	778,608	(1,860,274)	(776,592)
Loss for the period	-	-	-	-	-	(16,916)	(16,916)
Issuance of non-sustainable debt shares	218	4,848	-	-	-	-	5,066
Issuance of term loan shares	66	1,481	-	-	-	-	1,547
Share grant plan expenses	-	-	185	-	-	-	185
<b>At 30 June 2021</b>	<b>3,836</b>	<b>309,357</b>	<b>2,776</b>	<b>(4,097)</b>	<b>778,608</b>	<b>(1,877,190)</b>	<b>(786,710)</b>
<b>At 1 January 2020</b>	3,484	300,417	1,351	(4,097)	778,608	(1,805,737)	(725,974)
Loss for the period	-	-	-	-	-	(4,243)	(4,243)
Issuance of term loan shares	68	2,611	-	-	-	-	2,679
Share grant plan expenses	-	-	973	-	-	-	973
<b>At 30 June 2020</b>	<b>3,552</b>	<b>303,028</b>	<b>2,324</b>	<b>(4,097)</b>	<b>778,608</b>	<b>(1,809,980)</b>	<b>(726,565)</b>

**Note:**

On 9 March 2020, share awards amounted to 70,179,408 shares was granted in respective financial years, pursuant to the Nam Cheong Management Incentive Plan ("NCMI Plan").

**Condensed Interim Consolidated Statements of Cash Flows**

	<b>The Group</b>	
	<b>Half Year ended 30.06.2021 RM'000</b>	<b>Half Year ended 30.06.2020 RM'000</b>
<b>Operating activities</b>		
Loss before tax	(15,936)	(306,110)
Adjustments for:		
Accretion of non-current trade payables	5,857	7,367
Depreciation of property, plant and equipment	12,964	17,007
Loss/(Gain) on disposal of property, plant and equipment	564	(171)
Impairment on property, plant and equipment	2,997	255,356
Impairment of investment in an associate	-	17,288
Impairment of investment in a joint venture	-	1,430
Impairment of trade and other receivables	-	8,195
Inventories written down	-	13,505
Interest expense	18,371	21,367
Interest income	(1,090)	(1,128)
Property, plant and equipment written off	-	792
Share grant expense	185	973
Share of results of equity accounted joint ventures, net of tax	1,927	507
Share of results of equity accounted associate, net of tax	-	1,213
Waiver of debts	-	(805)
Waiver of prepaid land lease payments	-	(2,528)
Total adjustments	41,775	340,368
<b>Operating cash before working capital changes</b>	25,839	34,258
Changes in working capital:		
Changes in inventories	(2,781)	41,398
Changes in receivables	(1,934)	39,069
Changes in prepayments	(2,811)	1,658
Changes in payables	(8,035)	(77,075)
Total changes in working capital	(15,561)	5,050
<b>Cash from operations</b>	10,278	39,308
Interest paid	(6,375)	(8,194)
Taxes paid, net of refund	(1,246)	(1,389)
<b>Net cash from operating activities</b>	2,657	29,725



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

	The Group	
	Half Year ended 30.06.2021 RM'000	Half Year ended 30.06.2020 RM'000
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(13,115)	(1,031)
Interest received	1,090	1,128
Acquisition of shares in an associate	-	(490)
Subscription of shares in a joint venture	(2,383)	-
Proceeds from disposal of property, plant and equipment	-	174
<b>Net cash used in investing activities</b>	<u>(14,408)</u>	<u>(219)</u>
<b>Financing activities</b>		
Repayments of bank borrowings	-	(2,309)
Repayments of lease liabilities	(3,013)	-
Increase in fixed deposits pledged	-	(18)
<b>Net cash used in financing activities</b>	<u>(3,013)</u>	<u>(2,327)</u>
<b>Net changes in cash and cash equivalents</b>	(14,764)	27,179
<b>Effects of exchange fluctuations on cash and cash equivalents</b>	(1,138)	392
<b>Cash and cash equivalents at 1 January</b>	96,066	47,207
<b>Cash and cash equivalents at 30 June</b>	<u>80,164</u>	<u>74,778</u>
Cash and cash equivalents comprise the following as at the statements of financial position date:		
Fixed deposits with licensed banks	1,029	998
Cash and bank balances	79,424	74,069
	<u>80,453</u>	<u>75,067</u>
Less: Restricted fixed deposits with licensed banks	(289)	(289)
<b>Total cash and cash equivalents</b>	<u>80,164</u>	<u>74,778</u>

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## 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 2021 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 2021 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 2020.

