
Unaudited Condensed Interim Financial Statements
For the Three Months and Full Year Ended 31 March 2024

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

	Note	The Group		Change %
		3 months ended 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000	
Revenue	4	111,459	64,391	73%
Cost of sales		(61,807)	(38,382)	61%
Gross profit		49,652	26,009	91%
Other income	5	516,020	405	>100%
Selling and administrative expenses		(10,994)	(8,463)	30%
Other operating expenses		(12,722)	(7,908)	61%
Operating profit		541,956	10,043	>100%
Finance costs		(1,951)	(6,595)	-70%
Share of results of equity accounted joint ventures, net of tax		(1,847)	513	<(100%)
Share of results of equity accounted associates, net of tax		29,913	570	>100%
Profit before tax	6	568,071	4,531	>100%
Income tax expense	7	(10,738)	(1,406)	>100%
Profit for the financial period		557,333	3,125	>100%

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

	The Group		Change %
	3 months ended 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000	
Other comprehensive loss			
Exchange differences on translating foreign operations	(72,535)	(3,440)	>100%
Other comprehensive loss for the financial period, net of tax	(72,535)	(3,440)	>100%
Total comprehensive income/(loss) for the financial period	484,798	(315)	<(100%)
Profit attributable to:			
Owners of the parent	555,304	2,394	>100%
Non-controlling interest	2,029	731	>100%
Profit for the financial period	557,333	3,125	>100%
Total comprehensive income attributable to:			
Owners of the parent	482,769	(1,046)	<(100%)
Non-controlling interest	2,029	731	>100%
Total comprehensive income/(loss) for the financial period	484,798	(315)	<(100%)
Earnings per share for profit for the period attributable to the owners of the Company			
Weighted average number of shares in issue (basic)	146,000,849	80,715,378	
Weighted average number of shares in issue (diluted)	147,404,437	82,118,966	
Basic earnings per share (Malaysia sen)	380.34	2.97	
Diluted earnings per share (Malaysia sen)	376.72	2.92	

Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	585,611	543,837	-	-
Subsidiaries		-	-	-	-
Joint ventures		7,149	8,996	-	-
Associates		39,328	9,415	-	-
		<u>632,088</u>	<u>562,248</u>	<u>-</u>	<u>-</u>
Current assets					
Inventories		26,899	23,959	-	-
Trade and other receivables	11	254,450	254,206	54,309	152
Prepayments		8,557	6,511	83	127
Current tax recoverable		4,495	184	41	41
Fixed deposits		13,348	6,887	-	-
Cash and bank balances		36,710	57,340	44	171
		<u>344,459</u>	<u>349,087</u>	<u>54,477</u>	<u>491</u>
TOTAL ASSETS		<u>976,547</u>	<u>911,335</u>	<u>54,477</u>	<u>491</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	12	227	3,977	227	3,977
Share premium	12	586,604	312,471	586,604	312,471
Treasury shares		(4,097)	(4,097)	(4,097)	(4,097)
Other reserves		72,211	140,809	782,545	778,608
Accumulated losses		(409,806)	(962,334)	(1,619,844)	(1,960,958)
		<u>245,139</u>	<u>(509,174)</u>	<u>(254,565)</u>	<u>(869,999)</u>
Non-controlling interest		<u>9,017</u>	<u>6,988</u>	<u>-</u>	<u>-</u>
Total equity		<u>254,156</u>	<u>(502,186)</u>	<u>(254,565)</u>	<u>(869,999)</u>
Non-current liabilities					
Deferred tax liabilities		8,143	8,143	-	-
Lease liabilities		48	262	-	-
Trade and other payables		20,908	28,093	-	-
Borrowings		450,369	-	226,634	-
		<u>479,468</u>	<u>36,498</u>	<u>226,634</u>	<u>-</u>

Condensed Interim Statements of Financial Position (Cont'd)

