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Nam Cheong Limited
("NCL" or "the Company")

Informal Meeting with Term Loan Creditors

7 March 2023

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Important Notes

Term Loan Creditors should note that no resolutions are being proposed for adoption at this Informal Meeting, which is not intended to, and does not constitute, a meeting convened pursuant to Section 366 of the Companies Act 2016 of Malaysia. This Informal Meeting has been called solely to update the Term Loan Creditors on the Restructuring options and the terms of the scheme of arrangement to be proposed between the Company and the scheme creditors (the "**New NCL Scheme**"), and no decisions or voting will be made, and no resolutions will be proposed, at this Informal Meeting.

Please be informed that:

- this Informal Meeting is not intended to be, and does not amount to, a meeting under or in connection with the terms of the New NCL Scheme;
- this Informal Meeting has been called solely for the dissemination of information and no decisions or voting will be made at the Informal Meeting;
- this Informal Meeting is private and confidential and will be held on an entirely 'without prejudice' basis; and
- in addition to Term Loan Creditors on the records of the Company who presently are recognised as Term Loan Creditors under the terms of the New NCL Scheme, there may be persons holding the underlying beneficial interest who may also attend the Informal Meeting, and the reason why these persons have been allowed to attend is not in recognition of their status as Term Loan Creditors but solely as a practical measure to facilitate the dissemination of information to such persons whom nominee Term Loan Creditors having rights may take instructions from.

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Agenda

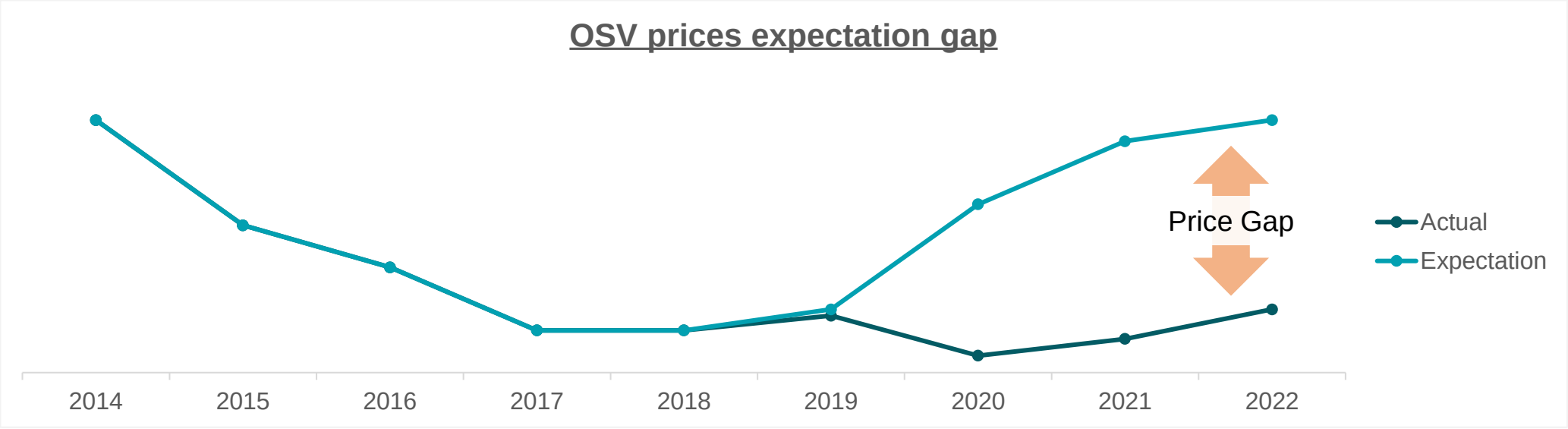
1. Key assumptions in the 2018 restructuring
2. Industry & business update
3. Proposed Restructuring Scheme
4. Next steps & Key Milestones for Term Loan Creditors
5. Q&A



Key assumptions in the 2018 restructuring

Key assumptions in the 2018 restructuring

- The OSV market will return to the 2014's price level between year 2018 to 2024 to enable the vessels to be disposed at 2014's price level to fund the debt repayment



- Transformation of business from shipbuilding to chartering to provide sustainable revenue