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 2020.

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

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

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
<b>Half year ended 30 June 2021</b>					
<b>Revenue</b>					
External revenue	-	143,284	-	-	143,284
<b>Results</b>					
Interest income	510	580	5,554	(5,554)	1,090
Depreciation of property, plant and equipment	(637)	(12,325)	(2)	-	(12,964)
Loss on disposal of property, plant and equipment	-	(564)	-	-	(564)
Impairment on property, plant and equipment	-	(2,997)	-	-	(2,997)
Finance costs	(9,849)	(6,732)	(7,310)	5,520	(18,371)
Share of results of joint ventures	-	-	(1,927)	-	(1,927)
(Loss)/Profit before tax	(10,932)	23,386	(28,390)	-	(15,936)

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
<b>As at 30 June 2021</b>					
Additions to non-current assets	86	35,025	-	-	35,111
Investment in joint ventures	-	-	1,121	-	1,121
Segment assets	173,522	1,500,812	29,963	(936,079)	768,218
Segment liabilities	1,533,473	1,852,857	1,135,581	(2,981,629)	1,540,282
<b>Half year ended 30 June 2020</b>					
<b>Revenue</b>					
External revenue	52,168	137,398	-	-	189,566
<b>Results</b>					
Interest income	52	1,076	5,529	(5,529)	1,128
Depreciation of property, plant and equipment	(691)	(16,614)	(49)	347	(17,007)
Gain on waiver of debt	-	805	-	-	805
Gain on waiver of prepaid land lease payments	2,528	-	-	-	2,528
Impairment on investment in an associate	-	-	(17,288)	-	(17,288)
Impairment on investment in a joint venture	-	-	(1,430)	-	(1,430)
Impairment on property, plant and equipment	-	(255,356)	-	-	(255,356)
Impairment losses on trade and other receivables reversed/(made)	480	(8,675)	-	-	(8,195)

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
<b>Half year ended 30 June 2020 (Cont'd)</b>					
Inventories written down	(12,954)	(551)	-	-	(13,505)
Finance costs	(11,309)	(8,760)	(6,833)	5,535	(21,367)
Share of results of joint ventures	-	-	(507)	-	(507)
Share of results of associates	-	-	(1,213)	-	(1,213)
Loss before tax	(38,931)	(227,500)	(39,679)	-	(306,110)
<b>As at 31 December 2020</b>					
Additions to non-current assets	1,186	11,002	-	-	12,188
Investment in joint ventures	-	-	667	-	667
Segment assets	78,469	1,420,235	25,299	(794,529)	729,474
Segment liabilities	1,565,615	1,624,154	1,034,466	(2,723,332)	1,500,903

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:

	<b>Half Year ended 30.06.2021 RM'000</b>	<b>Half Year ended 30.06.2020 RM'000</b>
<b>Revenue</b>		
Malaysia	130,508	137,398
United Kingdom	-	52,168
Vietnam	12,776	-
	<u>143,284</u>	<u>189,566</u>
	<b>30.06.2021 RM'000</b>	<b>31.12.2020 RM'000</b>
<b>Non-current assets</b>		
Malaysia	493,970	486,284
Singapore	8	10
	<u>493,978</u>	<u>486,294</u>

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

	<b>30.06.2021 RM'000</b>	<b>31.12.2020 RM'000</b>
Property, plant and equipment	492,857	485,627
Investment in joint ventures	1,121	667
	<u>493,978</u>	<u>486,294</u>

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

5. Other income

	The Group	
	Half Year ended	Half Year ended
	30.06.2021	30.06.2020
	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	171
Interest income	1,090	1,128
Miscellaneous	1,463	1,220
Insurance claim proceeds	1,395	-
Gain on waiver of debts	-	805
Gain on waiver of prepaid land lease payments	-	2,528
	3,948	5,852

