

CIRCULAR DATED 7 FEBRUARY 2024

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Nam Cheong Limited ("**Company**"), you should immediately forward this Circular (as defined herein), the Notice of Special General Meeting (as defined herein) and the Proxy Form (as defined herein) to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the (i) listing of and quotation for the Consolidated Shares (as defined herein), the Conversion Shares (as defined herein), the RTL 3 Shares (as defined herein), the Settlement Shares (as defined herein), the Placement Shares (as defined herein), and the Award Shares (as defined herein) on the Mainboard of the SGX-ST; and (ii) resumption of trading of its Shares (as defined herein) on the Mainboard of the SGX-ST, subject to certain conditions. The Consolidated Shares, the Conversion Shares, the RTL 3 Shares, the Settlement Shares, the Placement Shares, and the Award Shares will be admitted to the Mainboard of the SGX-ST and official quotation is expected to commence after all conditions are satisfied, all certificates relating to the Consolidated Shares, the Conversion Shares, the RTL 3 Shares, the Settlement Shares, the Placement Shares, and the Award Shares having been issued and the notification letters from The Central Depository (Pte) Limited ("**CDP**") having been despatched respectively at the relevant time. The Company will update Shareholders on the expected date it will resume trading on the SGX-ST separately.

Approval in-principle by the SGX-ST is not to be taken as an indication of the merits of the Consolidated Shares (as defined herein), Conversion Shares (as defined herein), the RTL 3 Shares Issue (as defined herein), the Settlement Shares (as defined herein), the Placement Shares (as defined herein), the Award Shares (as defined herein), the Proposed Private Placement (as defined herein) and the Company and/or its subsidiaries.

This Circular does not constitute an offer to sell or a solicitation of an offer to buy shares nor shall there be any sale of any shares in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under any securities laws of such jurisdiction. This Circular is issued to Shareholders (as defined herein) solely for the purpose of providing Shareholders with the information pertaining to, and seeking Shareholders' approval for the resolutions to be proposed at the Special General Meeting (as defined herein). Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.



NAM CHEONG LIMITED

(Incorporated in Bermuda)
(Company Registration Number 25458)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED CONSOLIDATION OF EVERY ONE HUNDRED (100) EXISTING SHARES AS AT THE SHARE CONSOLIDATION RECORD DATE (AS DEFINED HEREIN), INTO ONE (1) CONSOLIDATED SHARE (AS DEFINED HEREIN);
- (2) THE PROPOSED CAPITAL REORGANISATION (AS DEFINED HEREIN);
- (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 202,187,230 CONVERSION SHARES (AS DEFINED HEREIN) AT AN ISSUE PRICE OF S\$0.40 EACH (POST-SHARE CONSOLIDATION) TO THE SCHEME CREDITORS (AS DEFINED HEREIN) PURSUANT TO THE NCL DEBT REDEMPTION (AS DEFINED HEREIN);
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 5,201,593 RTL 3 SHARES (AS DEFINED HEREIN) AT AN ISSUE PRICE OF S\$0.40 EACH (POST-SHARE CONSOLIDATION) TO THE RTL 3 CREDITOR (AS DEFINED HEREIN) PURSUANT TO THE DRMA (AS DEFINED HEREIN);
- (5) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 10,981,923 SETTLEMENT SHARES (AS DEFINED HEREIN) AT AN ISSUE PRICE OF S\$0.0697 EACH (POST-SHARE CONSOLIDATION) TO SAGE 3 (AS DEFINED HEREIN);
- (6) THE PROPOSED PRIVATE PLACEMENT OF UP TO 125,507,689 PLACEMENT SHARES (AS DEFINED HEREIN) AT AN ISSUE PRICE OF S\$0.0697 (POST-SHARE CONSOLIDATION) FOR EACH PLACEMENT SHARE TO TAN SRI DATUK TIONG SU KOUK AS AN INTERESTED PERSON TRANSACTION;
- (7) THE PROPOSED WHITEWASH RESOLUTION (AS DEFINED HEREIN) FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM TAN SRI DATUK TIONG SU KOUK AND HIS CONCERT PARTIES FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE PROPOSED PRIVATE PLACEMENT (AS DEFINED HEREIN);
- (8) THE PROPOSED TERMINATION OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2018 (AS DEFINED HEREIN);
- (9) THE PROPOSED ADOPTION OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024 (AS DEFINED HEREIN);
- (10) THE PROPOSED PARTICIPATION BY TAN SRI DATUK TIONG SU KOUK, A CONTROLLING SHAREHOLDER (AS DEFINED HEREIN), UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
- (11) THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TAN SRI DATUK TIONG SU KOUK, A CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
- (12) THE PROPOSED PARTICIPATION BY TIONG CHIONG SOON, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER (AS DEFINED HEREIN), UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
- (13) THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TIONG CHIONG SOON, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
- (14) THE PROPOSED PARTICIPATION BY TIONG CHIONG HIUNG, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024; AND
- (15) THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TIONG CHIONG HIUNG, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024.

Independent Financial Adviser in respect of the Proposed Whitewash Resolution



W CAPITAL
MARKETS

W Capital Markets Pte. Ltd.

(Incorporated in Singapore)
(Company Registration Number 201813207E)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	Tuesday, 27 February 2024 at 3.00 p.m.
Date and time of Special General Meeting	:	Thursday, 29 February 2024 at 3.00 p.m.
Place of Special General Meeting	:	Furama RiverFront Hotel, Venus Ballroom I (Level 3), 405 Havelock Road, Singapore 169633

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

- “27 July 2018 Circular”** : The Company’s circular dated 27 July 2018 to Shareholders
- “2018 Scheme”** : The scheme of arrangement between the Company and its creditors at the time, including without limitation the Term Loan Creditors, dated 23 November 2017, as approved by the Court on 3 August 2018
- “Account Holder”** : A person who holds an interest in any “term loan option” under the term loan facility granted by the Company under the 2018 Scheme on behalf of another person or persons (or, as the context may require, who held an interest at the Cut-Off Date)
- “Affiliates”** : In relation to:
- (a) any Personnel, or Major Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
 - (b) any Person means, its current and former direct and indirect subsidiaries, subsidiary undertakings, parent companies, holding companies, companies under the control of common parent companies, partners, equity holders, members and managing members, affiliated partnerships and any of their respective Affiliates,
- and **“Affiliate”** means any one of them
- “Agreed Debt”** : The amounts shown in the Scheme Document representing the restructured indebtedness of the creditors pursuant to the Restructuring; and calculated by deducting from the total indebtedness owed to each creditor as at 30 September 2020, the Waived Claims
- “Associate”** : (1) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustee of any trust of which he and his immediate family is a beneficiary of or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and

DEFINITIONS

- (2) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- “Authorised Capital Diminution”** : The diminution of the authorised share capital of the Company in connection with the Proposed Capital Reorganisation
- “Authorised Capital Increase”** : The increase in the authorised share capital of the Company to HK\$4,000,000 in connection with the Proposed Capital Reorganisation
- “Authority”** : The Monetary Authority of Singapore
- “Award”** : A contingent award of fully paid Shares granted under the Nam Cheong Management Incentive Plan 2024
- “Award Shares”** : The Shares which may be issued and allotted or transferred from time to time pursuant to the vesting of Awards granted under the Nam Cheong Management Incentive Plan 2024
- “Bermuda Companies Act”** : Companies Act 1981 of Bermuda, as may be amended or modified from time to time
- “Bilateral Agreements”** : The bilateral agreements, entered into between NCI, NCI Subsidiaries or NCD, on the one hand, and various financial institutions, on the other, as identified in the DRMA
- “Bilateral Lenders”** : The financial institution lenders under the various Bilateral Agreements
- “Bye-laws”** : The bye-laws of the Company as amended, supplemented or modified from time to time
- “Capital Reduction”** : The cancellation of any fractional Shares arising out of the Share Consolidation and the reduction of the issued and paid-up share capital of the Company from HK\$8,078,216 divided into 79,571,812.99 Shares (plus 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) of HK\$0.10 each, to HK\$80,782 divided into 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings) of par value HK\$0.001 each in connection with the Proposed Capital Reorganisation
- “Cash Redemption Allocation”** : The Conversion Cash allocated to a Scheme Creditor in accordance with the terms of the Proposed Scheme
- “Cash Redemption Amount”** : The amount of Conversion Cash as per the Cash Redemption Allocation to be redeemed by a Scheme Creditor in accordance with the terms of the Proposed Scheme
- “CDP”** : The Central Depository (Pte) Limited
- “CDRC”** : Corporate Debt Restructuring Committee of Malaysia

DEFINITIONS

“Circular”	:	This circular to Shareholders dated 7 February 2024
“Claim”	:	All and any known or unknown actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, contributions, indemnifications, damages, judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of any act or obligation, whether arising at common law, in equity or by statute in Malaysia or in any other jurisdiction or in any other manner whatsoever, and “Claims” shall be construed accordingly
“Code”	:	The Singapore Code on Takeovers and Mergers, as may be amended or modified from time to time
“COF”	:	The cost of funds of the Bilateral Lenders or Scheme Creditors (as the case may be), or in the event that a Bilateral Lender or Scheme Creditor (as the case may be) does not have COF, the cost of funds of DBS Bank Ltd.
“Company” or “NCL”	:	Nam Cheong Limited (Company Registration No. 25458), an exempted company incorporated in Bermuda
“Committee”	:	The Remuneration Committee designated as the committee responsible for the administration of the Nam Cheong Management Incentive Plan 2024
“Concert Parties”	:	TST, Tiong Chiong Hiiung, Leong Seng Keat, Tiong Chiong Soon, Tiong Eng Ming, Kong Sing Ching, Pau Kiu Fung, Dominion Energy Sdn. Bhd. and Starcity Housing Sdn. Bhd..
“Conditions Concurrent”	:	Upon the Conditions Precedent being satisfied, the following conditions that must also be satisfied concurrently on the Scheme Unconditional Date: (a) the full implementation of the Placement Agreement, including the payment for Placement Shares at the Placement Price by TST to the Company as share capital; and (b) the payment of the Cash Redemption Amount pursuant to the Proposed Scheme, and allotment of the Conversion Shares to the Scheme Creditors.
“Conditions Precedent”	:	The conditions precedent to the effectiveness of the Proposed Scheme
“Consolidated Share(s)”	:	The consolidated ordinary shares with a par value of HK\$0.001 each in the authorised and issued share capital of the Company upon the completion of the Proposed Share Consolidation and the Proposed Reorganisation

DEFINITIONS

“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over a company
“Conversion Cash”	:	The cash pay-out, which is funded by the Proposed Private Placement, to be elected by the Scheme Creditors in accordance with the terms of the Proposed Scheme
“Conversion Shares”	:	Up to 202,187,230 Consolidated Shares to be issued to the Scheme Creditors pursuant to the Proposed Scheme subject to the completion of the Proposed Share Consolidation
“Conversion Shares Allocation”	:	The Conversion Shares allocated to a Scheme Creditor in accordance with the terms of the Proposed Scheme
“Corporate Guarantees”	:	Any corporate guarantee granted by the Company to each of the Bilateral Lenders in respect of NCD’s, NCI’s and NCI Subsidiaries’ liabilities as part of the Bilateral Agreements, including the Key Subsidiaries Corporate Guarantees
“Court Order”	:	The order of the Malaysia Court approving the Scheme
“Cut-Off Date”	:	30 September 2020
“Crediting of Contributed Surplus”	:	The crediting of the sum of HK\$7,997,434.195 arising from the Capital Reduction to the contributed surplus account of the Company in connection with the Proposed Capital Reorganisation
“Depositor Proxy Form”	:	A proxy form in respect of the SGM for a Depositor
“Directors”	:	The directors of the Company as at the date of this Circular, collectively, the “Board”
“DRMA”	:	The debt restructuring master agreement dated 20 April 2023 entered by, amongst others, the Company, NCD and NCI in respect of a global debt restructuring of the indebtedness of the Group
“DRMA Documents”	:	The DRMA, and all supplemental agreements entered into pursuant to the DRMA, including, amendment and restatement agreements and/or any other agreements by, amongst others, the Company, NCD and/or NCI, with all relevant Other Creditors to amend, replace and/or compromise the Bilateral Agreements
“DSRA (RTL 1B and RTL B)”	:	The bank account maintained at Hong Leong Islamic Bank Berhad under account number 4210-10000-93 and designated as Debt Service Reserve Account (RTL1B & RTL B) opened and maintained by NCD in accordance with the RTL 1B Terms and the RTL B Terms and where the context so permits, includes any other bank account maintained in its place

