80 Robinson Road, #02-00 Singapore 068898.Tel: (65) 6438 2990 Website: www.namcheong.com.my

NEWS RELEASE

Nam Cheong Records Net Profit of RM11.6 million in 1Q2022, Reversing from Net Loss of RM17.0 million in 1Q2021

- Revenue contributed solely by vessel chartering and revenue from this segment declined by 10% yoy to RM53.9 million
- Gross profit declined by 28% yoy to RM11.8 million as gross margin fell to 21.8%
- Other income was higher at RM19.1 million mainly due to the gain on waiver of debts by trade creditors
- The Group continues to work with its creditors on business restructuring options and will update as and when more progress is made in this aspect

Singapore, 14 May 2022 – Nam Cheong Limited ("Nam Cheong" or the "Group"), one of Malaysia's leading Offshore Support Vessel (OSV) providers, today announced its financial results for the three months ended 31 March 2022 ("1Q2022").

Financial Highlights	1Q2022 (RM'000)	1Q2021 (RM'000)	Change (%)
Revenue	53,902	59,805	*(10)*
Gross Profit	11,774	16,242	*(29)*
Gross Margin	*21.8%*	*27.2%*	*-5.4 ppt*
Other Income	19,139	960	*>100*
Selling and Administrative Expenses	(7,159)	(6,370)	*12*
Other Operating Expenses	(5,804)	(16,911)	*(66)*
Operating Profit/(Loss)	17,950	(6,079)	*n.m.*
Finance Costs	(6,062)	(9,320)	*(35)*
Profit/(Loss) for the financial period	12,115	(16,869)	*n.m.*
Profit/(Loss) attributable to owners of the parent (PATMI)	11,647	(17,007)	*n.m.*

Ppt = percentage points
N.M = not meaningful

During 1Q2022, the Group's revenue was contributed solely by vessel chartering, which fell by 10% year-on-year ("yoy") to RM53.9 million due to lower fleet size during the period as a result of the settlement with trade creditors since FY2021.

In line with the decrease in chartering revenue, gross profit decreased by 28% to RM11.8 million in 1Q2021 as gross margins declined by 5.8 percentage points to 21.8% during the quarter.

Other income was higher at RM19.1 million in 1Q2022 as compared to RM0.96 million in 1Q2021 mainly due to the gain on waiver of debts by trade creditors amounting to RM15.5 million in 1Q2022 following negotiation and settlement with the trade creditors during the period.

Selling and administrative expenses increased by RM0.8 million to RM7.2 million for 1Q2022, mainly due to the increase in staff cost as well as other operational cost related to the mitigation of COVID-19.

Other operating expenses decreased from RM16.9 million to RM5.8 million in 1Q2022 mainly due to the decrease in foreign exchange loss by RM7.3 million, as well as the absence of accretion of non-current trade payables of RM2.9 million recorded in 1Q2021.

As a result of the above, the Group recorded a net profit after tax of RM12.1 million in 1Q2022, reversing from a net loss after tax of RM16.9 million for 1Q2022.

Commenting on the Group's results, **Mr. Leong Seng Keat, Chief Executive Officer of Nam Cheong** said, *"The offshore & marine sector continues to see volatile market sentiments, but we remain hopeful on the longer-term outlook and that the Group will be able to successfully navigate through the current business uncertainties. We have seen success in our negotiations with trade creditors in FY2021 and will continue to work on further restructuring options."*

Outlook

Malaysia has commenced its transition to endemic phase after nearly two years of battling the Covid-19 pandemic, but there remains room for economic recovery to pre-pandemic levels. The outlook for the offshore & marine industry continues to remain uncertain but the Group will work closely with its partners and various stakeholders to ensure a smooth navigation through this unprecedented and challenging business environment.

The Group has seen success in its negotiations with its creditors in FY2021 and will continue to work on its restructuring options. The Group will provide relevant updates as and when there is further progress.

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ABOUT NAM CHEONG LIMITED (BLOOMBERG TICKER NCL: SP)

Headquartered in Kuala Lumpur, Malaysia, Nam Cheong Limited ("Nam Cheong" or the "Group") is a global offshore marine group specialising in the building and chartering of OSVs. Since its humble beginnings in 1968 building only fishing vessels, the Group is now Malaysia's largest OSV builder, owning and operating one of the largest shipbuilding yards for OSVs in Malaysia.

The Group focuses on OSV chartering, as well as the construction and engineering of sophisticated, environmentally friendly and quality OSVs that are equipped with the latest technology for use in the offshore oil and gas exploration and production ("E&P") and oil services industries, with customers hailing from Malaysia, Southeast Asia, Middle East, West Africa, Latin America, Europe, and the United States. The Group has delivered over 140 vessels since 2007, which include anchor handling towing supply ("AHTS") vessels, platform supply vessels ("PSVs"), accommodation work boats and accommodation work barges.

Beyond building some of the most sophisticated OSVs, Nam Cheong is expanding its vessel chartering operations, with the Group operating a chartering fleet of over 30 vessels. Nam Cheong was successfully listed on SGX-ST on May 27, 2011.

Issued for and on behalf of Nam Cheong Ltd. by **Financial PR**

For more information, please contact:

Jass LIM

jass@financialpr.com.sg

Tel: (65) 6438 2990, Fax: (65) 6438 0064