6. Loss before tax

	The Group	
	Half Year ended	Half Year ended
	30.06.2021	30.06.2020
	RM'000	RM'000
The following amounts have been included in arriving at loss before tax:		
<i>Cost of sales</i>		
Depreciation of property, plant and equipment	12,129	16,076
<i>Administrative expenses</i>		
Depreciation of property, plant and equipment	835	931
<i>Other operating expenses</i>		
Accretion of non-current trade payables	5,857	7,367
Impairment on property, plant and equipment	2,997	255,356
Impairment on trade and other receivables	-	8,195
Inventories written down	-	13,505
Property, plant and equipment written off	-	792
Impairment of investment in an associate	-	17,288
Impairment of investment in a joint venture	-	1,430
Foreign exchange loss, net	16,151	3,305
Loss on disposal of property, plant and equipment	564	-
Restructuring expenses	880	-

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:

	<b>The Group</b>	
	<b>Half Year ended 30.06.2021 RM'000</b>	<b>Half Year ended 30.06.2020 RM'000</b>
Current income tax expense:		
- Current year	1,300	1,008
- Underprovision in prior year	-	459
Deferred tax expense:		
- Overprovision in prior year	(118)	-
	<u>1,182</u>	<u>1,467</u>

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:

	<b>The Group</b>	
	<b>Half Year ended 30.06.2021 RM'000</b>	<b>Half Year ended 30.06.2020 RM'000</b>
Joint venture		
- interest income	469	489
Other related parties in which directors and key management have interest		
- purchases	103	141
- rental expense	387	518
	<u>499</u>	<u>1,148</u>



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

9. Net asset value

	The Group		The Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Net asset value per ordinary share (Malaysia sen)	(9.9)	(10.6)	(10.1)	(10.7)
Ordinary shares in issue	7,816,909,146	7,272,640,629	7,816,909,146	7,272,640,629

10. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to RM35,111,000 (30 June 2020: RM1,031,000) and disposed of assets amounting to RM24,874,000 (30 June 2020: RMNil).

Including in the additions to property, plant and equipment is right-of-use assets of RM23,397,000 (30 June 2020: RMNil).

During the six months ended 30 June 2021, the Group recognised additional impairment on property, plant and equipment of RM2,997,000 based on the difference between the carrying amount of the vessels and the estimated selling price of the vessels in the market.

11. Trade and other receivables

	The Group		The Company	
	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
<b>Non-current</b>				
Trade receivables from a third party	13,694	15,482	-	-
Less: Allowance for impairment losses	(13,694)	(15,482)	-	-
	-	-	-	-
<b>Current</b>				
Trade receivables	144,006	106,951	-	-
Less: Allowance for impairment losses	(19,435)	(17,362)	-	-
	124,571	89,589	-	-
Amount due from subsidiaries (non-trade)	-	-	86,764	86,764
Amounts due from associates and joint ventures (non-trade)	43,768	34,334	-	-
Deposits and other receivables	22,713	25,053	213	213
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(86,764)	(86,764)
- amounts due from associate and joint ventures (non-trade)	(22,221)	(21,349)	-	-
- other receivables	(2,205)	(2,204)	-	-
	42,055	35,834	213	213
Total trade and other receivables	166,626	125,423	213	213

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

11. Trade and other receivables (Cont'd)

As at even date, RM36.5 million (or 29.3%) of the net trade receivables of RM124.6 million in 1H2021 has been collected from the customers subsequent to 1H2021. 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			
	30.06.2021 '000	31.12.2020 '000	30.06.2021 RM'000	31.12.2020 RM'000
Number of ordinary shares				
<u>Share capital</u>				
Issued and fully paid				
At 1 January	7,272,641	7,144,299	3,552	3,484
Issuance of non-sustainable debt shares	416,918	-	218	-
Issuance of term loan shares	127,350	128,342	66	68
	<u>7,816,909</u>	<u>7,272,641</u>	<u>3,836</u>	<u>3,552</u>

Share premium

	The Group		The Company	
	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
At 1 January	303,028	300,417	303,028	300,417
Issuance of non-sustainable debt shares	4,848	-	4,848	-
Issuance of term loan shares	1,481	2,611	1,481	2,611
	<u>309,357</u>	<u>303,028</u>	<u>309,357</u>	<u>303,028</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	
	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
Bilateral facilities debt (secured)	102,445	100,568	-	-
Term loan - sustainable debts (unsecured)	905,732	896,607	681,547	670,869
	<u>1,008,177</u>	<u>997,175</u>	<u>681,547</u>	<u>670,869</u>