DEFINITIONS

“DSRA1A”	:	The bank account maintained at the RTL 1A Creditor under account number 072-201-200308-3 and designated as Debt Service Reserve Account 1A opened and maintained by NCD in accordance with the RTL 1A Terms and where the context so permits, includes any other bank account maintained in its place
“Effective Trading Date”	:	The first Market Day on which the Shares post-Share Consolidation and Capital Reorganisation commences trading on the Mainboard of the SGX-ST
“Enlarged Share Capital”	:	The issued Consolidated Shares in the capital of the Company after the completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue, and Proposed Private Placement comprising 418,248,654 Consolidated Shares (excluding 66,785 treasury shares and 1,143,564 subsidiary holdings)
“EPS”	:	Earnings per Share
“Existing JV Facilities”	:	The credit facilities granted by certain Other Creditors to the JV Companies, which were guaranteed by the Company
“Existing Key Subsidiaries Facilities”	:	The credit facilities granted by certain Other Creditors to the Key Subsidiaries, which were guaranteed by the Company
“Existing Shares”	:	The issued and unissued Shares with a par value of HK\$0.001 each in the authorised share capital of the Company prior to the Share Consolidation Record Date
“Existing Share Capital”	:	The existing issued and paid-up share capital of the Company comprising 7,957,181,299 Shares (excluding 6,678,597 treasury shares and 114,356,460 subsidiary holdings) as at the Latest Practicable Date
“Final Payment Date”	:	The date falling 7 years from the Scheme Unconditional Date
“Fujian Group Shipyards”	:	Fujian Mawei Shipbuilding Ltd, Fujian Southeast Shipbuilding Co Ltd, Xiamen Shipbuilding Industry Co Ltd and Fujian Funing Shipbuilding Co Ltd
“Fujian Group Shipyards Addendum”	:	An addendum to the Fujian Group Shipyards Settlement dated 19 August 2022 entered into between the Group and the Fujian Group Shipyards
“Fujian Group Shipyards Settlement”	:	A settlement agreement dated 14 July 2021 entered into between the Group and the Fujian Group Shipyards
“FY”	:	Financial year ended or ending on 31 December, as the case may be
“Group”	:	The Company and its subsidiaries
“Governmental Entity”	:	Any federal, national or local government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of Malaysia or any other relevant jurisdiction, and “ Governmental Entities ” shall be construed accordingly

DEFINITIONS

“Guarantee”	:	Any guarantee, bond, indemnity, counter-indemnity or similar instrument howsoever described, granted by the Company in favour of a Person in respect of a Claim against a Released Person, including without limitation the Key Subsidiaries Corporate Guarantees and JV Companies Corporate Guarantees, and “Guarantees” shall be construed accordingly
“IFA”	:	W Capital Markets Pte. Ltd., the independent financial adviser to the Recommending Directors in relation to the Proposed Whitewash Resolution
“IFA Letter”	:	The letter issued by the IFA dated 7 February 2024 containing the advice of the IFA to the Recommending Directors in relation to the Proposed Whitewash Resolution, which is reproduced in Appendix B to this Circular
“IFRS 2”	:	The International Financial Reporting Standard 2
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purposes of the Proposed Whitewash Resolution
“Initial Value”	:	The forced sale value of the Secured Assets based on independent valuation
“Interest Period”	:	Each consecutive six-month period during the tenor of the Term Loan Facility, starting on 1 January 2018, as further described in Section 6.2 of the 27 July 2018 Circular
“JV Companies”	:	PT Bahtera Niaga Indonesia and Marco Polo Offshore (IV) Pte Ltd, which are joint venture entities in which the Company has equity interests
“JV Companies Corporate Guarantees”	:	Any corporate guarantee granted by the Company to a creditor in respect of the indebtedness or indemnity or other document under which the Company incurs an obligation to assure to a creditor the proportionate payment of the indebtedness of the JV Company, as restructured under the 2018 Scheme
“Key Subsidiaries”	:	NCD, NCI and NCI Subsidiaries
“Key Subsidiaries Corporate Guarantees”	:	Any corporate guarantee granted by the Company to a creditor in respect of the indebtedness or indemnity or other document under which the Company incurs an obligation to assure to a creditor the payment of the indebtedness of the Key Subsidiary
“Last Trading Day”	:	27 April 2020, being the last trading day prior to the voluntary suspension of trading of the Shares on the Mainboard of the SGX-ST
“Latest Practicable Date”	:	31 January 2024, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST as amended, varied or supplemented from time to time

DEFINITIONS

“Major Shareholder”	:	Tan Sri Datuk Tiong Su Kouk, a shareholder of the Company holding (both direct and deemed) 2,255,654,493 Existing Shares, representing approximately 28.35% of the issued Existing Shares (excluding Existing Shares held in treasury and subsidiary holdings), as at the Latest Practicable Date
“Malaysia Court”	:	The High Court of Malaya
“Management”	:	Collectively, Leong Seng Keat, Joseph Tiong Chiong Soon, John Tiong Chiong Hiiung and other members of the management as may be determined by the Remuneration Committee of the Company
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Master Framework Agreement”	:	An agreement entered into between NCI and the Fujian Group Shipyards on 7 February 2018 in respect of the claims relating to the Fujian Group Shipyards
“Memorandum and Bye-laws”	:	Memorandum of Association and Bye-laws of the Company
“Monitoring Accountant”	:	The monitoring accountant appointed in relation to the Proposed Scheme, namely, Deloitte Business Advisory Sdn Bhd (Registration No. 197801003720 (40711-M)), a company incorporated in Malaysia and having its registered address at Level 11, Menara LGB, 1, Jalan Wan Kadir, Taman Tun Dr Ismail, 60000 Kuala Lumpur, or such other firm of accountants as may be appointed in its place pursuant to the DRMA
“Monitoring Accountant’s Agreement”	:	The agreement for the appointment of the Monitoring Accountant pursuant to the DRMA
“Nam Cheong Management Incentive Plan 2024” or “2024 Plan”	:	The proposed Nam Cheong Management Incentive Plan, the rules of which are set out in Appendix C of this Circular
“Nam Cheong Management Incentive Plan 2018” or “2018 Plan”	:	The management incentive plan which was adopted at a special general meeting of the Company held on 20 August 2018, as may be amended, supplemented or modified from time to time
“NCD”	:	Nam Cheong Dockyard Sdn Bhd (Company No.: 8278-X), a company incorporated in Malaysia
“NCD RTL 1B”	:	The term loan facility to restructure and repay the Claims amounting to RM 86,806,659.48, owing by NCD to each of its Bilateral Lenders, pursuant to the RTL 1B Terms
“NCD Tranche 2 RTL B”	:	The term loan facility to restructure and repay any outstanding balance owed by NCD under RTL 2, pursuant to the RTL B Terms
“NCI”	:	Nam Cheong International Ltd (Company No.: LL06122), a company incorporated in Malaysia with its registered office at Lot 1, 2 nd Floor, Wisma Siamloh, Jalan Kemajuan, 87007 Federal Territory of Labuan, Malaysia
“NCI RTL 1B”	:	The RTL 1B term loan facility, of which NCI is the obligor, on the terms set out in the Scheme Document

DEFINITIONS

“NCI RTL B”	:	The RTL B term loan facility, of which NCI is the obligor, on the terms set out in the Scheme Document
“NCI Subsidiaries”	:	NCOSV, SKV and NCV
“NCI Subsidiaries RTL 1B”	:	The RTL 1B term loan facility, of which NCI Subsidiaries are the obligors, on the terms set out in the Scheme Document
“NCI Subsidiaries RTL B”	:	The RTL B term loan facility, of which NCI Subsidiaries are the obligors, on the terms set out in the Scheme Document
“NCI Tranche 2 RTL B”	:	The term loan facility to restructure and repay any outstanding balance owed by NCI and NCI Subsidiaries (as the case may be) under RTL 2, 3 and 4 (as the case may be), pursuant to the RTL B Terms
“NCL Debt Redemption”	:	The cash repayment and conversion of a portion of the outstanding indebtedness owing to the Scheme Creditors by NCI, NCI Subsidiaries and NCL, in accordance with the Proposed Scheme
“NCL Guarantee”	:	The guarantee provided by NCL to (a) the Scheme Creditors with Claims against NCI in respect of the NCI RTL 1B and NCI RTL B and (b) the Scheme Creditors with Claims against NCI Subsidiaries in respect of the NCI Subsidiaries RTL 1B and NCI Subsidiaries RTL B under which the Company incurs an obligation to assure to a creditor the proportionate payment of the indebtedness
“NCOSV”	:	Nam Cheong OSV Limited (Company No.: LL09392), a company incorporated in Malaysia with its registered office at Level 1, Lot 7, Block F, Saguking Commercial Building, Jalan Patau-Patau, 87000 Labuan F.T. Malaysia and is a wholly owned subsidiary of NCI
“NCV”	:	Nam Cheong Venture Ltd (Company No.: LL09391), a company incorporated in Malaysia with its registered office at Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan Federal Territory Malaysia and is a wholly owned subsidiary of NCI
“New Share Certificates”	:	The physical share certificates issued in relation to the Consolidated Shares and Proposed Capital Reorganisation
“Non-Core Secured Vessel(s)”	:	The vessels known as SK Prime, SK Line 4, SK Line 10, SK Line 800 and SK Line 805
“Non-Fujian Group Shipyards”	:	Shipyards (other than the Fujian Group Shipyards) in the PRC to which the Group had outsourced the construction of its vessels
“Notice of SGM”	:	The notice of SGM as set out on pages N-1 to N-7 of this Circular
“NTA”	:	Net tangible assets
“OCBC Indonesia”	:	PT Bank OCBC Nisp Tbk
“OCBC (L)”	:	Oversea-Chinese Banking Corporation Limited, Labuan Branch

DEFINITIONS

“OCBC Singapore”	:	Oversea-Chinese Banking Corporation Limited
“Old Share Certificates”	:	The physical share certificates for the Existing Shares
“Other Creditor(s)”	:	The Scheme Claims in respect of any Persons who have been granted a Guarantee or have a right of contribution against the Company in respect of an indebtedness or liability secured by a Guarantee
“Participating Lenders”	:	The financial institution creditors who are participating institutions of the CDRC process
“Person”	:	Any natural person, corporation, limited or unlimited liability company, trust, joint venture, association, corporation, partnership, Governmental Entity or other entity whatsoever
“Personnel”	:	The past, present or future directors, officers, employees, agents and representatives, and “Personnels” shall be construed accordingly
“Placee”	:	Tan Sri Datuk Tiong Su Kouk
“Placement Agreement”	:	The placement agreement dated 28 April 2023 entered into between the Company and TST
“Placement Exercise”	:	The Company’s issuance of new Consolidated Shares to TST pursuant to the terms of the Placement Agreement
“Placement Price”	:	S\$0.0697 per Placement Share
“Placement Shares”	:	125,507,689 new Shares to be allotted and issued to TST pursuant to the Placement Agreement
“POD Deadline”	:	5.00 pm on 4 October 2023
“Professional Advisors”	:	(a) the professional advisors advising the Company in relation to the Restructuring, being BlackOak LLC, Sage 3 Sdn Bhd, Lim Chee Wee Partnership, Pinsent Masons Mpillay LLP, Raslan Loong, Shen & Eow; and (b) the professional advisors advising the Participating Lenders in connection with the Restructuring, being Shook Lin & Bok and Rajah & Tann Singapore LLP, and “Professional Advisor” shall mean any one of them.
“Proposed Adoption of the Nam Cheong Management Incentive Plan 2024”	:	The proposed adoption of the Nam Cheong Management Incentive Plan 2024
“Proposed Capital Reorganisation”	:	The Capital Reduction, the Authorised Capital Diminution, the Authorised Capital Increase and the Crediting of Contributed Surplus, subject to the completion of the Proposed Share Consolidation
“Proposed Capital Reorganisation Effective Date”	:	The effective date of the Proposed Capital Reorganisation, if approved, as the Directors may determine

