



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;
- (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;
- (j) its announcement dated 24 December 2021 in relation to the suspension of repayment of Term Loan Principal due on 31 December 2021 and Term Loan Interest for the 8th Interest Period; and
- (k) its announcement dated 25 May 2022 in relation to the updates on restructuring.

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 third repayment shall fall on 30 June 2022:
 - 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.

Despite the recent increase in global oil prices, oil majors remain cautious and continue to rationalise costs, prolonging the tight margins earned by service providers across the value chain, including the Group. Daily charter rates remain low and business costs have been escalating amid inflationary environment. Offshore Support Vessel ("**OSV**") owners and operators across the oil and gas industry are encountering these continuous adverse circumstances, and which was highlighted by the Malaysia OSV Owners' Association in the news recently.¹ 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 30 June 2022 and Term Loan Cash Interest portion for the Interest Period from 1 January 2022 to 30 June 2022 ("**9th 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 institution ("**FI**") 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.

Following many rounds of feedback and negotiations with the FI creditors, NCD, together with its advisors, evolved a revised debt restructuring proposal which was presented to the FI creditors earlier this year.

As announced on 25 May 2022, after further rounds of negotiations, the Group had reached an in-principle agreement with all its FI creditors for the proposed restructuring (the "**Restructuring**"). The Restructuring will now proceed with documentation and subject to conditions that will be set out in definitive agreements to be entered into between all relevant parties. The Group is working closely with all to ensure the process can be completed in an expedient manner.

In parallel with the above, the Group will also work towards the restructuring of its other liabilities and will in due course call a meeting of the creditors of the Company to update them on the next steps.

¹ [Local O&G players in limbo despite high oil prices – The Edge Markets, March 14, 2022](#)

Any further material developments relating to the Restructuring will be disseminated at the appropriate juncture. There is no assurance or reasonable certainty that any Restructuring options will be successfully concluded, although we are hopeful that the Group can achieve a viable solution going forward. 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 June 2022