Represented by:  
Current

	<u>1,008,177</u>	<u>997,175</u>	<u>681,547</u>	<u>670,869</u>
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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, buildings and vessels with carrying amount of RM5,910,000 (31.12.2020 – RM5,975,000), RM1,640,000 (31.12.2020 – RM1,663,000) and RM43,763,000 (31.12.2020 – RM43,464,000), respectively.

14. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	The Group		The Company	
	30.06.2021 RM'000	31.12.2020 RM'000	30.06.2021 RM'000	31.12.2020 RM'000
<b>Financial assets at amortised cost</b>				
Trade and other receivables	166,626	125,423	213	213
Cash and bank balances	79,424	95,350	197	158
Fixed deposits	1,029	1,005	-	-
	<u>247,079</u>	<u>221,778</u>	<u>410</u>	<u>371</u>
<b>Financial liabilities at amortised cost</b>				
Bilateral facilities debt	102,445	100,568	-	-
Term loan	905,732	896,607	681,547	670,869
Lease liabilities	21,138	1,704	-	-
Trade and other payables	461,374	452,478	61,461	61,935
	<u>1,490,689</u>	<u>1,451,357</u>	<u>743,008</u>	<u>732,804</u>

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## 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 first half of 2021. As at 30 June 2021, 6,678,597 shares were held as treasury shares by the Company.

2. 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 30 June 2021 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-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

4. 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 2020.

5. 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 2020.

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

6. 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**

**1H2021 vs 1H2020**

	1H2021				1H2020				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.	52,168	28%	1,536	3%	(52,168)	n.m.	(1,536)	n.m.
Vessel Chartering	143,284	100%	41,773	29%	137,398	72%	39,156	28%	5,886	4%	2,617	7%
Total	143,284	100%	41,773	29%	189,566	100%	40,692	21%	(46,282)	(24%)	1,081	3%

For the six months ended 30 June 2021 ("1H2021"), the Group's revenue from vessel chartering division increased by 4% from RM137.4 million in the previous corresponding six months ended 30 June 2020 ("1H2020") to RM143.3 million in 1H2021. This was mainly attributable to higher vessel utilisation rate in 1H2021.

The shipbuilding division recorded a revenue of RM52.2 million during 1H2020 due to the completion of sale and delivery of an Emergency Response and Rescue Vessel ("ERRV") to a customer based in North Sea towards the end of 1H2020. Conversely, there was no vessel sale and delivery in 1H2021.

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

6. (Contd.)

**Review of Group Performance (Contd.)**

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

**1H2021 vs 1H2020**

Consistent with the increase in chartering revenue, gross profit increased by 7% to RM41.8 million in 1H2021 at the back of the consistent vessel chartering margins ranging between 28% and 29%.

Other income was lower at RM3.9 million in 1H2021 as compared to RM5.9 million recorded in 1H2020 mainly due to the absence of waiver of land lease payments amounted to RM2.5 million registered in 1H2021.

Selling and administrative expenses decreased from RM22.3 million to RM14.9 million in 1H2021, primarily attributed to the group wide cost rationalisation exercise in 2020.

Other operating expenses of RM26.4 million in 1H2021 was significantly lower than RM307.2 million recorded in 1H2020 mainly due to the decrease in impairment made on property, plant and equipment by RM252.4 million, as well as the absence of impairment on investment in an associate of RM17.3 million and inventories written down amounting to RM13.5 million recorded in 1H2020.

Finance costs decreased to RM18.4 million in 1H2021 as compared to RM21.4 million recorded in 1H2020, mainly due to the decrease in finance cost related to vessel financing during the period.

Share of results of equity accounted joint ventures, net of tax, register a loss of RM1.9 million in 1H2021 as compared to RM0.5 million loss recorded in 1H2020 mainly due to lower vessel utilisation rate. Whereas for equity accounted associates, net of tax, the Group has shared up to the maximum results in FY2020.