DEFINITIONS

“Proposed Conversion Shares Issue”	:	The proposed allotment and issuance of up to 202,187,230 Consolidated Shares to the Scheme Creditors pursuant to the Proposed Scheme and subject to the completion of the Proposed Share Consolidation
“Proposed Grant of Awards to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan”	:	The ordinary resolution relating to the proposed grant Awards comprising of up to 4,669,621 Award Shares to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan
“Proposed Grant of Awards to Tiong Chiong Hiiung under the 2024 Plan”	:	The ordinary resolution relating to the proposed grant Awards comprising of up to 4,669,621 Award Shares to Tiong Chiong Hiiung under the 2024 Plan
“Proposed Grant of Awards to Tiong Chiong Soon under the 2024 Plan”	:	The ordinary resolution relating to the proposed grant Awards comprising of up to 4,669,621 Award Shares to Tiong Chiong Soon under the 2024 Plan
“Proposed Participation by Tan Sri Datuk Tiong Su Kouk in the 2024 Plan”	:	The ordinary resolution relating to the proposed participation by Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024
“Proposed Participation by Tiong Chiong Hiiung in the 2024 Plan”	:	The ordinary resolution relating to the proposed participation by Tiong Chiong Hiiung, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024
“Proposed Participation by Tiong Chiong Soon in the 2024 Plan”	:	The ordinary resolution relating to the proposed participation by Tiong Chiong Soon, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024
“Proposed Private Placement”	:	The proposed allotment and issuance of up to 125,507,689 Placement Shares to TST at the Placement Price of S\$0.0697
“Proposed Private Placement Announcement”	:	The announcement released by the Company on SGXNet dated 28 April 2023 in relation to the Proposed Private Placement
“Proposed Resolutions”	:	The ordinary resolutions and special resolution as set out in the Notice of SGM
“Proposed RTL 3 Shares Issue”	:	The proposed allotment and issuance of up to 5,201,593 Consolidated Shares to the RTL 3 Creditor subject to the completion of the Proposed Share Consolidation
“Proposed Scheme”	:	The scheme proposed under Section 366 of the Companies Act 2016 of Malaysia, with or subject to any modifications, additions or conditions approved or imposed by the Malaysia Court, or as amended in accordance with its terms, further details of which are set out in Section 3 of this Circular
“Proposed Settlement Shares Issue”	:	The proposed allotment and issuance of 10,981,923 Consolidated Shares to Sage 3 subject to the completion of the Proposed Share Consolidation and the Proposed Capital Reorganisation

DEFINITIONS

“Proposed Share Consolidation” or “Share Consolidation”	:	The proposed consolidation of every one hundred (100) issued and unissued ordinary shares of a par value of HK\$0.001 each in the share capital of the Company held by Shareholders of the Company as at the Share Consolidation Record Date, into one (1) Consolidated Share
“Proposed Termination of the 2018 Plan”	:	The proposed termination of the 2018 Plan
“Proposed Transactions”	:	The Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement, collectively
“Proposed Whitewash Resolution”	:	The proposed resolution which requires approval by way of a poll by a majority of the Independent Shareholders present and voting at the SGM to waive their rights to receive a mandatory general offer for all the issued Shares in the capital of the Company from TST and his Concert Parties pursuant to Rule 14 of the Code and the Whitewash Waiver relating to the Proposed Private Placement
“Proxy Form”	:	A Shareholder Proxy Form or a Depositor Proxy Form
“Recommending Directors”	:	The Directors who are independent for the purposes of the Proposed Whitewash Resolution, namely, Yee Kit Hong, Ajaib Hari Dass, and Kan Yut Keong, Benjamin
“Register of Members”	:	The register of members of the Company
“Remuneration Committee”	:	The remuneration committee of the Company from time to time
“Requisite Majority”	:	A majority representing three-fourths in value of the Scheme Creditors present and voting in person or by proxy at the Scheme Meeting
“Restructuring”	:	The financial and corporate restructuring of the Company in accordance with and as implemented through, <i>inter alia</i> , the Proposed Scheme
“Review Year”	:	Each consecutive 12 month period commencing from 1 January 2018, with 2018 being referred to as “Review Year 1”, and 2019 being referred to as “Review Year 2”, and so forth
“RTL B”	:	The term loan facilities, which are the aggregate principal amount of RM 200,000,000, of which the obligor shall be NCI, NCI Subsidiaries or the Company (as the case may be), on the terms set out in the Scheme Document
“RTL B Terms”	:	The terms for settlement of the RTL B as set out in the Scheme Document
“RTL 1A”	:	the restructured term loan facility by NCD of the RTL 1A Creditor in connection with the Restructuring, in respect of the restructuring of NCD’s secured liabilities to the RTL 1A Creditor in connection with the vessels known as SK Power and SK Precious

DEFINITIONS

“RTL 1A Agreed Debt”	:	The portion of the Agreed Debt owed to the RTL 1A Creditor as shown in the Scheme Document
“RTL 1A Creditor”	:	The Ambank (M) Berhad (Company No.: 196901000166 (8515-D)), a company incorporated under the laws of Malaysia and having its registered office at 22 nd Floor, Bangunan Ambank Group, No.55, Jalan Raja Chulan, 50200 Kuala Lumpur
“RTL 1A Terms”	:	The terms and conditions for the repayment of the RTL 1A Agreed Debt together with interest thereon
“RTL 1B”	:	The term loan facilities which are the aggregate principal amount of RM 106,261,260.31, of which the obligor shall be NCI, NCI Subsidiaries or the Company (as the case may be) on the terms set out in the Scheme Document
“RTL 1B Agreed Debt”	:	The portion of the Agreed Debt owed to the RTL 1B Creditors shown in the Scheme Document
“RTL 1B Creditors”	:	means a Scheme Creditor who has an Accepted Claim against the Company in respect of the RTL 1B Agreed Debt
“RTL 1B Terms”	:	means the terms for the repayment of the RTL 1B Agreed Debt together with interest thereon, as set out in the Scheme Document
“RTL 2”	:	The restructured term loan facility by NCD in favour of the RTL 2 Creditors in connection with the Restructuring, in respect of the restructuring of NCD’s secured liabilities to the RTL 2 Creditors and in connection with the shipyard owned by NCD known as the Miri Shipyard
“RTL 2 Creditors”	:	Malayan Banking Berhad, Maybank Islamic Berhad and RHB Bank Berhad, collectively
“RTL 3”	:	The restructured term loan facility by NCI Subsidiaries in favour of the RTL 3 Creditor in connection with the Restructuring, in respect of the restructuring of NCI Subsidiaries’ secured liabilities to the RTL 3 Creditor in connection with the Safety Standby Vessels
“RTL 3 Agreed Debt”	:	The portion of the Agreed Debt owed to the RTL 3 Creditor shown in the Scheme Document
“RTL 3 Creditor”	:	DBS Bank Ltd. (Unique Entity No.: 196800306E), a banking corporation incorporated in Singapore, with its registered address at 12 Marina Boulevard, Marina Bay Financial Centre, Singapore 018982
“RTL 3 Shares”	:	Up to 5,201,593 Shares to be issued to the RTL 3 Creditor pursuant to the DRMA
“RTL 4”	:	The restructured term loan facility by NCI in favour of RTL 4 Creditor in connection with the Restructuring, in respect of the restructuring of NCI’s secured liabilities to RTL 4 Creditor in connection with the vessel known as SK Prime

DEFINITIONS

“ RTL 4 Agreed Debt ”	:	The portion of the Agreed Debt owed to the RTL 4 Creditor shown in the Scheme Document
“ RTL 4 Creditor ”	:	RHB Bank (L) Ltd. (Licensed Labuan Bank No.: 920006A), a company incorporated under the Labuan Companies Act 1990 and having its registered office at Level 15(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Wilayah Persekutuan Labuan
“ Safety Standby Vessels ”	:	The vessels known as SK Line 10, SK Line 800, SK Line 4, and SK Line 805
“ Sage 3 ”	:	Sage 3 Sdn. Bhd., the financial adviser to the Company
“ Scheme Claims ”	:	A Claim against the Company by a Person, whether arising directly or indirectly, whether arising before, at or after the POD Deadline including without limitation, (a) any Claim owing to the Term Loan Creditors; (b) any Persons who have been granted a Guarantee or have a right of contribution against the Company in respect of an indebtedness or liability secured by a Guarantee, save for any Claim by a Scheme Creditor against the Company that arises out of or is otherwise pursuant to the terms of this Scheme, and “ Scheme Claims ” shall be construed accordingly.
“ Scheme Creditors ”	:	A Person that has a Scheme Claim or Scheme Claims against the Company, as at the POD Deadline, but shall not include the Excluded Creditors, and “ Scheme Creditors ” shall be construed accordingly.
“ Scheme Creditor Parties ”	:	In respect of a Scheme Creditor, its predecessors, successors, assigns, transferees Affiliates and Personnel
“ Scheme Document ”	:	The scheme document dated 6 September 2023 in relation to the Proposed Scheme between the Company and the Scheme Creditors
“ Scheme Meeting ”	:	The meeting of the Scheme Creditors convened and held on 3 November 2023 under the order of the Malaysia Court pursuant to the Company’s application under Section 366 of the Act, for the purpose of considering and, if thought fit, approving (with or without modifications) the Proposed Scheme (and any such meetings called following an adjournment), and “ Scheme Meetings ” shall be construed accordingly
“ Scheme Notification ”	:	The notice which the Company provides the Scheme Creditors with when all the Conditions Precedent and Conditions Concurrent are satisfied
“ Scheme Unconditional Date ”	:	The date of the Scheme Notification
“ Secured Assets ”	:	The assets of the Group which have been provided as security to the secured Bilateral Lenders

DEFINITIONS

“Secured Other Creditors”	:	The Other Creditors, namely, the RTL 4 Creditor and RTL 3 Creditor (save that RTL 3 Creditor is not a Secured Other Creditor for NCI and is a Secured Other Creditor for NCOSV, NCV and SKV), which are not the Unsecured Other Creditors
“Securities Accounts”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Security Interest”	:	Any mortgage, debenture (whether fixed or floating), charge, pledge, lien, assignment by way of security, caveat, right of set-off, conditional sale, restriction, limitation and leaseback or any security interest or encumbrance whatsoever, howsoever created or arising securing any obligation of any person or any other agreement or arrangement having a similar effect or having the effect of providing a security or preferential treatment to a creditor
“Settlement Shares”	:	Up to 10,981,923 Consolidated Shares to be issued to the Sage 3 pursuant to the Proposed Settlement Shares Issue and subject to the completion of the Proposed Share Consolidation
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as may be amended or modified from time to time
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Share Consolidation Record Date”	:	The time and date to be determined by the Directors at and on which, subject to the approval of the Proposed Share Consolidation being obtained at the Special General Meeting, the Register of Members and Share Transfer Books of the Company will be closed to determine the entitlements of Shareholders under the Proposed Share Consolidation
“Share Transfer Books”	:	The share transfer books of the Company
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholder” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and to whose Securities Accounts such Shares are credited
“Shareholder Proxy Form”	:	A proxy form in respect of the SGM for a Shareholder who is not a Depositor
“Share Transfer Agent”	:	The Company’s Singapore share transfer agent, being In.Corp Corporate Services Pte. Ltd.
“Shares”	:	The Existing Shares or the Consolidated Shares as the context may require
“SIC”	:	Securities Industry Council
“SIC Conditions”	:	Conditions imposed by the SIC to which the Whitewash Waiver granted to TST and his Concert Parties

DEFINITIONS

“SKV”	:	SK Venture Limited (Company No.: LL09446), a company incorporated in Malaysia with its registered office at Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan Federal Territory Malaysia and a wholly owned subsidiary of NCI
“Special General Meeting” or “SGM”	:	The special general meeting of the Company to be convened and held on Thursday, 29 February 2024 at 3.00 p.m. (Singapore Time), notice of which is set out on pages N-1 to N-7 of this Circular
“subsidiary holdings”	:	Has the meaning ascribed to it in the Listing Manual
“Term Loan”	:	The term loan arising from the restructuring of the sustainable debt of creditors who elected or are deemed to have elected the Term Loan Option under the term loan facility granted by the Company under the 2018 Scheme
“Term Loan Creditors”	:	The creditors of the “term loan option” under the term loan facility granted by the Company under the 2018 Scheme
“Term Loan Facility”	:	The term loan facility in respect of the Term Loan granted by the creditors that elected or are deemed to have elected the Term Loan Option under the 2018 Scheme, further details of which are set out in Section 6 of the 27 July 2018 Circular
“Term Loan Shares”	:	Up to 787,280,931 new Shares to be allotted and issued by the Company as part payment of the accrued Term Loan interest under the Term Loan under the 2018 Scheme, and the term “Term Loan Share” shall be construed accordingly
“Term Loan Option”	:	The option under the 2018 Scheme for a creditor to have all its portion of the sustainable debt fully repaid under the Term Loan option, further details of which are set out in Section 2.8.3(f) of the 27 July 2018 Circular
“TST”	:	Tan Sri Datuk Tiong Su Kouk
“TST Guarantee”	:	The written personal guarantee of TST of a maximum aggregate amount of RM19,200,000 to make good any shortfall in the monthly build-up of the DSRA (RTL1B & RTL B) under the DRMA
“Unsecured Other Creditors”	:	CIMB Bank Berhad, OCBC (L), and Hong Leong Bank Berhad.
“Vesting Period”	:	In relation to an Award, a period or periods, the duration of which is to be determined by the Committee at the date of grant, during which the Award has not yet vested
“VWAP”	:	Volume weighted average price
“Waived Claims”	:	The indebtedness owed to the creditors as at 30 September 2020 that the creditors have agreed to waive as part of the debt restructuring under the DRMA in the amounts shown in the Scheme Document

DEFINITIONS

“Whitewash Waiver” : The waiver granted by the SIC in relation to the obligation of TST and his Concert Parties to make a mandatory general offer under Rule 14 of the Code for the Shares in the Company not held by TST and his Concert Parties arising out of or in connection with TST’s and his Concert Parties’ acquisition of the Placement Shares pursuant to the Proposed Private Placement. The Whitewash Waiver is subject to the satisfaction of the SIC Conditions

Currencies, Units and Others

“%” or “per cent.” : Per centum or percentage

“RM” : Malaysian Ringgit, the lawful currency of Malaysia

“S\$” and “cents” : Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore

“US\$” : United States of America dollars, the lawful currency of the United States of America

The terms **“Depositor”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Other capitalised terms are defined where they appear and have the respective meanings there indicated.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to **“persons”** shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Bermuda Companies Act, the SFA, the Listing Manual or any statutory modification thereof, and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the Bermuda Companies Act, the SFA, the Listing Manual or such statutory modification thereof, as the case may be, unless the context requires otherwise.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Exchange Rates

Scheme Exchange Rate

For the purposes of calculation under the Proposed Scheme, insofar as the amount is in a currency other than RM, the value of such amount shall be converted to RM at the following exchange rates (**“Scheme Exchange Rate”**):

(a) US\$1 : RM4.3000; and

(b) S\$1 : RM3.0677.