	Note	The Group		The Company	
		31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
EQUITY AND LIABILITIES (Contd.)					
Current liabilities					
Lease liabilities		843	834	-	-
Borrowings	13	41,859	1,042,482	32,794	758,223
Trade and other payables		157,838	279,191	17,639	60,393
Current tax payable		10,408	2,642	-	-
Provision for financial guarantee		31,975	51,874	31,975	51,874
		<u>242,923</u>	<u>1,377,023</u>	<u>82,408</u>	<u>870,490</u>
Total liabilities		<u>722,391</u>	<u>1,413,521</u>	<u>309,042</u>	<u>870,490</u>
TOTAL EQUITY AND LIABILITIES		<u>976,547</u>	<u>911,335</u>	<u>54,477</u>	<u>491</u>

Condensed Interim Statements of Changes in Equity

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Contributed surplus 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 2024	3,977	312,471	(4,097)	-	145,210	(4,401)	2,776	(965,110)	(509,174)	6,988	(502,186)
Profit for the period	-	-	-	-	-	-	-	555,304	555,304	2,029	557,333
Other comprehensive loss	-	-	-	-	(72,535)	-	-	-	(72,535)	-	(72,535)
Share consolidation (Note 12)	(3,937)	-	-	3,937	-	-	-	-	-	-	-
Issuance of											
- Conversion Shares	105	241,590	-	-	-	-	-	-	241,695	-	241,695
- Settlement Shares	7	2,618	-	-	-	-	-	-	2,625	-	2,625
- Private Placement Shares	75	29,925	-	-	-	-	-	-	30,000	-	30,000
Cancellation of Share grant plan	-	-	-	-	-	-	(2,776)	-	(2,776)	-	(2,776)
At 31 March 2024	227	586,604	(4,097)	3,937	72,675	(4,401)	-	(409,806)	245,139	9,017	254,156
At 1 January 2023 (restated)	3,904	310,850	(4,097)	-	185,901	(4,401)	2,776	(1,122,743)	(627,810)	3,133	(624,677)
Profit for the period	-	-	-	-	-	-	-	2,394	2,394	731	3,125
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
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)	-	182,461	(4,401)	2,776	(1,120,349)	(627,162)	3,864	(623,298)

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

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Contributed surplus RM'000	Capital surplus RM'000	Share grant reserve RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent RM'000
The Company								
At 1 January 2024	3,977	312,471	(4,097)	-	778,608	2,776	(1,963,734)	(869,999)
Profit for the period	-	-	-	-	-	-	343,890	343,890
Share consolidation (Note 12)	(3,937)	-	-	3,937	-	-	-	-
Issuance of								
- Conversion Shares	105	241,590	-	-	-	-	-	241,695
- Settlement Shares	7	2,618	-	-	-	-	-	2,625
- Private Placement Shares	75	29,925	-	-	-	-	-	30,000
Cancellation of Share grant plan	-	-	-	-	-	(2,776)	-	(2,776)
At 31 March 2024	227	586,604	(4,097)	3,937	778,608	-	(1,619,844)	(254,565)
At 1 January 2023 (restated)	3,904	310,850	(4,097)	-	778,608	2,776	(1,940,240)	(848,199)
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)	-	778,608	2,776	(1,957,284)	(863,549)

Condensed Interim Consolidated Statements of Cash Flows

	The Group	
	3 months ended 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000
Operating activities		
Profit before tax	568,071	4,531
Adjustments for:		
Depreciation of property, plant and equipment	7,132	5,828
Gain on waiver of debts	(391,612)	-
Impairment losses on trade and other receivables (reversed)/made	(561)	45
Impairment on other investments reversed	(28)	(26)
Interest expense	1,951	6,595
Interest income	(259)	(218)
Property, plant and equipment written off	860	-
Reversal of share grant reserve	(2,776)	-
Reversal of inventories written down	(84,132)	-
Share of results of equity accounted joint ventures, net of tax	1,847	(513)
Share of results of equity accounted associate, net of tax	(29,913)	(570)
Total adjustments	(497,491)	11,141
Operating cash before working capital changes	70,580	15,672
Changes in working capital:		
Changes in inventories	(2,933)	(1,785)
Changes in receivables	(31,684)	18,652
Changes in prepayments	(2,039)	(3,966)
Changes in payables	(19,408)	(7,820)
Total changes in working capital	(56,064)	5,081
Cash from operations	14,516	20,753
Interest paid	(1,672)	(893)
Taxes paid, net of refund	(8,931)	(4,123)
Net cash from operating activities	3,913	15,737