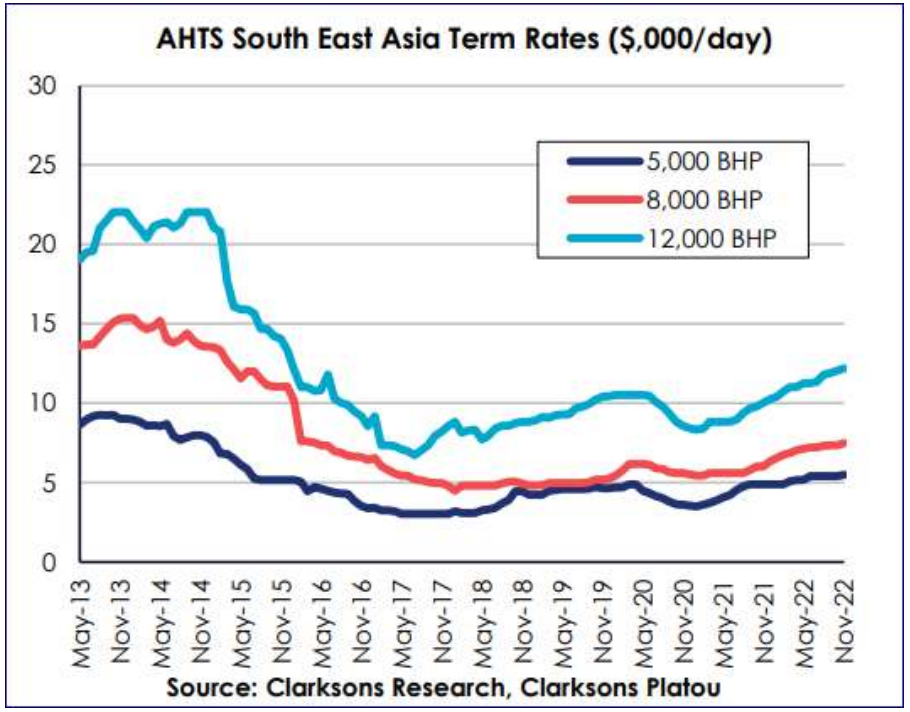
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Industry & Business Update

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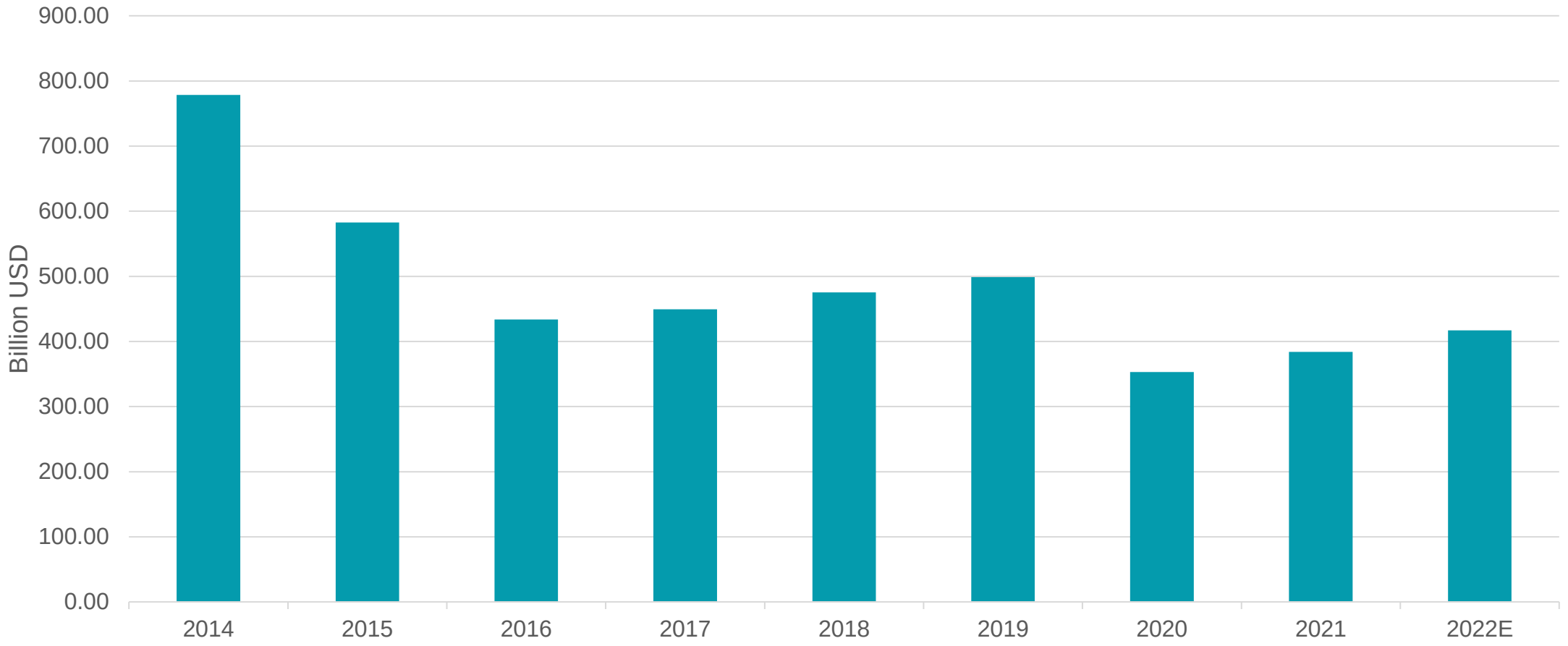
Oil price has recovered 70-80% but the recovery of the offshore vessel market is still lagging