DEFINITIONS

Latest Exchange Rate

Unless otherwise specifically provided, the following exchange rates as at the Latest Practicable Date ("**Latest Exchange Rate**") have been used throughout this Circular:

S\$1.00 : RM3.5286

The Scheme Exchange Rate and the Latest Exchange Rate as set out above are used for illustration purposes only and should not be construed as a representation that the relevant amounts have been or could be converted at the rate above or at any other rate or at all.

LETTER TO SHAREHOLDERS

NAM CHEONG LIMITED

(Incorporated in Bermuda)
(Company Registration No. 25458)

Board of Directors:

Tan Sri Datuk Tiong Su Kouk (Executive Chairman)
Tiong Chiong Hiiung (Executive Vice Chairman and Finance Director)
Leong Seng Keat (Chief Executive Officer)
Ajaib Hari Dass (Lead Independent Director)
Yee Kit Hong (Independent Director)
Kan Yut Keong, Benjamin (Independent Director)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

7 February 2024

To: The Shareholders of Nam Cheong Limited

Dear Sir/Madam

- (1) THE PROPOSED CONSOLIDATION OF EVERY ONE HUNDRED (100) EXISTING SHARES IN THE CAPITAL OF THE COMPANY AS AT THE SHARE CONSOLIDATION RECORD DATE, INTO ONE (1) CONSOLIDATED SHARE;
- (2) THE PROPOSED CAPITAL REORGANISATION;
- (3) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 202,187,230 CONVERSION SHARES AT AN ISSUE PRICE OF S\$0.40 EACH (POST-SHARE CONSOLIDATION) TO THE SCHEME CREDITORS PURSUANT TO THE NCL DEBT REDEMPTION;
- (4) THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 5,201,593 RTL 3 SHARES AT AN ISSUE PRICE OF S\$0.40 EACH (POST-SHARE CONSOLIDATION) TO THE RTL 3 CREDITOR PURSUANT TO THE DRMA;
- (5) THE PROPOSED ALLOTMENT AND ISSUANCE OF 10,981,923 SETTLEMENT SHARES AT AN ISSUE PRICE OF S\$0.0697 EACH (POST-SHARE CONSOLIDATION) TO SAGE 3;
- (6) THE PROPOSED PRIVATE PLACEMENT OF UP TO 125,507,689 PLACEMENT SHARES AT AN ISSUE PRICE OF S\$0.0697 (POST-SHARE CONSOLIDATION) FOR EACH PLACEMENT SHARE TO TAN SRI DATUK TIONG SU KOUK AS AN INTERESTED PERSON TRANSACTION;
- (7) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM TAN SRI DATUK TIONG SU KOUK AND HIS CONCERT PARTIES FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE PROPOSED PRIVATE PLACEMENT;
- (8) THE PROPOSED TERMINATION OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2018;
- (9) THE PROPOSED ADOPTION OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
- (10) THE PROPOSED PARTICIPATION BY TAN SRI DATUK TIONG SU KOUK, A CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
- (11) THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TAN SRI DATUK TIONG SU KOUK, A CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
- (12) THE PROPOSED PARTICIPATION BY TIONG CHIONG SOON, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, IN THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;

LETTER TO SHAREHOLDERS

- (13) THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TIONG CHIONG SOON, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024;
 - (14) THE PROPOSED PARTICIPATION BY TIONG CHIONG HIIUNG, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, IN THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024; AND
 - (15) THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TIONG CHIONG HIIUNG, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024.
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1 INTRODUCTION

1.1 Overview

The 2018 Scheme

In light of its financial position, and to restructure the Group's debts, the Company proposed the 2018 Scheme pursuant to section 210 of the Companies Act 1967 of Singapore. The 2018 Scheme was sanctioned by the High Court of Singapore on 3 August 2018.

The 2018 Scheme was focused on the rehabilitation and restructuring of the Group's main liabilities at that time. However, the assumptions underpinning the 2018 Scheme, while thought to be achievable, could not be realised as a result of unforeseen circumstances that were beyond the Group's control. While it was believed that the 2018 Scheme proposal would provide the Group with a much-needed clean slate, the Group was unable to foresee that the market would, rather than recover, continue to remain depressed prior to taking a sharp turn for the worse in 2020 resulting from geopolitical tensions and the COVID-19 pandemic.

Corporate Debt Restructuring Committee of Malaysia

In or around April 2020, it became apparent to the Group that it would face difficulties in meeting its financial obligations. On 1 July 2020, the Group appointed Sage 3 as its financial advisor to advise and formulate solutions on a potential restructuring of the Group's business and liabilities. Sage 3 is a corporate finance firm offering specialist services including debt restructuring of medium to large corporations. The firm has conceptualised, negotiated and executed debt restructuring projects in excess of RM20 billion. Notably, Sage 3 has played a pivotal role in facilitating the successful restructuring of several prominent oil and gas service companies in Malaysia.

Sage 3 is the holder of a Capital Markets Services Licenses in compliance with Section 58 part (iii) of the Capital Markets Services Division 1 Licensing and Regulation Requirements in Malaysia. The firm is composed of six Directors and ten staff who have extensive experience in debt restructuring. As mentioned above, Sage 3 has restructured in excess of RM20 billion of debt including several large oil and gas services companies in Malaysia, all of which are publicly listed.

In July 2020, NCD, a wholly-owned subsidiary of the Company, brought a voluntary application to seek assistance from the CDRC. The CDRC is a mediation intermediary under the purview Bank Negara Malaysia, which provides a platform for companies and their financial institution creditors to work out feasible debt restructurings in an efficient manner, without having to resort to legal proceedings.

The CDRC had on 1 October 2020 accepted NCD's application for the CDRC's assistance to mediate the debt restructuring discussions and negotiations between NCD and its financial creditors. The application to the CDRC was made on the basis of the restructuring proposals formulated by Sage 3. This would allow NCD breathing space to enter into a dialogue with the Participating Lenders, and work out a mutually beneficial solution to ensure the continuation of NCD's (and the Group's) business as a going concern.

LETTER TO SHAREHOLDERS

Since then, the CDRC has been assisting in negotiating with the Participating Lenders. These Participating Lenders had observed an informal standstill and withheld from any proceedings against, inter alios, NCD and its subsidiaries.

CDRC Creditor Meetings

NCD has been actively engaging in bilateral negotiations with the Participating Lenders through the CDRC and had submitted several proposals for a restructuring of its debts since its admission into the CDRC. Between November 2020 and April 2022, NCD and its advisors actively engaged with the Participating Lenders. The restructuring evolved over this period with feedback and enhancements incorporated before the final proposal was presented to the Participating Lenders for approval.

Outcome of CDRC creditor meetings and salient terms of restructuring proposals

On or around the week of 9 May 2022, the Participating Lenders and NCD thus successfully reached an agreement on a satisfactory proposal of restructuring NCD's (and the Group's) debts under the Corporate Guarantees provided by the Company, including the Key Subsidiaries Corporate Guarantees, the JV Companies Corporate Guarantees, and/or the Bilateral Agreements. This is conditional on the Proposed Scheme being passed and sanctioned by the Malaysia Court. This approval-in-principle by the Participating Lenders on the debt restructuring was announced by the Company on SGX on 25 May 2022.

The Company, NCD and NCI, amongst others, has since on 20 April 2023 executed the DRMA with the Participating Lenders to record the terms of the restructuring proposal proposed and agreed through the CDRC process. The DRMA is a debt restructuring master agreement entered into by, among others, the Company, NCD and NCI in respect of a global debt restructuring of the indebtedness of the Group.

Scheme of Arrangement

As part of its efforts to restructure its debts and liabilities, the Company made an application to the Malaysia Court to, *inter alia*, propose a scheme of arrangement with the Scheme Creditors pursuant to sections 365 and 366 of the Companies Act 2016 of Malaysia. On 21 March 2023, the Malaysia Court granted the application and ordered, *inter alia*, that a meeting of the Scheme Creditors be convened for the purpose of considering, and if thought fit, approving with or without modification the scheme of arrangement and compromise proposed between the Company and its Scheme Creditors within 6 months from 21 March 2023 for the purposes of approving the Proposed Scheme. On 28 August 2023, the Malaysia Court granted NCL's application for extension of time of three (3) months from 21 September 2023 for the holding of the meeting of the Scheme Creditors.

The general strategy of the Company's restructuring is for the Company to undergo a scheme of arrangement in Malaysia (the "**Malaysia Scheme**"), and in parallel, strengthen the efficacy of the Malaysia Scheme by way of a recognition of the Malaysian Scheme in Singapore on the basis that NCL's centre of main interest ("**COMI**") is located in Malaysia.

In this regard, the Singapore Court will consider the following when determining where Company's COMI is located:

- (a) COMI will be determined as at the date of the recognition application.
- (b) NCL's registered office would be its presumed COMI. However, this presumption can be displaced by the presence of other factors pointing towards some other location.
- (c) Such factors must be objectively ascertainable by third parties generally, with a focus on creditors and potential creditors. Examples of such factors include, but are not limited to: (i) location from which control and direction was administered; (ii) location of clients; (iii) location of creditors; (iv) location of employees; (v) location of operations; (vi) location of assets; and (vii) dealings with third parties.

LETTER TO SHAREHOLDERS

Initially, the restructuring process was driven by the Company in Singapore, when the 2018 Scheme was sanctioned as at that point in time, NCL's place of business was still in Singapore. Prior to the 2018 Scheme, the shares of NCL were trading on the SGX-ST (and were suspended from trading on 21 July 2017). Since 2020, the Company has closed its office in Singapore and moved its place of business to Malaysia, and the shares of the Company have been suspended from trading for the past 3 years. All business operations and management have been carried out of Malaysia since then.

Further, the Malaysia Scheme also seeks to settle liabilities arising out of various bilateral agreements (which were guaranteed by the Company) that were entered into by one of the Company's wholly-owned subsidiaries, NCI, pursuant to a scheme of arrangement that was applied by NCI in parallel with the 2018 Scheme and sanctioned by the High Court in Malaya.

It should also be highlighted that the Company's business and the major creditors are located in Malaysia and the CDRC, a committee under the purview of the Central Bank of Malaysia, is driving the process and negotiations have also been more driven by consultation with the Malaysian financial institutions. This is evident as all of the Group's participating financial institution creditors (Malaysian and foreign) have executed the DRMA.

Whilst there is a presumption that the place of the Company's registered office (*i.e.*, Bermuda) is the COMI, this can be displaced by the fact that Malaysia is the place where the Company's control and direction is also administered (*e.g.*, its main place of business has shifted to Malaysia as mentioned above and most of the Company's executive directors are resident in Malaysia). Further, it is easily ascertainable by creditors that the Company's COMI is in Malaysia given that most of the operating entities of the Group are located in Malaysia (*e.g.*, NCD's and NCI's business operations, such as the vessel chartering business, are in Malaysia) and almost all of the Group's vessels are Malaysian flagged.

In view of the foregoing, it is likely that the Singapore Court will determine that the Company's COMI has shifted from Singapore to Malaysia since the 2018 Scheme, and as such, its connection with the forum is clearly and strongly established.

The Company has decided to proceed with the Malaysia Scheme, and is taking steps to have its effects recognised in Singapore. As it is likely that the Company's COMI is in Malaysia, the recognition of the Malaysia Scheme order in Singapore will enable the Company to strengthen the efficacy of the restructuring by way of the automatic reliefs and the enforceability of the Malaysia Scheme order in Singapore.

The Scheme Meeting was convened on 3 November 2023 and the Proposed Scheme was duly approved by the Scheme Creditors. Please refer to the Company's announcement dated 6 November 2023 for further details in relation to the results of the Scheme Meeting.