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

	The Group	
	3 months ended 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000
Investing activities		
Advances to associates	(3,244)	-
Advances to joint ventures	(5,345)	-
Acquisition of property, plant and equipment	(9,194)	(10,120)
Interest received	259	218
Proceed from redemption of bonds	-	26
Net cash used in investing activities	<u>(17,524)</u>	<u>(9,876)</u>
Financing activities		
Repayments of borrowings	(30,000)	-
Payments of lease liabilities	(205)	(193)
Decreased in restricted cash with licensed banks	3,542	-
Proceeds from share issuance	30,000	-
Net cash from/(used in) financing activities	<u>3,337</u>	<u>(193)</u>
Net changes in cash and cash equivalents	(10,274)	5,668
Effects of exchange fluctuations on cash and cash equivalents	(353)	23
Cash and cash equivalents at 1 January	53,376	57,336
Cash and cash equivalents at 31 March	<u>42,749</u>	<u>63,027</u>
Cash and cash equivalents comprise the following as at the statements of financial position date:		
Fixed deposits with licensed banks	13,348	3,478
Cash and bank balances	36,710	65,679
	<u>50,058</u>	<u>69,157</u>
Less: Restricted cash with licensed banks	(1,256)	(3,457)
Less: Restricted fixed deposits with licensed banks	(6,053)	(2,673)
Total cash and cash equivalents	<u>42,749</u>	<u>63,027</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 2024 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 2024 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 2023.

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 2023.

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.

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.

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

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 2024					
Revenue					
External revenue	-	111,459	-	-	111,459
Results					
Interest income	38	221	2,072	(2,072)	259
Depreciation of property, plant and equipment	(1,033)	(6,098)	(1)	-	(7,132)
Gain on waiver of debts	391,612	-	-	-	391,612
Impairment on other investments reversed	-	28	-	-	28
Impairment losses on trade and other receivables (made)/reversed	-	(47)	608	-	561
Restructuring expenses	-	-	(11,862)	-	(11,862)
Finance costs	-	(4,006)	(51)	2,106	(1,951)
Share of results of joint ventures	15	-	(1,862)	-	(1,847)
Share of results of associates	-	-	29,913	-	29,913
Profit before tax	199,501	59,687	308,883	-	568,071

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 2024					
Additions to non-current assets	881	43,114	-	-	43,995
Investment in joint ventures	-	-	7,149	-	7,149
Investment in associate	-	-	39,328	-	39,328
Segment assets	1,360,855	1,854,643	64,089	(2,307,535)	972,052
Segment liabilities	2,439,386	2,170,470	666,198	(4,572,214)	703,840
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)
Impairment on other investments reversed	-	26	-	-	26
Impairment losses on trade and other receivables (made)/reversed	-	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

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

	3 months ended 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000
Revenue		
Malaysia	111,459	64,391
Non-current assets		
Malaysia	632,086	562,246
Singapore	2	2
	<u>632,088</u>	<u>562,248</u>

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

4. Segment and revenue information (Cont'd)

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

	31.03.2024	31.12.2023
	RM'000	RM'000
Property, plant and equipment	585,611	543,837
Investment in associates	39,328	9,415
Investment in joint ventures	7,149	8,996
	<u>632,088</u>	<u>562,248</u>

