



NAM CHEONG LIMITED
(Company Registration No. 25458)
(Incorporated in Bermuda)

REPAYMENT OF TERM LOAN

1. INTRODUCTION

The Board of Directors ("**Board**") of Nam Cheong Limited ("**Company**") and its subsidiaries (together, the "**Group**") refers to:

- (a) its announcement dated 16 July 2018 in relation to, amongst other things, the sanction of the schemes of arrangements (with modifications) proposed between Nam Cheong Dockyard Sdn Bhd ("**NCD**") and Nam Cheong International Ltd ("**NCI**") and their respective creditors ("**NCD Scheme**" and "**NCI Scheme**" respectively);
- (b) its circular to Shareholders dated 27 July 2018 relating to, amongst other things, the issuance of the Term Loan Shares ("**Circular**");
- (c) its announcement dated 3 August 2018 in relation to, amongst other things, the sanction of the scheme of arrangements (with modifications) proposed between the Company and its creditors ("**NCL Scheme**", collectively with the NCD Scheme and the NCI Scheme, the "**Schemes**");
- (d) the offer information statement dated 3 September 2018 relating to the Rights Issue ("**Offer Information Statement**");
- (e) its announcement dated 28 September 2018 in relation to the implementation of the Schemes;
- (f) its announcement dated 1 October 2020 in relation to NCD's admission into the Corporate Debt Restructuring Committee ("**CDRC**") of Malaysia;
- (g) its announcement dated 8 January 2021 in relation to the Term Loan Interest;
- (h) its announcement dated 4 February 2021 in relation to updates on the issuance of non-sustainable debt shares and term loan shares; and
- (i) its announcement dated 25 June 2021 in relation to the suspension of repayment of Term Loan Principal due on 30 June 2021 and Term Loan Cash Interest for the 7th Interest Period.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Circular and the Offer Information Statement.

2. REPAYMENT OF TERM LOAN PRINCIPAL AND INTEREST

Pursuant to the terms of the Schemes, the Company is required to repay the principal and service accrued interest on the Term Loan Facility in the following manner:

- (a) repay the principal outstanding under the Term Loan Facility ("**Term Loan Principal**") in 8 half-yearly instalments commencing from Review Year 4 in the following percentages on the last day of the Interest Period. The second repayment shall fall on 31 December 2021:
 - i. Review Year 4 – 10%;
 - ii. Review Year 5 – 20%;
 - iii. Review Year 6 – 30%; and
 - iv. Review Year 7 – 40%.
- (b) 2% per annum accrued interest payable in cash ("**Term Loan Cash Interest**") on the last day of each Interest Period, with the first Interest Period having commenced on 1 January 2018; and
- (c) 2% per annum accrued interest for each Interest Period payable by way of the Term Loan Shares to be allotted and issued on the last day of each Review Year, or as soon as practicable after the Review Year. ("**Term Loan Shares**")

The Group's charters are primarily in Malaysia where economic conditions remain fluid. The economic conditions have been further exacerbated by a full nationwide lockdown imposed under the Full Movement Control Order ("**FMCO**") from 1 June 2021. Despite the recent increase in global oil prices, oil majors remain cautious as evidenced in the Petronas Activity Outlook report released in December 2020. Oil majors continue to rationalise costs and remain non-committal to higher levels of capital expenditure, prolonging the tight margins earned by service providers across the value chain, including the Group. As announced on 25 June 2021, this has resulted in cash constraints and the ability of the Company to honour its commitments. Consequently, we regret that repayment of Term Loan Principal due on 31 December 2021 and Term Loan Cash Interest portion for the Interest Period from 1 July 2021 to 31 December 2021 ("**8th Interest Period**") will have to be suspended.

As announced on 1 October 2020, NCD was admitted into the CDRC for assistance to mediate a debt restructuring between NCD and its financial creditors. Since November 2020, NCD has been engaging actively with both its financial creditors and trade creditors. After its admission into the CDRC process, NCD, together with its advisors, has prepared an initial debt restructuring proposal for review by the CDRC and was presented to the financial creditors.

After a series of discussions and negotiations, 7 out of 8 financial creditors have responded favourably to the debt restructuring proposal. The one remaining financial creditor is awaiting deliberation and approval from their Board committee, which is envisaged to take place in early 2022. Obtaining the requisite approvals from the financial creditors will allow the Group's restructuring efforts to progress to the next stage, i.e. to propose a restructuring to the creditors of the Company by way of a Scheme of Arrangement pursuant to the Companies Act (Cap.50) or otherwise.

In the interim, the Company wishes to express its appreciation of the Term Loan Creditors' indulgence and understanding to date. We shall revert in the near future with an update of the ongoing negotiations with the creditors, and updates on the proposed business plan. Ensuring continuing underlying viability of the Group and operating with a strengthened balance sheet, including an ability to withstand future shocks, are critical aspects of this current exercise.

In relation to the Term Loan Shares, **NOTICE IS HEREBY GIVEN** that Friday, 31 December 2021, 5:00 pm shall be the record date and time for the purpose of determining the persons who are eligible to receive the Term Loan Shares for the Interest Periods from 1 January 2021 to 30 June 2021 and from 1 July 2021 to 31 December 2021 and to be allotted and issued for the Review Year from 1 January 2021 to 31 December 2021 ("**Review Year 4**").

Further announcement(s) will be made by the Company in due course on the allotment and issuance of the Term Loan Shares for Review Year 4.

No definitive agreements in relation to any future Restructuring (as defined in the Company's announcement dated 1 October 2020) options have been entered into by the Group as at the date of this announcement. There is no assurance or reasonable certainty that any discussions or any Restructuring options will materialise or be successfully concluded, although we are hopeful that the Group can reach a viable solution. In the event the Restructuring is not concluded within a timely manner, the Company/Group will continue to be faced with a going concern issue.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments, in compliance with the listing rules of the Singapore Exchange Securities Trading Limited.

Trading in the Company's securities on the SGX-ST were voluntarily suspended on 28 April 2020.

Given the above matters and pending the completion of the Restructuring, stakeholders and potential investors should exercise caution when trading in the Company's securities. When in doubt as to the action they should take, stakeholders and potential investors should consult their financial, tax or other advisers.

**BY ORDER OF THE BOARD
NAM CHEONG LIMITED**

Kong Wei Fung
Cheok Hui Yee
Company Secretaries

24 December 2021