The implementation of Proposed Scheme comprises the following components:

- (a) the Proposed Share Consolidation;
- (b) the Proposed Capital Reorganisation;
- (c) the Proposed Conversion Shares Issue;
- (d) the Proposed RTL 3 Shares Issue;
- (e) the Proposed Settlement Shares Issue;
- (f) the Proposed Private Placement;
- (g) the Proposed Whitewash Resolution;

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- (h) the Proposed Adoption of the Nam Cheong Management Incentive Plan 2024;
- (i) the Proposed Participation by Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024;
- (j) the Proposed Grant of Awards to Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024;
- (k) the Proposed Participation by Tiong Chiong Soon, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024;
- (l) the Proposed Grant of Awards to Tiong Chiong Soon, an Associate of the Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024;
- (m) the Proposed Participation by Tiong Chiong Hiiung, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024; and
- (n) the Proposed Grant of Awards to Tiong Chiong Hiiung, an Associate of the Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024.

The arrangement and compromise effected by the Proposed Scheme shall apply to all Scheme Claims and shall be binding on all Scheme Creditors and their respective Scheme Creditor Parties, but shall not apply to the Claims of Excluded Creditors.

The amount admitted under the Proposed Scheme was approximately RM951.3 million.

Shareholders are to note that the implementation of the Proposed Scheme is conditional upon the fulfilment of a number of conditions, including but not limited to, the approval of Shareholders being obtained for the Proposed Resolutions, and there is no certainty or assurance that the Proposed Scheme will become effective or be successfully concluded.

1.2 Resumption of Trading

The Shares have been voluntarily suspended from trading on the SGX-ST since 28 April 2020. The Board submitted a request to suspend trading as the Board was unable to reasonably assess the Company's financial position and to demonstrate to the Exchange and its shareholders that the Company is able to continue as a going concern. For this reason, the Board was of the opinion that the Company's trading counter should be voluntarily suspended. The Company had released an announcement on 24 April 2023 to update Shareholders that the Company had, on 24 April 2023 submitted to the SGX-ST a resumption of trading proposal.

On 31 January 2024, the Company received an approval in-principle of its resumption of trading proposal subject to the following conditions:

- (a) The Malaysia Scheme being sanctioned by the High Court of Malaya; and
- (b) Completion of the proposed debt restructuring plan comprising of, amongst others, (i) repayment of debts and liabilities owed to Scheme Creditors; (ii) repayment of debts and liabilities owed to Participating Lenders pursuant to the DRMA; and (iii) proposed placement to Tan Sri Datuk Tiong Su Kouk.

In relation to condition (a) above, as mentioned in the Company's announcement dated 21 December 2023, the High Court of Malaya has granted and sanctioned the Proposed Scheme. Accordingly, the Company has fulfilled the condition (a) above.

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1.3 Purpose of Circular

The Directors are convening the SGM to be held on Thursday, 29 February 2024 at 3.00 p.m. to seek approval from the Shareholders in respect of the Proposed Resolutions, namely:

- (a) the Proposed Share Consolidation (“**Ordinary Resolution 1**”);
- (b) the Proposed Capital Reorganisation (“**Special Resolution**”);
- (c) the Proposed Conversion Shares Issue (“**Ordinary Resolution 2**”);
- (d) the Proposed RTL 3 Shares Issue (“**Ordinary Resolution 3**”);
- (e) the Proposed Settlement Shares Issue (“**Ordinary Resolution 4**”);
- (f) the Proposed Private Placement (“**Ordinary Resolution 5**”);
- (g) the Proposed Whitewash Resolution (“**Ordinary Resolution 6**”);
- (h) the Proposed Termination of the Nam Cheong Management Incentive Plan 2018 (“**Ordinary Resolution 7**”);
- (i) the Proposed Adoption of the Nam Cheong Management Incentive Plan 2024 (“**Ordinary Resolution 8**”);
- (j) the proposed participation by Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024 (“**Ordinary Resolution 9**”);
- (k) the proposed grant of Awards to Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024 (“**Ordinary Resolution 10**”);
- (l) the proposed participation by Tiong Chiong Soon, an Associate of a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024 (“**Ordinary Resolution 11**”);
- (m) the proposed grant of Awards to Tiong Chiong Soon, an Associate of a Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024 (“**Ordinary Resolution 12**”);
- (n) the proposed participation by Tiong Chiong Hiiung, an Associate of a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024 (“**Ordinary Resolution 13**”); and
- (o) the proposed grant of Awards to Tiong Chiong Hiiung, an Associate of a Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024 (“**Ordinary Resolution 14**”).

The corporate actions set out above shall be undertaken in the following sequence subject to the relevant conditions and approvals set out in this Circular:

- (a) the Proposed Share Consolidation;
- (b) subject to and immediately after the completion of the Proposed Share Consolidation, the Proposed Capital Reorganisation;
- (c) subject to and immediately after the completion of the Proposed Share Consolidation and Proposed Capital Reorganisation, the issuance of the Conversion Shares, Settlement Shares and the Placement Shares;

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- (d) subject to and immediately after the completion of the Proposed Share Consolidation, Proposed Capital Reorganisation and the issuance of the Conversion Shares, Settlement Shares and the Placement Shares, the issuance of the RTL 3 Shares; and
- (e) subject to the satisfaction of the conditions of the 2024 Plan, the issuance of the Award Shares.

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Resolutions, and to seek the approvals of Shareholders of the Proposed Resolutions at the SGM.

This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

Trading of the Company's securities on the SGX-ST was voluntarily suspended by the Company on 28 April 2020 pursuant to Rule 1303(3) of the Listing Manual. The Company will be submitting a request to the SGX-ST for the lifting of suspension and resumption of trading of the Shares upon the completion of the Proposed Share Consolidation, the Proposed Conversion Shares Issue, the Proposed Settlement Shares Issue, the Proposed Private Placement. The RTL 3 Shares will be issued after the completion of the Proposed Private Placement and after the lifting of the resumption of trading of Shares.

1.4 Inter-conditionality of the Proposed Resolutions

Shareholders should note that the resolutions in respect of the Proposed Resolutions as set out in the Notice of SGM on pages N-1 to N-7 of this Circular are:

- (i) **subject to the Proposed Scheme coming into effect; and**
- (ii) **inter-conditional upon the passing of one another, such that if any of the Proposed Resolutions is not approved by Shareholders, all of the other Proposed Resolutions will not be passed.**

2 APPROVAL IN-PRINCIPLE FROM THE SGX-ST

2.1 Approval In-Principle

On 31 January 2024, the SGX-ST granted in-principle approval for:

- (a) the listing and quotation of:
 - (i) up to 79,571,812 Consolidated Shares;
 - (ii) up to 202,187,230 Conversion Shares;
 - (iii) up to 5,201,593 RTL 3 Shares;
 - (iv) up to 10,981,923 Settlement Shares;
 - (v) up to 125,507,689 Placement Shares;
 - (vi) the Award Shares; and
- (b) the lifting of suspension and resumption of trading in Company's Shares.

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2.2 Conditions

The in-principle approval from the SGX-ST is subject to the following:

- (a) Compliance with the Exchange's listing requirements;
- (b) Shareholders' approval for the Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue, Proposed Private Placement, Proposed Whitewash Resolution, Proposed termination of 2018 plan, Proposed Adoption of the 2024 Plan and Proposed Grant of Awards to Controlling Shareholder and his associates;
- (c) A written undertaking from the Company that it will comply with Listing Rule 704(30) and Listing Rule 1207(20) in relation to the use of the proceeds from the proposed placement and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report; and
- (d) A written undertaking from the Company that it will comply with Listing Rule 803.

The in-principle approval granted by the SGX-ST for the listing and quotation of the Consolidated Shares, Conversion Shares, RTL 3 Shares, Settlement Shares, Placement Shares, Award Shares on the Mainboard of the SGX-ST and the Proposed Private Placement is not to be taken as an indication of the merits of the Proposed Share Consolidation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue, Proposed Private Placement, the Nam Cheong Management Incentive Plan 2024, and the Company and/or its subsidiaries.

3 THE PROPOSED RESTRUCTURING PLANS

3.1 The Company's financial difficulties following the previous restructuring

Following on from the 2018 Scheme, the Company and the Group worked hard to regain momentum, expanding their vessel chartering segment, diversifying their service-based income streams by exploring offshore construction contracts, and evolving their shipbuilding capabilities to cover a broader scope of offshore marine-related services.

Despite their best efforts, the Group had not found itself out of the woods, and soon faced financial difficulties. With the downturn in the market, and the lack of long-term charters for offshore support vessels, the Group was unable to dispose of its vessels, due to lack of demand and potential buyers in the market finding it challenging to obtain fresh funding from capital providers.

The Group finds itself facing financial difficulties due to several underlying reasons.

Key assumptions in the 2018 Scheme that could not be realised

The assumptions underpinning the 2018 Scheme, while thought to be achievable, could not be realised as a result of unforeseen circumstances that were beyond the Group's control. While it was believed that the 2018 Scheme proposal would provide the Group with a much-needed clean slate, the Group was unable to foresee that the market would, rather than recover, continue to remain depressed prior to taking a sharp turn for the worse in 2020 resulting from geopolitical tensions and the COVID-19 pandemic.

Depressed market and unpredictable events

A key factor in the success of the 2018 Scheme was the recovery of the market which would be favourable for vessel sales, allowing the Group to gradually dispose of its chartering fleet at a favourable market prices. The depressed market and recent unpredictable events beyond what is normally expected, such as the COVID-19 pandemic, meant vessel valuations stagnated for a prolonged period of time. As the anticipated recovery did not take place, the Group recognised in 2020 that it was unlikely to be able to meet its obligations under the 2018 Scheme when they fell due.

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Onerous operating expenses

Further, the Group was also troubled with collection issues of outstanding amounts owed by customers who had taken delivery of vessels. As a result, the Group has had no choice but to 'repossess' these vessels, which are now part of the Group's fleet. This, compounded with the inability to sell the vessels, has resulted in an overly large fleet that has resulted in a higher cash burn rate than foreseen, accruing as a result of the high costs of vessel maintenance and expenses.

COVID-19 and its impact

The COVID-19 pandemic created insurmountable difficulties for the Group in carrying on its operations, seriously affecting its business. The Malaysian government's imposition of the Movement Control Order aimed at containing the pandemic had also impacted their business operations. The present global situation and poor market conditions has led to an inevitable slew of project deferments and slower contracting opportunities for the Group. In particular, the Group's two main business operations of shipbuilding and vessel chartering have already been adversely affected.

In light of the severe and protracted downturn in the global oil and gas industry, the Group is taking steps to restructure its business, operations and balance sheet which includes, *inter alia*, refinancing or restructuring existing liabilities.

3.2 Actions taken by the Company

As mentioned in Section 1.1 above, the Company has executed the DRMA with Participating Lenders to record the terms of the restructuring proposal proposed and agreed through the CDRC process.

In addition, pursuant to the 2018 Scheme, and by way of a Master Framework Agreement between the Fujian Group Shipyards and the Group, certain terms and conditions were agreed on the restructuring and/or cancellation of certain shipbuilding contracts between the Fujian Group Shipyards and the Group. The Group failed to meet the existing liabilities under the Master Framework Agreement.

The decision was therefore made, in consultation with the Company's then financial advisors, for the management to negotiate directly with the Fujian Group Shipyards.

On 14 July 2021, the Group and the Fujian Group Shipyards had agreed on the full and final settlement, release and discharge of the Group's obligations and/or liabilities arising out of, or in connection with, *inter alia*, the Master Framework Agreement, and other agreements between the parties.

On 19 August 2022, the Group and the Fujian Group Shipyards entered into an addendum to the Fujian Group Shipyards Settlement, amending the terms of the Fujian Group Shipyards Settlement.

The Fujian Group Shipyards were secured creditors of approximately USD 63.5 million in debt owed by NCI for eight (8) vessels with a corporate guarantee from the Company.

Pursuant to the Fujian Group Shipyards Settlement and the Fujian Group Shipyards Addendum, the Group obtained a full and final settlement and waiver of the debt amounted to approximately USD 60.8 million and procure the release of the corporate guarantee mainly in exchange for a payment of USD 17.8 million and the return of five (5) vessels to the Fujian Group Shipyards. The total carrying value of the five (5) vessels were approximately USD 23.3 million. The waiver of debt amounted to approximately USD 16.1 million¹ was recorded as a gain.

¹ The total debt of approximately USD 60.8 million was measured at amortised cost of approximately USD 57.2 million. The difference of USD 3.6 million (which was charged to the income statement) between USD 60.8 million and USD 57.2 million was due to the calculation of liabilities using effective rate of interest. The gain on waiver of debt of USD 16.1 million was derived from deducting (a) the carrying value of 5 vessels which was approximately USD 23.3 million and (b) payment of USD 17.8 million to procure the release of the corporate guarantee.