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

5. Other income

	The Group	
	3 months ended 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000
Foreign exchange gain, net	34,509	-
Gain on waiver of debts	391,612	-
Impairment losses on trade and other receivables reversed	561	-
Impairment on other investments reversed	28	26
Interest income	259	218
Reversal of share grant expenses	4,766	-
Miscellaneous	147	161
Rental income	6	-
Reversal of inventories written down	84,132	-
	516,020	405

6. Profit before tax

	The Group	
	3 months ended 31.03.2024 RM'000	3 months ended 31.03.2023 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	6,681	5,399
<i>Administrative expenses</i>		
Depreciation of property, plant and equipment	451	429
<i>Other operating expenses</i>		
Impairment losses on trade and other receivables made	-	45
Property, plant and equipment written off	860	-
Foreign exchange loss, net	-	7,414
Restructuring expenses	11,862	449

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 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000
Current income tax expense:		
- Current period	10,738	1,406
	10,738	1,406

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 31.03.2024 RM'000	3 months ended 31.03.2023 RM'000
Other related parties in which directors and key management have interest		
- purchases	81	234
- rental expense	216	213
	216	213

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

9. Net asset value

	The Group		The Company	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Net asset value per ordinary share (Malaysia sen)	65.7	(6.2)	(65.8)	(10.8)
Ordinary shares in issue	386,786,614	8,071,537,759	386,786,614	8,071,537,759

10. Property, plant and equipment

During the three months ended 31 March 2024, there were acquisition of assets amounting to RM43,995,000 (31.12.2023 – RM73,319,000) of which RM9,194,000 (31.12.2023 – RM72,690,000) has been paid and RM34,801,000 (31.12.2023 – RM38,030,000) were offset with receivables.

Including in the additions to property, plant and equipment for the three months ended 31 March 2023 was right-of-use assets of RM629,000.

11. Trade and other receivables

	The Group		The Company	
	31.03.2024 RM'000	31.12.2023 RM'000	31.03.2024 RM'000	31.12.2023 RM'000
Non-current				
Trade receivables from a third party	7,025	7,585	-	-
Less: Allowance for impairment losses	(7,025)	(7,585)	-	-
	-	-	-	-
Current				
Trade receivables	242,618	247,769	-	-
Less: Allowance for impairment losses	(24,207)	(21,452)	-	-
	218,411	226,317	-	-
Amount due from subsidiaries (non-trade)	-	-	69,886	15,737
Amounts due from associates and joint ventures (non-trade)	54,621	42,865	59	62
Deposits and other receivables	11,976	18,082	162	152
Less: Allowance for impairment losses				
- amount due from subsidiaries (non-trade)	-	-	(15,737)	(15,737)
- amounts due from associate and joint ventures (non-trade)	(27,499)	(30,009)	(61)	(62)
- other receivables	(3,059)	(3,049)	-	-
	36,039	27,889	54,309	152
Total trade and other receivables	254,450	254,206	54,309	152

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

11. Trade and other receivables (Cont'd)

The aging analysis of trade receivables are as follows:

	31.03.2024 RM'000	Financial year of which respective sales were reported
The Group		
Not impaired:		
Not past due	51,570	2024
Past due 1 to 3 months	82,181	2024
Past due 3 to 6 months	37,940	2023
Past due more than 6 months	46,720	2022 -2023
	<u>218,411</u>	
Past due and impaired	31,232	2016 - 2023
	<u>249,643</u>	

Receivables that were determined to be impaired as at 31 March 2024 are related to those which have been past due and have insufficient information to justify recoverability of the respective receivables, including those which are related to customers who are facing financial difficulties in fulfilling their obligations.

Those receivables that were determined to be impaired were not from the Group's major customers. The Group has ceased to transact with customers which outstanding debts are deemed doubtful of collection.

As at even date, RM19.9 million (or 9.1%) of the net trade receivables of RM218.4 million in 1Q2024 has been collected from the customers subsequent to 1Q2024. 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.

