



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

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## **RESPONSE TO QUESTIONS FROM SHAREHOLDERS**

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

- (a) the Company’s annual report for the financial year ended 31 December 2020 (“**AR FY2020**”);
- (b) the notice of the annual general meeting (“**AGM**”) issued on 14 April 2021 informing the shareholders of the Company that the AGM will be convened and held by way of electronic means on 30 April 2021 at 10.00 am; and
- (c) the accompanying announcement in relation to the AGM (“**AGM Announcement**”).

The Company would like to thank the shareholders for their co-operation in submitting their queries in accordance to the deadline set out in the AGM Announcement.

The Company has set out its responses to all questions in this announcement.

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

Kong Wei Fung  
Cheok Hui Yee  
Company Secretaries

30 April 2021

### **Shareholder's Question 1:**

**Please explain the large losses in 2020 as well as the disclaimer of opinion by the auditor?**

### **Company's Response:**

As the novel coronavirus pandemic worldwide aggravated the weak offshore and marine industry, the Group, like many oil and gas companies, found itself struggling with depressed asset valuations. The large losses in FY2020 were due primarily to the costly impairments, inventory write-down, accretion of non-current trade payables, and additional provisions.

Auditors concluded the disclaimer of opinion because they were unable to perform the necessary audit procedures to assess the Group's ability to continue as a going concern as there was insufficient audit evidence to measure the financial impact of any provision for onerous contracts and/or defaulted contingent liabilities. Please refer to the Company's [announcement](#) on 9 April 2021 for further details.

### **Shareholder's Question 2:**

**Nam Cheong has suspended the interest payments for the bonds (Term Loan) that had been restructured due to defaults, during the Covid-19 period. What is Nam Cheong's plan to restart paying the interest payments and are there any changes to the schedule for the principal payment?**

**Will Nam Cheong be commencing the principal repayment of the Term Loan this year?**

**Please provide update on the progress and arrangements of these payments.**

**What is the strategic plan to bring the company back to profitability?**

### **Company's Response:**

In the intervening years oil prices continue to remain volatile, and the outlook for the oil and gas industry remains challenging. Demand for oil remains indifferent and unpredictable and consequently, oil majors continue to adopt a cautious approach. The Petronas Activity Outlook report for 2021 to 2023 released in December 2020 was bearish, the outlook of the industry remains uncertain with the effects of the pandemic difficult to estimate resulting in reduction in capital expenditure and cost cutting.

The resultant effect is tighter margins for service providers across the value chain. We continue to operate under severe cash flow constraints and regret that payment for the Term Loan Cash Interest portion will remain suspended for the time being. In respect of the Term Loan interest payable in issuance of NCL shares, as announced on 4 February 2021, an aggregate of 127,349,912 Term Loan Shares were issued and allotted by the Company on 3 February 2021 for Review Year 3 in relation to the Interest Periods from 1 January 2020 to 31 December 2020.

As announced on 1 October 2020, the Company's wholly owned subsidiary Nam Cheong Dockyard Sdn Bhd ("**NCD**") was admitted into the Corporate Debt Restructuring Committee of Malaysia ("**CDRC**") for assistance to mediate a debt restructuring between NCD and its financial creditors. The most recent CDRC Creditors' Meeting was held on 22 February 2021, which was followed by a series of bilateral meetings with NCD's financial creditors to present and discuss the business plan and roadmap for the company going forward. The process is continuing and further meetings are presently scheduled with NCD's financial creditors.

Notwithstanding the difficult operating environment, discussions are progressing, and we are optimistic that a positive outcome can be achieved.

We shall revert in the near future with an update of the outcome of the negotiations between NCD and its financial and secured creditors and, subject to a successful outcome, disclosure of the proposed business plan and update on the payment arrangement plan. As stated in our announcement on 1 October 2020, any such plan must ensure underlying viability and generation of sufficient EBIDTA to meet the Company's obligations as and when they fall due. The plan, which is subject to the satisfactory conclusion of the current financial restructuring under the auspices of CDRC and the business environment that the Group is operating in, returns to some level of stability and normality, would also entail operating with a strengthened balance sheet, and the ability to withstand future shocks. In the interim, the Company craves the indulgence and understanding of the creditors.

**Shareholder's Question 3:**

**Nam Cheong has suspended trading of its shares on SGX. What are the criteria that Nam Cheong will need to meet to resume trading on SGX? What will be the expected timeline, if any?**

**May I know when the suspension will be lifted?**

**Company's Response:**

As of 28 April 2020, and as mentioned in the Company's announcement on that date, the Board of Directors was unable to reasonably assess the Company's financial position and was unable to demonstrate to the Exchange and its shareholders that the Company was able to continue as a going concern. For this reason, the Board was of the opinion that the trading in the Company's securities should be voluntarily suspended pursuant to Listing Rule 1303(3), and requested the SGX to suspend the trading of the Company's securities.

As mentioned in our previous announcements, including the announcement dated 1 October 2020, the Company is presently undergoing a Restructuring exercise. As such, the resumption of trading of the Company's securities on SGX is subject to, *inter alia*, the satisfactory conclusion of the restructuring and the offshore and marine industry to return to some level of normality, the ability to demonstrate to the Exchange that the Company is able to continue as a going concern, and approval from SGX.

The Company will provide updates on the Restructuring, at appropriate junctures throughout the process. Further announcements will be also made by the Company and the Board via SGXNET as and when there are any material developments in compliance with the listing rules of the Singapore Exchange Securities Trading Limited.