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Since 2017, in addition to the Fujian Group Shipyards Settlement, the Group has also been engaging in extensive negotiations with the Non-Fujian Group Shipyards, with an aim to achieve an amicable and formal written settlement that would be in the best interest of all parties. The Group had previously reached an understanding with these shipyards to suspend construction or delivery of the vessels, with a view to extend the delivery period or to terminate the shipbuilding contracts awarded to the Non-Fujian Group Shipyards. The total debts and liabilities owed to the Non-Fujian Shipyards as at 31 December 2022 is approximately USD104.80 million. As at the Latest Practicable Date, the Group had entered into written agreements with the Non-Fujian Group Shipyards to extend the delivery period for certain contracts as well as to terminate the remaining contracts. Pursuant to the agreements between NCI (a wholly-owned subsidiary of NCL) and the Non-Fujian Group Shipyards, the Group's total outstanding to Non-Fujian Group Shipyards has been reduced from USD104.8 million to USD24.9 million, of which USD9.3 million has been settled as at the Latest Practicable Date and the balance outstanding of USD15.6 million shall be repaid as follows:

- (i) USD0.5 million shall be settled upon vessels delivery, which is estimated to be prior to 31 March 2024.
- (ii) USD3.5 million shall be settled over 12 monthly instalments upon vessel delivery
- (iii) USD9.6 million shall be settled over 36 monthly instalments upon vessel delivery
- (iv) USD2.0 million shall be settled at the end of 3 years upon vessel delivery

The additional income which is expected to be generated from the chartering of the additional vessels to be delivered by the Non-Fujian Group Shipyards are expected to sustain the obligations for future repayments and hence both the additional income and the obligations, which are not guaranteed by NCL, have not been included in the Group's cashflow projections.

3.3 Financial information of the Group

Selected audited consolidated financial information of the Group for FY2020, FY2021 and FY2022 are set out in **Appendix A** of this Circular. Such selected financial information include the Group's income statement, statement of financial position, statement of cash flow and the working capital position as well as a review thereof, and should be read together with the annual reports, the consolidated audited accounts and consolidated financial statements of the Group for the relevant periods and the related notes thereto, which are available on the website of the SGX-ST at www.sgx.com.

The auditors have provided a disclaimer of opinion for the FY2022 in relation to, among other things, outstanding exposure to the Non-Fujian Group Shipyards, going concern issues and provision of financial guarantee. For full details in relation to the auditors' disclaimer of opinion, please refer to the Company's announcement dated 12 April 2023 released on SGXNet which can be accessed in the following link: [FY2022 Disclaimer of Opinion](#).

The outstanding exposure in relation to the Non-Fujian Group Shipyards has been addressed as mentioned in Section 3.2 above. The Company is intending to address its going concern issues and the issues relating to the provision of financial guarantee through the successful implementation of the Proposed Scheme.

Subject to the successful implementation of the Proposed Scheme and barring any further unforeseen adverse, macroeconomic and industry-wide circumstances, the Board believes that the Group and the Company will have sufficient working capital and financial resources to meet their obligations of the restructured debt as and when they fall due and that the disclaimer will not affect the trading resumption of the Company.

Based on the cash flow forecast, premised on the completion of restructuring exercise and barring any further unforeseen adverse, macroeconomic and industry-wide circumstances, the Board believes that the Group and the Company will have sufficient working capital and financial resources for the next 12 months to meet their obligations as and when they fall due.

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3.3.1 Assets of the Company

As the Company is the ultimate holding company of the Group, the Company's primary assets are its investments in its subsidiaries and the receivables from its subsidiaries. The Company has no other fixed assets and operations cash flow.

As at 31 December 2022, the book value of total assets of the Company is RM282,000 after taking into consideration of the impairment in investment in subsidiaries and intercompany receivable of RM 2.71 billion.

3.3.2 Liabilities of the Company

Please find an overview of the liabilities of the Company and how the liabilities will be restructured by the Proposed Scheme set out as in the debt settlement schematic in Appendix D of this Circular.

Term Loan Creditors

Pursuant to the 2018 Restructuring, the creditors of the Company (previously known as the "noteholders") who elected or are deemed to have elected the Term Loan Option would have had a portion of their debts of approximately S\$218.0 million restructured as a term loan facility repayable in eight (8) half-yearly instalments commencing from Review Year 4 (i.e. Year 2021) in the following percentages on the last day of the Interest Period:

- (a) Review Year 4 (i.e. Year 2021): 10%;
- (b) Review Year 5 (i.e. Year 2022): 20%;
- (c) Review Year 6 (i.e. Year 2023): 30%; and
- (d) Review Year 7 (i.e. Year 2024): 40%.

The remaining portion of the debts of S\$126.3 million were converted into approximately 2,789.3 million Shares at an issue price of S\$0.045 at the ratio of 30 Shares for every US\$1.

The applicable interest rate on the amount outstanding under the Term Loan Facility shall be 4% per annum. 50% of the accrued interest shall be payable in cash and the remaining 50% of the accrued interest shall be payable by way of Term Loan Shares.

The Interest Period shall be six (6) months. The first Interest Period commenced on 1 January 2018. On the last day of the Interest Period, the Company shall pay 50% of the accrued interest by cash to the Term Loan Creditors on a *pari passu* basis.

On the last day of each Review Year, the Company shall convert the remaining 50% of the accrued interest for the Review Year into Term Loan Shares. Every US\$1 of accrued interest shall be converted into 30 Term Loan Shares. Accordingly, every one (1) Term Loan Share is allotted and issued at a conversion price of S\$0.045 per Term Loan Share.

The amount owing to the Term Loan Creditors as at 30 September 2020 is S\$219,226,072 (including accrued interest up to 30 September 2020) (approximately RM672,521,495). In accordance with the terms of the Proposed Scheme, which was approved by 98.96% of the Scheme Creditors, cash interest accrued from 30 September 2020 up to the Scheme Unconditional Date would be waived.

The first principal repayment of the Term Loan was due in June 2021. On 1 October 2020, the Company announced that the CDRC approved its application for assistance to mediate a debt settlement with the financial creditors. Pursuant to the admission into CDRC, principal repayments on all of the Group's borrowings were suspended to avoid preferring certain creditors over others.

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Other Creditors

The Company also granted guarantees to Other Creditors with claims against: (a) the Key Subsidiaries in respect of the respective Existing Key Subsidiaries Facilities, some of which are secured by Secured Assets; and (b) the JV Companies in respect of the respective Existing JV Facilities which are secured by the Secured Assets.

A summary of the liabilities of the Company owing to Other Creditors are set out below:

No.	Other Creditor	Borrower	Amount admitted ⁽¹⁾ (RM)
Other Creditors with Key Subsidiaries Corporate Guarantee & Secured Asset			
The remaining portion owing with existing security over the Non-Core Secured Vessels(s):			
1	RHB Bank (L) Ltd. ⁽¹⁾	NCI	10,737,076
2	DBS Bank Ltd ⁽¹⁾	NCOSV	8,974,384
		SKV	2,843,735
		NCV	2,068,339
Sub-total (A)			24,623,534
Existing Key Subsidiaries Facility not secured by any Secured Assets			
1	RHB Bank (L) Ltd	NCI	44,978,895
2	DBS Bank Ltd	NCI	49,413,844
Sub-total			94,392,739
Sub-total of Other Creditors with Key Subsidiaries Corporate Guarantee & Secured Asset			119,016,273
Other Creditors with Key Subsidiaries Corporate Guarantee			
1	CIMB Bank Berhad ⁽²⁾	NCI	8,001,137
2	OCBC (L) ⁽²⁾	NCI	28,368,101
3	Hong Leong Bank Berhad ⁽²⁾	NCI	42,552,730
Sub-total			78,921,968
Sub-total (Other Creditors with Key Subsidiaries)			197,938,241
Other Creditors with JV Companies Corporate Guarantee			
1	PT Bank OCBC NISP TBK (“PT Bank OCBC”) ⁽¹⁾	PT Bahtera Niaga Indonesia	33,110,000
2	Oversea-Chinese Banking Corporation Limited (“OCBC”) ⁽¹⁾	Marco Polo Offshore (IV) Pte Ltd ⁽³⁾	33,540,000
		PT Bahtera Niaga Indonesia ⁽⁴⁾	14,190,000
Sub-total (Other Creditors with JV Companies)			80,840,000
Total Other Creditors (B)			278,778,241
Total Unsecured Other Creditors (B – A)			254,154,707

Notes:

- (1) Other Creditors whose Existing Key Subsidiaries Facility or Existing JV Facility, as the case may be, is secured by Secured Assets. The value of security in respect of the Secured Assets of RHB Bank (L) Ltd under RTL 4 secured by a platform supply vessel, SK Prime, is USD5,800,000. The value of security in respect of the Secured Assets of DBS Bank Ltd. under RTL 3 secured by safety standby vessels (SK Line 4, SK Line 10, SK Line 800 and SK Line 805), is RM7,380,000.
- (2) Other Creditors whose Existing Key Subsidiaries Facility is not secured by any Secured Assets.

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- (3) The Company is indirectly interested in 50% of the issued and paid-up share capital of Marco Polo Offshore (IV) Pte Ltd through its wholly-owned subsidiaries, Nam Cheong Dockyard Sdn Bhd, which in turn wholly owns SK Global Ltd.
- (4) The Company is indirectly interested in 49% of the issued and paid-up share capital of PT Bahtera Niaga Indonesia through its wholly-owned subsidiaries, Nam Cheong Dockyard Sdn Bhd, which in turn wholly owns Nam Cheong Pioneer Sdn Bhd.

The aggregate amount admitted under the Proposed Scheme is approximately RM279 million, consisting of (i) approximately RM198 million in respect of Key Subsidiaries Corporate Guarantees; and (ii) approximately RM81 million in respect of the JV Companies Corporate Guarantees.

Arrangements with Other Creditors with Key Subsidiaries Corporate Guarantees

The Company granted Key Subsidiaries Corporate Guarantees to certain Other Creditors in respect of those Other Creditors' existing credit facilities (Existing Key Subsidiaries Facilities). For more details, please refer to the table in Section 3.3.2 of this Circular.

Save for CIMB Bank Berhad, OCBC (L), and Hong Leong Bank Berhad (the Unsecured Other Creditors), the respective Existing Key Subsidiaries Facilities of the rest of the Other Creditors with Key Subsidiaries Corporate Guarantees (Secured Other Creditors) are secured by Secured Assets. The Secured Assets comprise vessels.

Secured Other Creditors

The following Existing Key Subsidiaries Facilities are secured:

- (i) The Bilateral Agreements between DBS Bank Ltd and NCOSV, SKV and NCV; and
- (ii) The Bilateral Agreement between RHB Bank (L) Ltd. and NCI.

NCOSV is an indirect wholly-owned subsidiary of the Company through the Company's indirect wholly-owned subsidiary, NCI, through NCD. NCOSV's principal activities is in vessel chartering. SKV is an indirect wholly-owned subsidiary of the Company through the Company's wholly-owned subsidiary, NCI. SKV's principal activities is in vessel chartering. NCV is an indirect wholly-owned subsidiary of the Company through the Company's wholly-owned subsidiary, NCI. NCV's principal activity is in vessel chartering. NCI is a wholly-owned subsidiary of NCD. NCI's principal activity is in shipbuilding.

Please refer to the table above in Section 3.3.2 for a breakdown of the amounts owing to DBS Bank Ltd and RHB Bank (L) Ltd. under the Bilateral Agreements of approximately RM119.0 million. For the avoidance of doubt, the amounts owing to DBS Bank Ltd and RHB Bank (L) Ltd. under the Bilateral Agreements does not include the amounts which will be restructured under RTL 3 and RTL 4. A portion of the outstanding amount owed to DBS Bank Ltd and RHB Bank (L) Ltd will be settled through the disposal of vessels which secure the respective facilities. The Bilateral Agreements govern the terms of the restructured term loan, namely RTL 3 and RTL 4, the salient terms which are disclosed below. The portion of the outstanding amount not settled through the disposal of the charged assets, in essence, the undersecured portion, was admitted and restructured by the Proposed Scheme. Notably, RM119 million arising from the Bilateral Agreements do not include the amounts which will be restructured under RTL 3 and RTL 4.

Non-Core Secured Assets Term Loan (RTL 3 and RTL 4)

A portion of the outstanding claim owing to the Secured Other Creditors with existing security over the Non-Core Secured Vessel(s) under their Existing Key Subsidiaries Facilities shall be restructured and repaid with RTL 3 and RTL 4, in accordance with the terms of RTL 3 and RTL 4 under the DRMA, respectively.