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

12. Share capital and share premium

	The Group and The Company			
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	'000	'000	RM'000	RM'000
<u>Share capital</u>	Number of ordinary shares			
Issued and fully paid				
At 1 January	8,078,216	7,950,937	3,977	3,904
Share consolidation	(7,997,434)	-	(3,937)	-
Issuance of :-				
- Term loan Shares	-	127,279	-	73
- Conversion Shares	176,193	-	105	-
- Settlement Shares	10,982	-	7	-
- Placement Shares	125,508	-	75	-
At 31 March/31 December	393,465	8,078,216	227	3,977

	The Group and The Company	
	31.03.2024	31.12.2023
	RM'000	RM'000
<u>Share premium</u>		
At 1 January	312,471	310,850
Issuance of :-		
- Term loan Shares	-	1,621
- Conversion Shares	241,590	-
- Settlement Shares	2,618	-
- Placement Shares	29,925	-
At 31 March/31 December	586,604	312,471

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

On 11 March 2024, pursuant to the terms of the Schemes of Arrangement in 2024 ("2024 Scheme"), Share consolidation and Capital reorganisation has taken effect. Each issued Share post Share Consolidation with a par value of HK\$0.10 shall be treated as one (1) fully paid Share with a par value of HK\$0.001 pursuant to the Capital Reorganisation and any liability of the holder of such Shares to make any further contribution to the share capital of the Company on each such Share shall be treated as satisfied.

On 12 March 2024, pursuant to the terms of the 2024 Scheme, an aggregate of 176,193,435 Conversion Shares were allotted and issued at an issue price of S\$0.40 per Conversion Shares to the Scheme Creditors in consideration of the repayment of outstanding debts and liabilities of the Company in accordance with the terms of the 2024 Scheme.

On 12 March 2024, pursuant to the terms of the 2024 Scheme, an aggregate of 10,981,923 Settlement Shares were allotted and issued at an issue price of S\$0.0697 per Settlement Shares to the Company's financial advisors as a part payment of professional fees, in accordance with the terms of the 2024 Scheme.

On 12 March 2024, pursuant to the terms of the 2024 Scheme, an aggregate of 125,507,689 Placement Shares were allotted and issued at an issue price of S\$0.0697 per Placement Shares to the Tan Sri Datuk Tiong Su Kouk as an interested person transaction.

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

13. Borrowings

	The Group		The Company	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Bilateral facilities debt (secured)	79,761	103,570	-	-
Term loan - sustainable debts (unsecured)	412,467	938,912	259,428	758,223
	<u>492,228</u>	<u>1,042,482</u>	<u>259,428</u>	<u>758,223</u>
Represented by:				
Current	41,859	1,042,482	32,794	758,223
Non-current	450,369	-	226,634	-
	<u>492,228</u>	<u>1,042,482</u>	<u>259,428</u>	<u>758,223</u>

Schemes of Arrangement in 2018 (the “2018 Schemes”)

During the financial year ended 31 December 2018, the Group concluded the debt restructuring exercise via 2018 Schemes. The Group and the Company obtained creditors’ approval for the 2018 Schemes on 22 January 2018 and 24 January 2018, respectively, upon which the Group and the Company applied to The High Court of the Republic of Singapore and The High Court of Malaya for the sanction of the 2018 Schemes. Nam Cheong Dockyard Sdn. Bhd. (“NCD”) Scheme and Nam Cheong International Ltd. (“NCI”) Scheme were sanctioned by the Malaysia Court on 12 July 2018, subsequent to which the Nam Cheong Limited (“NCL”) Scheme was sanctioned by the Singapore Court on 3 August 2018. On 20 August 2018, the NCL Scheme was approved by the Company’s shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring.

Following the issuance and allotment of the Rights Shares and Non-sustainable Debt Shares by the Company on 26 September 2018, and together with the payment by the Company under the Cash Out Option to eligible creditors pursuant to the 2018 Schemes on 28 September 2018, the Group and the Company have fulfilled the necessary steps to implement the 2018 Schemes.

Since the previous financial year, the Group breached the payment for Bilateral Facilities Debt, Term Loan Principal and Term Loan Cash Interest of Sustainable Debt until the completion of the debt restructuring exercise on 30 March 2024.