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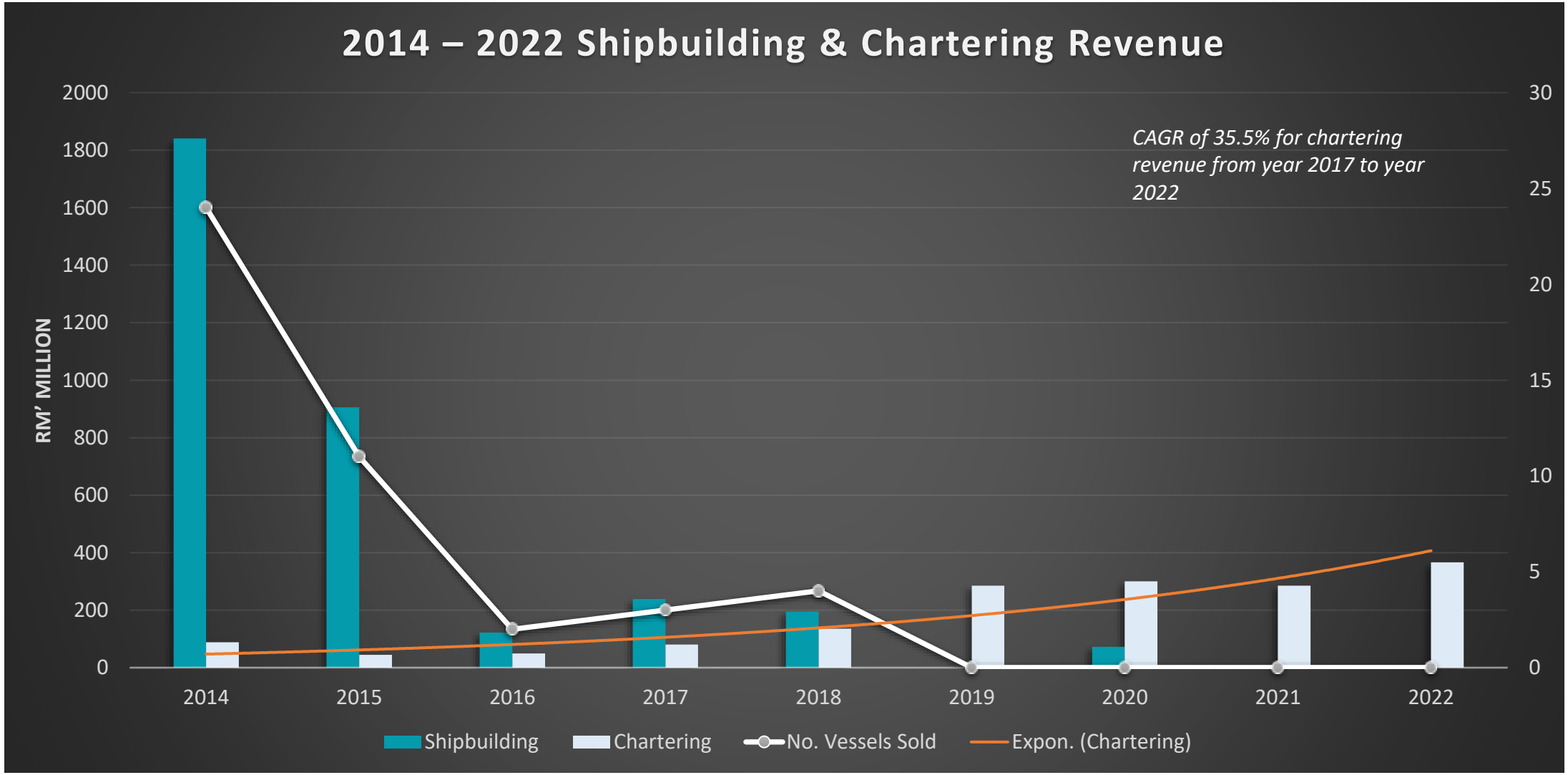
Global O&G upstream capex remains below pre-Covid / previous peak