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Please find a table showing the breakdown of amounts owing to RTL 3 Creditor and RTL 4 Creditor and the Non-Core Secured Vessel(s) under the Existing Key Subsidiaries Facilities:

Other Creditors	Borrower*	Facility	Non-Core Secured Vessels	Aggregate amount owing under Existing Key Subsidiaries Facilities (RM equivalent)	Amount restructured under RTL 3 and RTL 4 (RM equivalent)
DBS Bank Ltd	NCOSV, SKV, NCV	RTL 3	Four Safety Standby Vessel (SK Line 10, SK Line 4, SK Line 800 and SK Line 805)	21,266,458	7,380,000
RHB Bank (L) Ltd	NCI	RTL 4	Platform Supply Vessel (SK Prime)	35,677,075	24,940,000
Total				56,943,533	32,320,000

*NCL has 100% equity interest in these indirect subsidiaries.

Please find a table showing the carrying value of the Non-Core Secured Vessel(s) set out in the table:

Vessel	RM	Marked-to-Market?	Force Sale Value as at 31 December 2023 ⁽¹⁾ (US\$)	RM equivalent as at 31 December 2023 ⁽²⁾
SK Line 4	696,346	Yes	200,000 to 400,000	918,000 to 1,836,000
SK Line 10	711,290	Yes	Please refer to Note 3	Please refer to Note 3
SK Line 800	716,404	Yes	Please refer to Note 3	Please refer to Note 3
SK Line 805	756,055	Yes	200,000 to 400,000	918,000 to 1,836,000
SK Prime	21,501,386	Yes	5,000,000 to 5,500,000	22,950,000 to 25,245,000

Notes:

- Valuation conducted by M3 Marine Valuations Pte Ltd on the basis of an 'as is, where is' sale between a willing buyer and a willing seller
- Based on USD/MYR as at 31 December 2023 of 4.59
- The vessel age and specification of SK Line 4, SK Line 10 and SK Line 800 are identical. Therefore, valuations were not separately conducted for SK Line 10 and SK Line 800 as the valuation of SK Line 4 also applies to SK Line 10 and SK Line 800.

The remaining portion owing to the Secured Other Creditors with existing security over the Non-Core Secured Vessels(s) amounting to approximately RM24.6 million thereof shall be restructured and settled under the Proposed Scheme as follows:

- RM2.8 million shall be restructured and repaid as RTL 1B;
- RM5.2 million shall be restructured and repaid as RTL B;
- RM7.2 million shall be settled in accordance with the terms of the NCL Debt Redemption; and
- RM9.4 million shall be waived.

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Salient terms of the term loan facilities

The salient terms of RTL 2 are as follows:

- (a) The claims to be settled and restructured under RTL 2 is approximately RM18.1 million.
- (b) The tenor of RTL 2 is 2 years.
- (c) The Company will guarantee the obligations of NCD under the RTL 2.
- (d) Interest will be payable monthly in arrears at the respective Bilateral Lender's COF.
- (e) Principal will be repaid with the proceeds from the disposal of assets securing the RTL 2 term loan, if any, within the 2-year tenor.
- (f) Any outstanding balance owed under the RTL 2, whether due to insufficient proceeds from disposals or non-disposals, will be automatically converted into NCD Tranche 2 RTL B, and repaid in accordance with the RTL B terms, or converted into ordinary shares of the Company.
- (g) If there are any excess disposal proceeds after settlement of the RTL 2 and the NCD Tranche 2 RTL B (if any), the excess disposal proceeds will be applied to settle the RTL1B claims of the RTL 2 creditor.
- (h) The remaining disposal proceeds after (g) above (if any) will be returned to NCD.

The salient terms of the RTL 3 and RTL 4 are as follows:

- (a) The outstanding claims to be settled under RTL 3 and RTL 4 amounts to an aggregate of approximately RM32 million.
- (b) The tenor of RTL 3 and RTL 4 is 2 years.
- (c) The Company shall guarantee NCI Subsidiaries' and NCI's obligations under the RTL 3 and RTL 4, whichever the case may be.
- (d) Interest shall be payable at the relevant Bilateral Lenders' COF, whichever the case may be.
- (e) Principal will be repaid with the proceeds from disposal of the Non-Core Secured Vessel(s), if any, within the 2-year tenor to the lender with Security Interest over the vessel(s) which were disposed.
- (f) Any balance amount outstanding under the RTL 3 and/or the RTL 4, after any sale of the Non-Core Secured Vessel(s), or in the event the Non-Core Secured Vessel(s) remains unsold at the end of the tenor, will automatically convert into NCI Tranche 2 RTL B and repaid in accordance with the RTL B terms, or converted into ordinary shares of the Company.
- (g) If there are any excess disposal proceeds after settlement of RTL 3 and RTL 4, and NCI Tranche 2 RTL B (if any), the excess disposal proceeds will be applied to settle the claims of the relevant Secured Other Creditors under RTL B, and thereafter RTL 1B.
- (h) The remaining disposal proceeds after (g) above (if any) will be returned to the chargor of the Non-Core Secured Vessel(s).

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The salient terms of NCD RTL 1B / RTL 1B are as follows:

- (a) The Company will guarantee NCD's obligations under the NCD RTL 1B and NCI's and NCI Subsidiaries' obligations under the RTL 1B.
- (b) Interest will be payable monthly in arrears at the COF, plus 1.0%, of the Bilateral Lenders and Scheme Creditors to be issued the NCD RTL 1B or RTL 1B respectively (as the case may be).
- (c) The interest rate will be stepped up, in similar fashion to that of RTL 1A, in the event of an increase in the charter rates of the Existing Vessels.
- (d) The principal will be repaid on a semi-annual basis throughout the 7-year tenor of the facility. Both principal and interest will commence repayments from the Scheme Unconditional Date.
- (e) A monthly build-up of principal and interest for the NCD RTL 1B and RTL 1B and annual mandatory principal repayment of the RTL B will be set aside in the DSRA (RTL 1B and RTL B). TST will make good any shortfall in the monthly build-up of the DSRA (RTL 1B and RTL B) up to a limit of RM19,200,000.00. The Bilateral Lenders and Scheme Creditors to be issued NCD RTL 1B, RTL 1B, RTL B and/or Tranche 2 RTL B (as the case may be) will be conferred a charge over the DSRA (RTL 1B and RTL B).

The salient terms of Tranche 2 RTL B / RTL B are as follows:

- (a) The Company will guarantee NCD's obligations under the NCD Tranche 2 RTL B and NCI's and NCI Subsidiaries' obligations under the RTL B or NCI Tranche 2 RTL B (if applicable).
- (b) Interest or profit will be payable monthly in arrears annually at 3% which will be capitalised but not compounded.
- (c) The principal will be repaid on an annual basis throughout the 7-year tenor of the facility with a minimum annual mandatory principal payment of RM5,000,000.
- (d) A monthly build-up of principal and interest for the NCD RTL 1B and RTL 1B and annual mandatory principal repayment of the RTL B will be set aside in the DSRA (RTL 1B and RTL B). TST will make good any shortfall in the monthly build-up of the DSRA (RTL 1B and RTL B) up to a limit of RM19,200,000.00. The Bilateral Lenders and Scheme Creditors to be issued NCD RTL 1B, RTL 1B, RTL B and/or Tranche 2 RTL B (as the case may be) will be conferred a charge over the DSRA (RTL 1B and RTL B).
- (e) All outstanding RTL B, Tranche 2 RTL B and accrued interest or profit, as the case may be, thereon will be repaid in full before the Final Payment Date.

The salient terms of the RTL 1A are as follows:

- (a) The Bilateral Lender of NCD who has existing security over certain vessels i.e. SK Power and SK Precious ("**RTL 1A Lender**") has an outstanding claim amounting to approximately RM22 million against NCD under the Bilateral Agreements restructured into a 7-year term loan facility.
- (b) The Company will guarantee NCD's obligations under the RTL 1A.
- (c) Interest will be payable monthly in arrears at the RTL 1A Lender's COF plus 1.0%. The interest rate will be stepped up, in similar fashion to that of NCD RTL 1B / RTL 1B, in the event of an increase in the charter rates of the Existing Vessels.

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- (d) The principal will be repaid on a monthly basis throughout the 7-year tenor of the facility.
- (e) Both principal and interest will commence repayments from the Scheme Unconditional Date.
- (f) As security for the RTL 1A, one month of principal and interest due under the facility will be set aside in the DSRA1A and the RTL 1A Lender will be conferred a charge over the DSRA1A.

Unsecured Other Creditors

The Existing Key Subsidiaries Facilities of the Unsecured Other Creditors are not secured by Secured Assets. Accordingly, the liabilities of the Company under the Key Subsidiaries Corporate Guarantees in respect of the Unsecured Other Creditors, being unsecured, will be included and restructured under the Proposed Scheme.

The outstanding claims owing to the Unsecured Other Creditors amounting to approximately RM254.2 million shall be restructured and settled under the Proposed Scheme as follows:

- (i) RM28.6 million shall be restructured and repaid as RTL 1B;
- (ii) RM53.9 million shall be restructured and repaid as RTL B;
- (iii) RM74.0 million shall be settled in accordance with the terms of the NCL Debt Redemption; and
- (iv) RM97.7 million shall be waived.

Arrangement for Other Creditors with JV Companies Corporate Guarantees

The Company also granted guarantees in respect of certain credit facilities granted by the relevant Other Creditors ("**Existing JV Facilities**") to the JV Companies – for more details, please refer to the table in section 3.3.2 of this Circular. These guarantees were restructured pursuant to the 2018 Scheme.

In respect of the Existing JV Facilities that are secured by Secured Asset(s), the liabilities of the Company under the JV Companies Corporate Guarantees will be settled as follows:

- (i) The claim by the Other Creditors with JV Companies Corporate Guarantees ("**Other Creditors – JV**") is a contingent claim by virtue of the proportionate guarantee provided by NCL for facilities borrowed by the JV Companies. NCL holds 50% and 49% interest in the Marco Polo Offshore (IV) Pte Ltd and PT Bahtera Niaga Indonesia JV entities, respectively. Therefore, the outstanding debt, multiplied by the proportionate amount guaranteed by NCL (i.e. either 50% or 49%), owing to the relevant Other Creditors - JV, will be admitted into the Proposed Scheme. Based on the debts admitted into the Proposed Scheme, the Other Creditors – JV will be entitled to a proportionate allocation of the Proposed Scheme Consideration (i.e. RTL1B, RTL B and the NCL Debt Redemption).
- (ii) Notably, the instruments will not be distributed to the Other Creditors - JV but withheld until the disposal of all assets securing the facility. This is because, until the assets securing the relevant facilities in the JV entities remain unsold, the actual shortfall in the loan, which NCL will be proportionately liable for (by virtue of the Corporate Guarantee), is unknown.
- (iii) After all the secured assets are disposed, the outstanding balance of the facility will crystallise. NCL will be liable for a portion of the crystallised claim, in accordance with the proportional guarantee.
- (iv) It is anticipated that the crystallised claim will be lower than the outstanding debt admitted into the Proposed Scheme, as the crystallised claim takes into consideration the redemption of the loan from the disposal proceeds of the secured assets.

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- (v) In the premises, the proportionate allocation of the scheme consideration to the Other Creditors – JV, will need to be adjusted to avoid payment in excess of 100% on the outstanding amount.
- (vi) Upon disposal of the relevant Secured Asset(s), the outstanding amount owing to the relevant Other Creditors will be reduced by the disposal proceeds and the aggregate amount of all payments made to the Other Creditor on or after the Cut-Off Date.
- (vii) The crystallised claim under the JV Companies Corporate Guarantee owing to the relevant Other Creditor to the Company will be adjusted accordingly.

By way of illustration, assuming the outstanding amount is RM60 million owing to the Other Creditors – JV, NCL provided a proportional guarantee (50%) and the total disposal proceeds of the secured assets are RM20 million.

- (i) RM30 million (50% of RM60 million) will be admitted into the Proposed Scheme and will be entitled a proportionate allocation of the scheme consideration. This will be withheld pending disposal of all assets securing the facility.
- (ii) NCL assume all secured assets are sold for RM20 million.
- (iii) Therefore, the outstanding amount will be reduced to RM40 million. As all secured assets have been disposed, the shortfall of RM40 million will crystallise. The crystallised claim against NCL, arising from the proportionate guarantee, will amount to RM20 million.
- (iv) The Other Creditors – JV entitlement of the scheme consideration will be adjusted accordingly, i.e. $RM20 \text{ million} \div RM30 \text{ million} \times$ scheme consideration allocated to the Other Creditor.
- (v) Following this illustration, $RM10 \text{ million} \div RM30 \text{ million}$ of the scheme consideration will be released to NCL.

The adjusted entitlement shall be issued as soon as practicable after the completion of the following:

- (i) Full and final disposal of all Secured Asset(s) securing the relevant Other Creditors. The Secured Asset(s) are owned and controlled by the JV Companies. Accordingly, the Company's exposure is from a proportionate guarantee granted to the facilities borrowed by the JV. As a valuation has not been obtained, for the purposes of voting, the full claim that the Company could potentially be liable for to the relevant Other Creditor has been admitted. However, payout to the relevant Other Creditor from the Proposed Scheme will be based on the crystallised shortfall, if any, after the Secured Asset(s) have been disposed, in accordance with the adjusted entitlement as described above;
- (ii) Determination of the outstanding debt under the JV Companies Corporate Guarantees; and
- (iii) Determination of the adjusted settlement entitlement.