Mainly due to the decrease of impairment on property, plant and equipment, the absence of impairment on investment in an associate and inventories written down recorded in 1H2020, the Group registered a lower net loss after tax of RM17.1 million in 1H2021 as compared to a net loss after tax of RM307.6 million in 1H2020.

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

6. (Contd.)

**Review of Group Performance (Contd.)**

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

**Total Assets**

Total assets of the Group increased marginally by 5.3% or RM38.7 million from RM729.5 million as at 31 December 2020 ("FY2020") to RM768.2 million as at 30 June 2021 ("1H2021") mainly due to:

- (i) Property, plant and equipment increased by RM7.2 million or 2.1% from RM485.6 million to RM492.8 million mainly due to acquisition of an Anchor Handling Tug Supply Vessel ("AHTS") and an addition of right-of-use asset amounting to RM32.3 million during the period. The increase was partially offset by the disposal of an AHTS amounting to RM24.9 million during the period;
- (ii) Inventories increased by RM2.8 million or 15.5% from RM17.9 million to RM20.7 million mainly due to additional vessel construction work in progress during the period;
- (iii) Trade and other receivables increased by RM41.2 million or 32.9% from RM125.4 million as at FY2020 to RM166.6 million as at 1H2021 mainly due to the sale of an AHTS on a deferred payment basis amounting to RM24.3 million as well as the increase in the billing of vessel chartering and related services provided to the customers during the period; and
- (iv) Prepayment increased by RM2.8 million from RM2.4 million to RM5.2 million due to the purchase of engines, equipment, tools and consumables in relation to the Group's vessels.

The increase in total assets was partially offset by the decrease in cash and bank balances of RM15.9 million or 16.7% from RM95.3 million as at FY2020 to RM79.4 million as at 1H2021.

**Total Liabilities**

Total liabilities of the Group increased marginally by 2.6% or RM39.4 million from RM1.50 billion as at FY2020 to RM1.54 billion as at 1H2021 mainly due to the increase in lease liabilities by RM19.4 million arising from the addition of right-of-use asset during the period.

In addition, borrowings increased by RM11.0 million from RM997.2 million to RM1.01 billion; and trade and other payables of RM8.9 million from RM453.1 million to RM462.0 million mainly as a result of foreign exchange translation as at 1H2021.

**Negative working capital**

The increase in net working capital of RM14.1 million, or 1.3%, from negative RM1,125.9 million as at FY2020 to negative RM1,111.8 million as at 1H2021 was mainly due to the increase in trade and other receivables by RM41.2 million, which was partially offset by the increase in lease liabilities by RM19.4 million and the increase in borrowings by RM11.0 million.

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

6. (Contd.)

**Review of Group Performance (Contd.)**

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

**Negative working capital (Cont'd)**

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 (“Restructuring”).

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 financial institution 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.

However, no definitive agreements in relation to the Restructuring have been entered into by the Group as at even date. Pending the conclusion of definitive agreements in relation to the Restructuring to be entered into by the Group, there can be no assurance or reasonable certainty that any discussions or any Restructuring options will materialise or be successfully concluded. Please refer to the Company’s announcement on 25 June 2021 and 2 July 2021 for more information.

**(c) Condensed Interim Consolidated Statements of Cash Flows**

**1H2021**

Net cash from operating activities of RM2.7 million in 1H2021 was mainly due to collections from customers during the period.

Net cash used in investing activities of RM14.4 million in 1H2021 was mainly due to payment made for acquisition of property, plant and equipment of RM13.1 million and subscription of shares in a joint venture of RM2.4 million during the period.

Net cash used in financing activities of RM3.0 million in 1H2021 was mainly due to repayment of lease liabilities.



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

7. 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.

8. 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 indefinite extension of Malaysia's movement control order which came into effect from 1 June 2021, also known as MCO 3.0 has posed significant challenges to the recovery of Malaysia's economy. In face of the prolonged impact of the Covid-19 pandemic, the Group will remain agile in navigating the unprecedented and challenging market environment.

The Group continues to work with its creditors on business restructuring options and will provide relevant updates as and when there is further progress.

9. 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.

10. 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.

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

**11. General mandate relating to interested person transactions**

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

**12. 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.

**13. 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 2021 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

14 August 2021