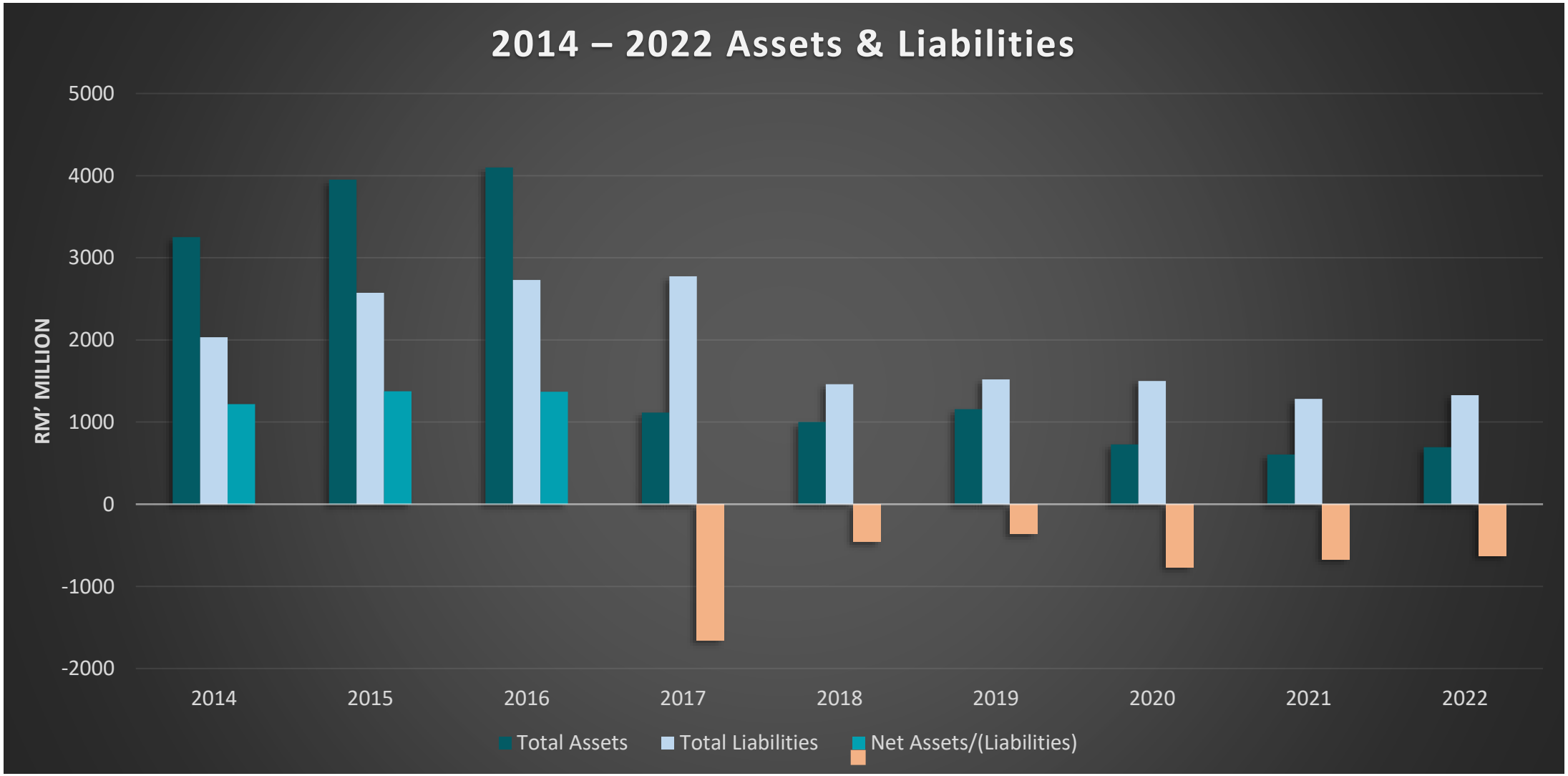
Source: IEA

O&G upstream capital expenditure

Successful transformation to OSV chartering



Due to the slow recovery of asset prices, the Group remains in a net liability position



In summary

Successful transformation to chartering but not enough

Depressed asset price

Net liability and no longer going concern

This resulted in a need for a 2nd restructuring.