Non-sustainable Debt

Pursuant to the 2018 Schemes, each Non-sustainable Debt Share is allotted and issued at a conversion price of S\$0.045. Pursuant to the 2018 Schemes, an aggregate of 3,348,250,793 and 416,918,605 Non-Sustainable Debt Shares were allotted and issued in the financial year 2018 and 2021 respectively.

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

13. Borrowings (Cont'd)

Schemes of Arrangement in 2018 (the “2018 Schemes”) (Cont'd)

Term Loan - Sustainable Debt

US\$221,619,000 (equivalent to RM923,043,135) of the Sustainable Debt was restructured as the Term Loan. The tenure of the Term Loan is from 1 January 2018 to 31 December 2024. Interest is charged at 4% per annum. There will be no repayment of the principal from 2018 to 2020. 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 Group breached the payment for Term Loan Principal of 10% and 20% which was due on 31 December 2021 and 31 December 2022 respectively. The Group also breached the payment for Term Loan Cash Interest for the interest period from 1 January 2020 to 30 June 2020 which was due on 30 June 2020, interest period from 1 July 2020 to 31 December 2020 which was due on 31 December 2020, interest period from 1 January 2021 to 30 June 2021 which was due on 30 June 2021, interest period from 1 July 2021 to 31 December 2021 which was due on 31 December 2021, interest period from 1 January 2022 to 30 June 2022 which was due on 30 June 2022 and interest period from 1 July 2022 to 31 December 2022 which was due on 31 December 2022.

Bilateral Facilities Debt

Pursuant to 2018 Schemes, the Bilateral Facilities Debt is excluded from the 2018 Schemes. The maturity date of the Bilateral Facilities Debt was 31 December 2020. The Group breached the payment for Bilateral Facilities Debt amounting to RM100,568,000 which was due on 31 December 2020.

Pursuant to 2018 Schemes, the Bilateral Facilities Debt is excluded from the 2018 Schemes. The maturity date of the Bilateral Facilities Debt was 31 December 2020. The Group breached the payment for Bilateral Facilities Debt amounting to RM100,568,000 which was due on 31 December 2020.

Scheme of Arrangement in 2024 (the “2024 Scheme”)

The Group and the Company obtained creditors’ approval for the 2024 Scheme on 3 November 2023. The 2024 Scheme was subsequently sanctioned by the High Court of Malaya on 21 December 2023. Subsequently, on 29 February 2024, the proposed resolutions related to the restructuring was approved by the Company’s shareholders at a Special General Meeting for inter alia the issuance of new shares pursuant to the restructuring. On 30 March 2024, the Group concluded the debt restructuring exercise via 2024 Scheme and the Debt Restructuring Master Agreement (“DRMA”).

Following the issuance and allotment of the Conversion Shares, Settlement Shares and Placement Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the 2024 Scheme on or before 14 March 2024, the 2024 Scheme and the DRMA have become fully effective and unconditional on 30 March 2024.

Non-sustainable Debt

Pursuant to the 2024 Scheme, an aggregate of 176,193,435 Conversion Shares were allotted and issued at an issue price of S\$0.40 per Conversion Shares to the Scheme Creditors in consideration of the repayment of outstanding debts and liabilities of the Company in accordance with the terms of the 2024 Scheme.

Bilateral Facilities Debt

The Group has on 30 March 2024 concluded the debt restructuring exercise. Pursuant to 2024 Scheme the maturity date of the Bilateral Facilities Debt has been restructured and extended to 31 March 2026.

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

13. Borrowings (Cont'd)

Scheme of Arrangement in 2024 (the “2024 Scheme”) (Cont'd)

Sustainable Debt

The Sustainable Debt was restructured as Restructured Term Loan (“RTL”) 1B and RTL B respectively. The tenure of both RTL 1B and RTL B is from 30 March 2024 to 31 March 2031. Interest rates range between 3% to cost of fund plus 2% per annum. The principal of RTL 1B shall be repaid in 14 semi-annual instalments ranges between RM7,500,000 to RM27,500,000 per instalment commencing 30 September 2024. Whereas the principal of RTL B shall be repaid in 7 annual instalments ranges between RM13,000,000 to RM52,000,000 per instalment commencing 31 March 2025.

