



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

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**ADDITIONAL INFORMATION TO THE UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019**

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The Board of Directors of Nam Cheong Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), refers to the Company’s first quarter financial results released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 14 May 2019. The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 17 May 2019:-

**SGX Query 1**

Please provide the aging of Trade receivables and the Board’s assessment on the recoverability of the Group’s trade receivables and the bases for such an assessment.

**Company’s response**

The aging analysis of trade receivables are as follows:

	<b>Group</b>	
	<b>31.3.2019</b>	<b>31.12.2018</b>
	<b>RM’000</b>	<b>RM’000</b>
Not Impaired:		
Not past due	14,200	16,701
Past due 1 to 3 months	15,976	35,454
Past due 3 to 6 months	13	-
Past due more than 6 months	1,168	1,535
Net trade receivables	<u>31,357</u>	<u>53,690</u>
More than 6 months past due and impaired	<u>24,249</u>	<u>24,437</u>
Total trade receivables	<u>55,606</u>	<u>78,127</u>

In assessing the recoverability of the Group’s trade receivables, the Group took into consideration of the historical bad debt losses based on the age of the receivables and the customers’ current financial position to identify any expected credit losses. Receivables that were determined to be impaired as at 31 March 2019 are related to those which have been past due for more than 6 months and have insufficient information to justify recoverability of the respective receivables.

The Board is of the view that the carrying value of the net trade receivables represents the recoverable amount as at 31 March 2019.

## **SGX Query 2**

Please provide a breakdown and the nature of Trade and other receivables as at both 31 March 2019 and 31 December 2018. Using this year-on-year comparison, please explain the material variances.

### **Company's response**

	<b>Group</b>	
	<b>31.3.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current</b>		
Trade receivables from a third party	17,081	17,081
Less: Allowance for impairment losses	(17,081)	(17,081)
	<u>-</u>	<u>-</u>
<b>Current</b>		
Trade receivables from third parties	38,525	61,046
Less: Allowance for impairment losses	(7,168)	(7,356)
	<u>31,357</u>	<u>53,690</u>
Amount due from joint ventures (non-trade)	14,825	23,475
Deposits	20,956	20,394
Other receivables	1,759	2,944
Tax recoverable	704	1,064
Less: Allowance for impairment losses		
- Amount due from joint ventures (non-trade)	(14,825)	(14,825)
	<u>23,419</u>	<u>33,052</u>
Total trade and other receivables	<u>54,776</u>	<u>86,742</u>

Trade receivables from third parties decreased by RM22.5 million from RM61.0 million as at 31 December 2018 ("FY2018") to RM38.5 million as at 31 March 2019 ("1Q2019") mainly attributed to the proceeds received from trade debtors during 1Q2019.

Amount due from joint ventures decreased by RM8.7 million from RM23.5 million in FY2018 to RM14.8 million in 1Q2019 mainly due to the offsetting with amount due to joint ventures during 1Q2019.

Other receivables decreased by RM1.1 million from RM2.9 million in FY2018 to RM1.8 million in 1Q2019 mainly due to billing of expenses recoverable to the customers during 1Q2019.

## **SGX Query 3**

Please clarify whether the Board has performed an impairment assessment of Trade and other receivables and the results of such an assessment.

### **Company's response**

The Board performed impairment assessment of Trade and other receivables as at 31 March 2019 in accordance with International Financial Reporting Standard 9 ("IFRS 9")

Financial Instruments, which had been consistently applied in the financial statements for the financial year ended 31 December 2018, and opined that the allowance for impairment on trade and other receivables as at 31 March 2019 is adequate.

#### **SGX Query 4**

Please provide the breakdown for prepayments as at both 31 March 2019 and 31 December 2018. Using this year-on-year comparison, please explain the material variances.

#### **Company's response**

	<b>Group</b>	
	<b>31.3.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Prepayment related to:		
Inventories	13,824	9,292
Operating expenses	3,470	2,167
	17,294	11,459

The prepayments mainly relate to prepaid amounts to suppliers to secure the purchase of inventories and for operating expenses.

Prepayment related to inventories increased by RM4.5 million from RM9.3 million in FY2018 to RM13.8 million in 1Q2019 mainly due to the increase in marine gas oil and other vessel provisions prepaid during 1Q2019.

Prepayment related to operating expenses increased by RM1.3 million from RM2.2 million in FY2018 to RM3.5 million in 1Q2019 mainly due to the increase in license fees and insurance expenses prepaid during 1Q2019.

#### **SGX Query 5**

Please provide a breakdown of Trade and other payables as at both 31 March 2019 and 31 December 2018, and provide an explanation for the material variances in each of the line items included in the breakdown of Trade and other payables.

#### **Company's response**

	<b>Group</b>		<b>Company</b>	
	<b>31.3.2019</b>	<b>31.12.2018</b>	<b>31.3.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current</b>				
Trade payable - Third parties	132,866	141,185	-	-
Other payables	2,513	2,526	-	-
	135,379	143,711	-	-

	Group		Company	
	31.3.2019	31.12.2018	31.3.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
<b>Current</b>				
Trade payables - Third parties	238,899	252,758	-	-
Accrued expenses <sup>1</sup>	7,064	6,828	1,111	1,036
Deposit received <sup>1</sup>	16,349	16,551	-	-
Other payables <sup>1</sup>	7,948	7,664	13	75
Amount due to joint ventures (non-trade)	1,873	13,721	-	-
Amount due to subsidiaries (non-trade)	-	-	27,488	24,293
Interest payables	5,104	8,538	5,378	7,938
Dividend payables <sup>1</sup>	146	146	145	146
	<u>277,383</u>	<u>306,206</u>	<u>34,135</u>	<u>33,488</u>
<b>Total Trade and Other Payables</b>	<u>412,762</u>	<u>449,917</u>	<u>34,135</u>	<u>33,488</u>

Trade payables – third parties (non-current) decreased by RM8.3 million from RM141.2 million in FY2018 to RM132.9 million in 1Q2019 mainly due to the reclassification from non-current to Trade payables – third parties (current).

Trade payables – third parties (current) decreased by RM13.9 million from RM252.8 million in FY2018 to RM238.9 million in 1Q2019 mainly due to the payment made to trade creditors during 1Q2019.

Amount due to joint ventures (non-trade) decreased by RM11.8 million from RM13.7 million to RM1.9 million in 1Q2019 mainly due to the offsetting of RM8.7 million with the amount due from joint ventures.

Amount due to subsidiaries of the Company increased by RM3.2 million from RM24.3 million in FY2018 to RM27.5 million in 1Q2019 mainly due to the interest charged by the Company to the subsidiaries in relation to intercompany advances.

Interest payables of the Group and of the Company decreased by RM3.4 million from RM8.5 million in FY2018 to RM5.1 million in 1Q2019 and RM2.5 million from RM7.9 million in FY2018 to RM5.4 million in 1Q2019 respectively mainly due to the payment of yearly interest in January 2019.

BY ORDER OF THE BOARD  
NAM CHEONG LIMITED

Tan Sri Datuk Tiong Su Kouk  
Executive Chairman

23 May 2019

<sup>1</sup> Variances deemed immaterial and hence explanation for variance was not provided.