Proposed Restructuring Scheme

Restructuring Objectives



Proper reset required at this time

- Loss of credibility with each restructuring
- Sustainable debt level, i.e., can meet obligations when they fall due

Revamped balance sheet for the Group going forward

- Liabilities supported by assets, positive shareholders' funds
- Recapitalised entity with underlying viability and potential for growth
- Attractive to providers of capital (debt and equity)

Chronology of Events

Apr'20	• Voluntary suspension in the trading of the Company's securities
Oct'20	• Admission into Corporate Debt Restructuring Committee ("**CDRC**"), a mediation intermediary in Malaysia under the Central Bank of Malaysia, for NC's second debt restructuring negotiations with the financial institutions.
Nov '20 to Apr'22	• Nam Cheong have been actively engaging with its financial institution creditors under the auspices of CDRC. • Discussions with financial institutions were prioritised as some of the Company's debts with these financial institutions are secured against the assets of the Group. • Enforcement by the secured creditors would trigger a cross default and cause the liquidation of the Group.
May'22	• Following many rounds of feedback and negotiations, all of the financial institutions have provided their approval-in-principle for the proposed restructuring.
Mar'23	• The Debt Restructuring Master Agreement which embodies the terms of the proposed restructuring is expected to be finalised and executed by mid-March 2023.

The individual term loan creditors will be treated fairly and equitably, in a similar manner to the unsecured financial institutions creditors of NCL (i.e. identical settlements).

Overview of the restructuring

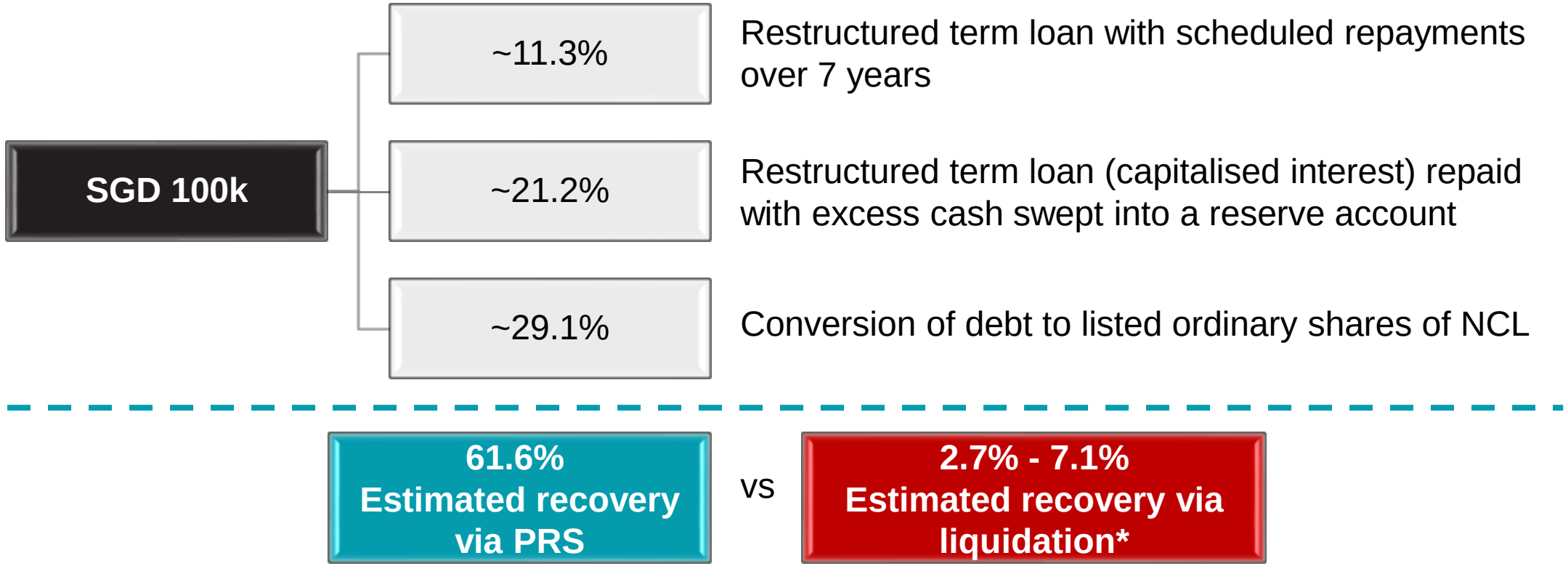
1. Existing debts will be restructured into:
    - 7-year term loan with scheduled repayments;
    - 7-year restructured term loan with capitalised interest and repaid through excess cash sweep deposited in a reserve account;
    - Conversion of debt into a new issuance of NCL ordinary shares
2. Proceeds from disposal of non-core charged assets earmarked for disposal will be utilised to repay the respective secured creditors.
3. Secured debts in Nam Cheong International ("**NCI**") which are not settled via the value of the charged assets will rank rank *pari passu* with NCI's unsecured debts and settled under the NCL Scheme (guarantor settlement).
4. All unsecured creditors of NCL (i.e. term loan creditors and financial institutions), will be treated on a fair and equitable basis under the NCL Scheme of Arrangement.