Security

The Bilateral facilities debts are secured by the underlying assets, comprising leasehold lands, buildings and vessels with carrying amount of RM5,448,000 (31.12.2023 – RM5,489,000), RM1,517,000 (31.12.2023 - RM1,528,000) and RM39,024,000 (31.12.2023 – RM38,506,000), 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 2024 and 31 December 2023:

	The Group		The Company	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost				
Trade and other receivables	254,450	254,206	54,309	152
Cash and bank balances	36,710	57,340	44	171
Fixed deposits	13,348	6,887	-	-
	<u>304,508</u>	<u>318,433</u>	<u>54,353</u>	<u>323</u>
Financial liabilities at amortised cost				
Bilateral facilities debt	79,761	103,570	-	-
Term loan	412,467	938,912	259,428	758,223
Lease liabilities	891	1,096	-	-
Trade and other payables	177,074	304,838	17,493	60,247
Provision for financial guarantee	31,975	51,874	31,975	51,874
	<u>702,168</u>	<u>1,400,290</u>	<u>308,896</u>	<u>870,344</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 first quarter of 2024. As at 31 March 2024, 66,785 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 first quarter of 2024. As at 31 March 2024, 1,143,564 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 standard).

The condensed consolidated statement of financial position of Nam Cheong Limited and its subsidiaries as at 31 March 2024 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 twelve 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 2023.

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 2023.

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

1Q2024 vs 1Q2023

	1Q2024				1Q2023				Variance			
	Revenue		Gross Profit	Margin	Revenue		Gross Profit	Margin	Revenue		Gross Profit	Margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Shipbuilding	-	-	-	n.m.	-	-	-	n.m.	-	n.m.	-	n.m.
Vessel Chartering	111,459	100%	49,652	45%	64,391	100%	26,009	40%	47,068	73%	23,643	91%
Total	111,459	100%	49,652	45%	64,391	100%	26,009	40%	47,068	73%	23,643	91%

For the three months ended 31 March 2024 ("1Q2024"), the Group's revenue from vessel chartering division increased by 73% from RM64.4 million in the previous corresponding three months ended 31 March 2023 ("1Q2023") to RM111.5 million in 1Q2024 mainly driven by improved daily charter rates and higher utilisation of larger vessels.

The shipbuilding segment did not register any revenue for both 1Q2024 and 1Q2023 as there was no vessel scheduled for delivery during the period.

Gross profit increased 91% year-on-year ("yoy") to RM49.7 million in 1Q2024, in tandem with the increase in revenue. Accordingly, the gross margin stood at 45% for 1Q2024, up 5 percentage points.

Other income was higher at RM516.0 million in 1Q2024 as compared to RM0.4 million recorded in 1Q2023, mainly attributable to the waiver of debts pursuant to the 2024 Scheme and the DRMA which have become fully effective and unconditional on 30 March 2024.

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 (Cont'd)

1Q2024 vs 1Q2023

Selling and administrative expenses increased by 30% yoy to RM11.0 million for 1Q2024, in tandem with the increase in revenue.

Other operating expenses of RM12.7 million in 1Q2024 was higher than RM7.9 million recorded in 1Q2023 mainly due to the restructuring cost. The impact was partially off-set by the absence of net foreign exchange loss during the period.

Following the conclusion of the debt restructuring, the finance costs decreased by 70% to RM2.0 million for 1Q2024.

Share of loss of equity accounted joint ventures of RM1.8 million in 1Q2024 is lower than RM0.5 million share of profit recorded in 1Q2023 mainly due to lower vessel utilisation during the period. Whereas, share of profit of associates of RM29.9 million in 1Q2024 is higher as compared to profit of RM0.6 million 1Q2023 is mainly due to the realisation of asset by one of the associates during the period.