Proposed Restructuring Scheme

	Pre-restructuring	Post-restructuring		
Financial Institution and Individual Term Loan Creditors	Secured Debt (RM106.2 mil)	7-year Restructured Term Loan	:	RM 215.0 mil
		Secured term loans to be redeemed from disposal proceeds of non-core assets		RM 54.3 mil
	Unsecured Debt (RM1.0 bil)	7-year RTL B (capitalised interest)	:	RM 200.0 mil
		Debt converted into equity (new ordinary shares of NCL)*	:	RM 275.0 mil
		Debt forgiveness on the remaining amounts		
Commitment by Tan Sri Datuk Tiong	Injection of RM50 mil of new money to support 2017 restructuring, via subscription of rights issue	**Injection of new money** • RM30 mil injection of new money via subscription of private placement • Proceeds will be used to fund cash-out option at the election of NCL's scheme creditors. **Undertaking** • Undertaking to make good any shortfall in the build-up of a "sinking fund" up to a limit of RM19.2 mil.		

* Portion of Creditors issued shares are entitled to elect to receive in cash instead of shares, and available cash to be split *pari passu* amongst all creditors electing to receive cash

Illustration of settlement for Term Loan Creditors

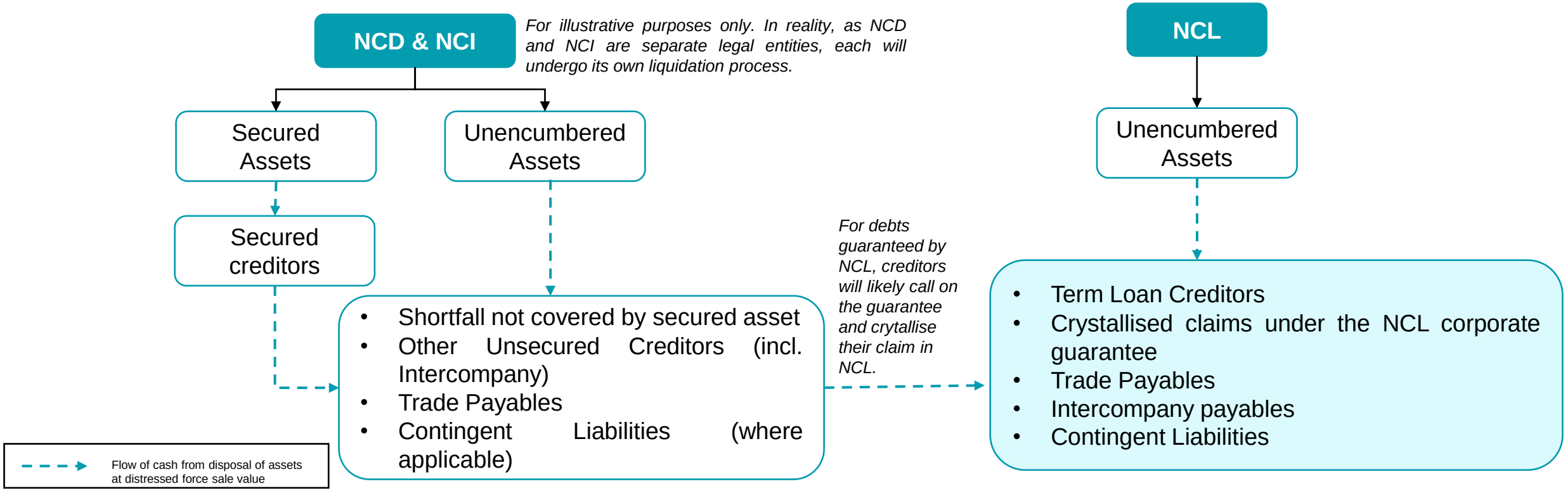


Recovery under a restructuring significantly higher than liquidation

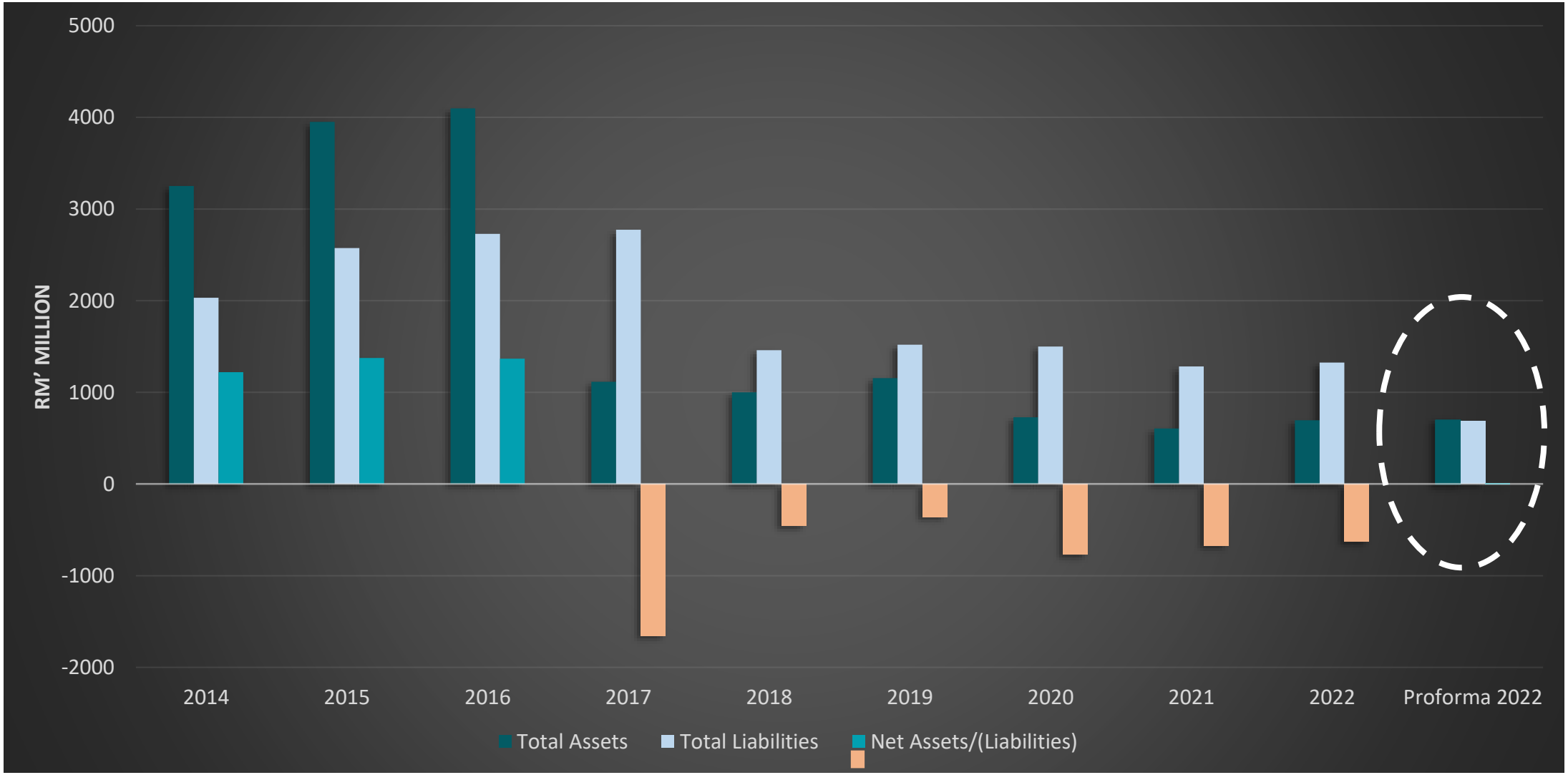
* Analysis performed using 31 December 2022 balance sheets

Liquidation Analysis

- NCL is the borrower for the term loan creditors.
- Term loan creditors (individuals and financial institutions) are unsecured.
- NCL is the holding company of the Group. Its assets comprise primarily of shares in subsidiaries (which have their own creditors that rank in priority) and intercompany receivables.
- Under a liquidation, assets of the Group are likely to be disposed at distressed force sale values. The proceeds will be distributed by the liquidator to the creditors of the respective entities over time.
- Flow of funds are illustrated as follows:



Net Assets is expected to return to positive post restructuring



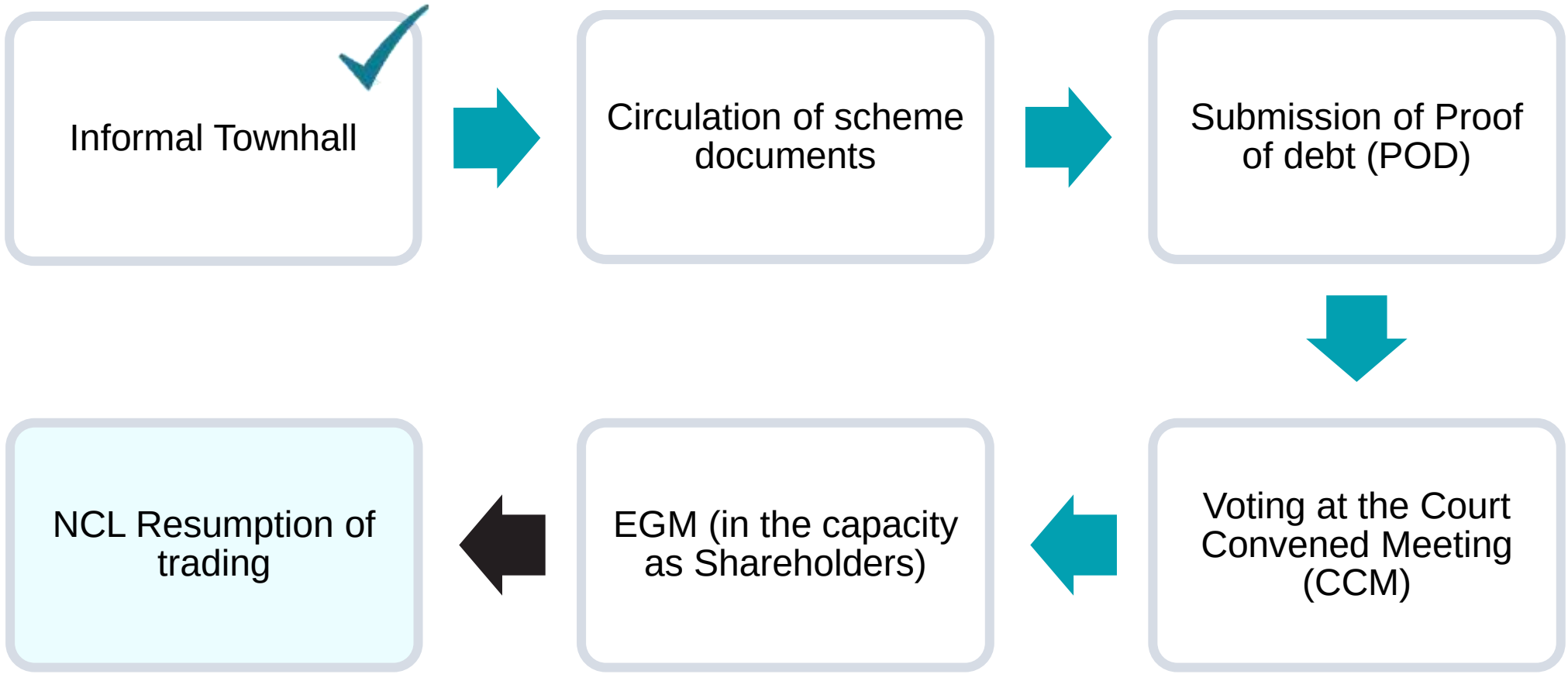
Next Steps & Key Milestones for Term Loan Creditors

Next steps

	Milestones
Scheme	• Application to Court for convening of creditors' meeting in relation to the Scheme • Court Convened Scheme meeting • Court application to sanction the Scheme
Agreement with FIs	• Execution of Debt Restructuring Master Agreement with Financial Creditors
Whitewash Waiver	• Application to the Securities Industry Council ("SIC") for a waiver of the requirement for TST and his concert parties to make a mandatory takeover offer • Grant of waiver from SIC
Corporate Proposals	• Clearance of circular from SGX-ST • Dispatch of circular to shareholders • Extraordinary general meeting (assuming 21 days' notice period from notice of EGM) • Subscription by TST of the private placement of the Company's shares • Completion of Scheme and debt-to-equity restructuring
Resumption of trading	• Submission of resumption of trading proposal to SGX • Receive in-principle approval from SGX-ST (assuming 8-12 weeks from submission) • Resumption of trading

Key Milestones for Term Loan Creditors

Summary of key milestones for term loan creditors



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Q&A

THANK YOU