Consequently, the Group registered a net profit after tax of RM557.3 million in 1Q2024 as compared to a net profit after tax of RM3.1 million in 1Q2023.

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

Total Assets

Total assets of the Group increased by 7% or RM65.2 million from RM911.3 million as at 31 December 2023 ("FY2023") to RM976.5 million as at 31 March 2024 ("1Q2024") mainly due to:

- (i) Property, plant and equipment increased by RM41.8 million or 8% from RM543.8 million to RM585.6 million as at 1Q2024 mainly due to acquisition of vessels amounting to RM43.7 million.
- (ii) Inventories increased by RM2.9 million from RM24.0 million to RM26.9 million mainly due to vessel under construction during the period.
- (iii) Cash and cash equivalents decreased by RM10.7 million or 10.0% from RM53.4 million to RM42.7 million mainly due to the acquisition of additional property, plant and equipment during the period.

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) (Cont'd)

Total Liabilities

Total liabilities of the Group significantly decreased by 49% or RM691.6 million from RM1.413 billion as at FY2023 to RM722.4 million as at 1Q2024 mainly due to the 2024 Scheme and the DRMA which have become fully effective and unconditional on 30 March 2024.

- (i) Borrowings decreased by RM550.3 million or 53% from RM1.042 billion as at FY2023 to RM492.2 million as at 1Q2024 as a result of the issuance and allotment of the Conversion Shares by the Company on 12 March 2024, and together with the payment of Conversion Cash by the Company to eligible creditors pursuant to the 2024 Scheme on or before 14 March 2024;
- (ii) Trade and other payables decreased by RM128.6 million or 42% from RM307.3 million as at FY2023 to RM178.7 million as at 1Q2024 mainly due to waiver of interest as a result of the 2024 Scheme; and
- (iii) Current tax payables was higher at RM10.4 million as at 1Q2024 as compared to RM2.6 million as at FY2023 as a result of the increase in profit before tax during the period.

(c) Condensed Interim Consolidated Statements of Cash Flows

1Q2024

Net cash from operating activities of RM3.9 million in 1Q2024 was mainly due to collection from customers during the period.

Net cash used in investing activities of RM17.5 million in 1Q2024 was mainly due to the advances to associates and joint ventures as well as payment made for acquisition of property, plant and equipment during the period.

Net cash from financing activities of RM3.3 million in 1Q2024 was mainly due to the decreased in restricted cash with licensed banks.

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.

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

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

Benchmark crude oil prices fluctuated between US\$75 to US\$91 per barrel since the beginning of the year, reflecting the volatile and uncertain economic environment as well as heightening geopolitical tensions.

Oil and gas capital expenditures (“CAPEX”) are expected to remain elevated, with a projected growth rate reaching 17% in 2024, up from 16% in 2023 and 7% in 2022¹. The increasing offshore activities have driven up day rates for offshore support vessels (“OSV”).

According to the Bank Negara Malaysia, the Malaysian economy is projected to grow between 4% and 5% in 2024, up from 3.7% achieved in 2023, underpinned by resilient domestic demand and improvements in external demand. However, the inflation outlook is still subject to risks from potential price adjustments in consumer goods and energy, along with external pressures from exchange rates and global commodity prices².

The sustaining oil and gas CAPEX and improving daily charter rates support a favourable long-term prospect for the Group as a significant player in the offshore oil and gas supply chain. Following the completion of the debt restructuring and great improvement in its capital structure, the Group is well-positioned to advance its business recovery and fully participate in the industry growth cycles.

^[1] Offshore Magazine: Oil and gas capex to remain elevated, even grow marginally, 13 February 2024

^[2] Bank Negara Malaysia: Bank Negara Malaysia Publishes Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review for Second Half 2023, 20 March 2024

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.

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

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 2024 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

15 May 2024