Excluded Creditors

Excluded Creditors comprise mainly:

- (i) essential operating expenses of a recurring nature of the Group;
- (ii) costs of inventory and related essential expenses owed to trade suppliers in the ordinary course of business;

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- (iii) the Professional Advisors, and any professional and legal advisors to the Group to the extent of their claims for remuneration, costs, fees and expenses incurred before, on or after the Scheme Unconditional Date;
- (iv) associates, joint ventures and subsidiaries of the Group;
- (v) employees of the Company to the extent of their claims in respect of unpaid wages and salaries;
- (vi) trade creditors of the Group;
- (vii) the Inland Revenue Authority of Singapore;
- (viii) the Inland Revenue Board of Malaysia; and
- (ix) the SGX-ST.

As at 31 December 2022 and 30 September 2023, the aggregate amount of debts due and owing by the Company to the aforementioned Excluded Creditors is approximately RM 67.3 million and RM52.4 million respectively. The Excluded Creditors of the Company are excluded from the Proposed Scheme.

4 THE PROPOSED SHARE CONSOLIDATION

4.1 Introduction

The Group is proposing to undertake the Proposed Share Consolidation as part of its restructuring plan.

On 5 October 2023, the Company announced that it is proposing to, *inter alia*, seek Shareholders' approval to undertake a Proposed Share Consolidation of every 100 Existing Shares as at the Share Consolidation Record Date into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other, and will be traded in board lots of 100 Consolidated Shares on the SGX-ST.

As at the Latest Practicable Date, the Company has an authorised share capital of HK\$12,000,000 divided into 12,000,000,000 Existing Shares with par value of HK\$0.001 for each Existing Share, of which 7,957,181,299 Shares (excluding 6,678,597 treasury shares and 114,356,460 subsidiary holdings) have been issued and fully paid-up. Assuming that no new Shares will be issued by the Company during the period from the Latest Practicable Date to the Share Consolidation Record Date, the authorised share capital of the Company would be HK\$12,000,000 divided into 120,000,000 Shares post-Share Consolidation but prior to the Proposed Reorganisation with a par value of HK\$0.10 for each Share post-Share Consolidation, of which 79,571,812.99 Shares (excluding 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) would be issued and fully paid-up following the completion of the Proposed Share Consolidation. Immediately after the completion of the Proposed Share Consolidation, the Company will be undertaking a capital reorganisation which would include a Capital Reduction. The fractional entitlements arising out of the Proposed Share Consolidation will be cancelled pursuant to the Capital Reduction. The fractions of the Shares post-Share Consolidation will therefore be cancelled pursuant to the Capital Reduction. Please refer to Section 5 below for further information relating to the Proposed Capital Reduction.

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Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Existing Shares as at the Share Consolidation Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Shares arising upon the implementation of the Proposed Share Consolidation will be cancelled pursuant to the Capital Reduction. Affected Shareholders will not be paid for any fractional Shares which are cancelled pursuant to the Capital Reduction. Notwithstanding the above, Shareholders should note that the Proposed Share Consolidation is subject to such approvals and conditions as described in Section 4.3 below.

The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds (if any) of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation and no payment will be made to Shareholders pursuant to the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholdings of each Shareholder, other than non-material changes due to rounding.

4.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation is part of our Company's capital management plan to improve our Company's capital structure as well as to facilitate the Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement. The Consolidated Shares in total will bear the same value as the Existing Shares in our Company prior to the Proposed Share Consolidation, but at no expense to Shareholders. In addition, the higher share price resulting from the Proposed Share Consolidation enables the Company to have more flexibility in fixing the issue price of the Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results as stated in this Section 4.2, nor is there assurance that such results (if achieved) can be sustained in the longer term.

4.3 Approvals and Conditions

The Proposed Share Consolidation is subject to, *inter alia*:

- (a) the in-principle approval of the SGX-ST for the dealing in, listing and quotation for the Consolidated Shares on the Mainboard of the SGX-ST; and
- (b) the Proposed Share Consolidation being approved by Shareholders at the SGM.

On 31 January 2024, the SGX-ST granted its in-principle approval for the dealing in, listing and quotation of, *inter alia*, the Consolidated Shares on the Mainboard of the SGX-ST, subject to certain conditions, further details of which are set out in Section 2 of the Circular.

An announcement will be made by the Company to notify Shareholders of the Share Consolidation Record Date and the Effective Trading Date of the Consolidated Shares.

Shareholders should note that whilst the Board is seeking Shareholders' approval for the Proposed Share Consolidation, the Directors may decide not to proceed with the Proposed Share Consolidation if the Directors are of the view that, after taking into account all relevant factors, it is not beneficial to the Company and its Shareholders to do so. In such a case, an announcement will be made by the Company to notify Shareholders of the reasons why the Directors have decided not to proceed with the Proposed Share Consolidation.

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4.4 Updating of Register of Members and Depository Register

If Shareholders at the SGM approve the Proposed Share Consolidation, the Shareholders' and Depositors' entitlements to the Consolidated Shares will be determined on the Share Consolidation Record Date, based on their shareholdings as at 5.00 p.m. on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders (and Depositors, as the case may be) based on their shareholdings in the Company as at the Share Consolidation Record Date and the Consolidated Shares will begin trading in board lots of 100 Consolidated Shares at 9.00 a.m. on the Effective Trading Date.

4.4.1 Deposit of Share Certificates with CDP

Shareholders who hold Old Share Certificates for the Existing Shares in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates with CDP, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Share Consolidation Record Date.

After the Share Consolidation Record Date, CDP will only accept the deposit of New Share Certificates. Shareholders who wish to deposit their share certificates with CDP after the Share Consolidation Record Date must first deliver their Old Share Certificates to the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712, for cancellation and issuance of New Share Certificates in replacement thereof as described below. Upon receipt of the New Share Certificates in their own names, Shareholders may then proceed to deposit these New Share Certificates in their own names with CDP.

4.4.2 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Share Consolidation Record Date need not take any further action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712, as soon as possible after they have been notified of the Share Consolidation Record Date and preferably, not later than five (5) Market Days after the Share Consolidation Record Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Company's Singapore Share Transfer Agent upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within 10 Market Days from the Share Consolidation Record Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders shall deliver their Old Share Certificates to the Company's Singapore Share Transfer Agent or CDP in accordance with the provisions set out above, only after the Company's announcement of the Share Consolidation Record Date. Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Company's Singapore Share Transfer Agent for cancellation.

Shareholders should notify the Company's Singapore Share Transfer Agent if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members.

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4.4.3 Share Certificates Not Valid for Settlement of Trades on the Mainboard of the SGX-ST

Shareholders are reminded that their physical share certificates are not valid for settlement of trading in the Shares on the Mainboard of the SGX-ST, as the Company is under a book-entry (scripless) settlement system. After the Effective Trading Date, the Old Share Certificates will continue to be accepted by the Company's Singapore Share Transfer Agent for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on the Mainboard of the SGX-ST although they will continue to be *prima facie* evidence of legal title to the Consolidated Shares.

4.5 **Trading Arrangement for Consolidated Shares and Odd Lots**

4.5.1 Trading Arrangements for the Consolidated Shares

Subject to Shareholders' approval of the Proposed Share Consolidation at the SGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, every 100 Existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Existing Shares on the Mainboard of the SGX-ST will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

4.5.2 Trading Arrangements for Odd Lots of Consolidated Shares

The Existing Shares are currently traded in board lots of 100 Existing Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Depositors may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid. Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the unit share market which, following the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of one Consolidated Share. As odd lots of Consolidated Shares can be traded on the unit share market, no separate arrangements will be made for the trading of such odd lots.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Existing Shares as at the Share Consolidation Record Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Shares arising upon the implementation of the Proposed Share Consolidation shall be cancelled pursuant to the Capital Reduction. Affected Shareholders will not be paid for any fractional Shares which are cancelled.

4.6 **Financial Effects of the Proposed Share Consolidation**

Please refer to Section 17 (Financial Effects of the Proposed Transactions) of this Circular for further details on the financial effects of, *inter alia*, the Proposed Share Consolidation.

4.7 **Effect of the Proposed Share Consolidation on the VWAP**

Trading of the Shares on the SGX-ST has been voluntarily suspended since 28 April 2020. In view of the suspension of trading of the Shares, the Company is of the view that it is not meaningful to discuss the computation of the theoretical adjusted 6-month VWAP based on the Consolidated Shares.

For illustrative purposes only, based on the last traded price of Shares prior to the suspension of trading in the Company's securities on the Last Trading Day of S\$0.004 per Share on an unconsolidated basis, the theoretical adjusted VWAP of each Consolidated Share, following the completion of the Proposed Share Consolidation, would be S\$0.40.

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5 THE PROPOSED CAPITAL REORGANISATION

5.1 Rationale and details of the Proposed Capital Reorganisation

Under the laws of Bermuda, shares of a Bermuda company may not be issued for an amount less than the par value of the shares. As at the Latest Practicable Date, the authorised share capital of the Company is HK\$12,000,000 divided into 12,000,000 Existing Shares with a par value of HK\$0.001 for each, of which 7,957,181,299 Existing Shares (excluding 6,678,597 treasury shares and 114,356,460 subsidiary holdings) have been issued and fully paid-up.

Following the completion of the Proposed Share Consolidation, the authorised share capital of the Company would be HK\$12,000,000 divided into 120,000,000 Consolidated Shares with a par value of HK\$0.10 for each Share, of which 79,571,812.99 Shares (excluding 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) would be issued and fully paid-up.

The Proposed Capital Reorganisation would involve:

- (a) a capital reduction (the “**Capital Reduction**”) by cancellation of any fraction of a Share post-Share Consolidation in the issued share capital of the Company arising from the Share Consolidation and reduction of the issued and paid-up shares of the Company from HK\$8,078,216 divided into 79,571,812.99 Shares (plus 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) of HK\$0.10 each, to HK\$80,782 divided into 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings) of par value HK\$0.001 each, by cancelling the paid-up capital of the Company to the extent of HK\$7,997,434.195 in aggregate on the Shares with a par value of HK\$0.10 in issue on the Proposed Capital Reorganisation Effective Date such that 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 as at the Proposed Capital Reorganisation Effective Date 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;
- (b) subject to and forthwith upon the Capital Reduction taking effect, all of the authorised but unissued Shares with a par value of HK\$0.10 each in the share capital of the Company be cancelled, and the authorised share capital of the Company of HK\$12,000,000 be diminished by such amount representing the amount of Shares so cancelled (the “**Authorised Capital Diminution**”), and forthwith upon the Authorised Capital Diminution, the authorised share capital of the Company be increased to HK\$4,000,000 by the creation of such number of Shares with a par value of HK\$0.001 each as shall represent the difference between 4,000,000,000 Shares with a par value of HK\$0.001 each and the number of Consolidated Shares with a par value of HK\$0.001 each in issue after the Capital Reduction (the “**Authorised Capital Increase**”); and
- (c) subject to and forthwith upon the Capital Reduction taking effect, the credit arising from the Capital Reduction in the sum of HK\$7,997,434.195 shall be credited to the contributed surplus account of the Company (the “**Crediting of Contributed Surplus**”), to be utilised in such manner as may be determined by the Directors in accordance with the Bye-laws and all applicable laws, including but not limited to offsetting against the accumulated losses of the Company.

It is contemplated that HK\$7,997,434.195 of credit would arise from the Capital Reduction which the Company is proposing to transfer to the contributed surplus account of the Company. The Crediting of Contributed Surplus will increase the balance in the contributed surplus account of the Company. Shareholders should note that no cash is required to support such increase in the contributed surplus account of the Company.

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The Directors will, as long as the Company is solvent, be authorised to utilise any credit balance in the contributed surplus account of the Company in such manner as they may determine in accordance with the Bye-laws and all applicable laws. Subject to the Bye-laws and all applicable laws, the proposed Crediting of Contributed Surplus will increase the credit balance in the contributed surplus account of the Company and provide the Company with greater flexibility in relation to future distributions, if any, out of contributed surplus. Shareholders should note that whether or not the Company will make a distribution out of contributed surplus and the timing and amount of distribution to be paid will depend on the Company's earnings, financial position including cash flow position, future capital requirements, future plans and other relevant factors.

As at the Latest Practicable Date, Shareholders should note that there are currently no plans to make any distribution out of the increased contributed surplus arising from the Proposed Capital Reorganisation. The Proposed Capital Reorganisation will also not result in a return of capital or cash to Shareholders.

It is contemplated that a total of 343,878,435 Consolidated Shares would be required to be issued pursuant to the issuance of the Conversion Shares, Settlement Shares, Placement Shares, and RTL 3 Shares. Under the laws of Bermuda, the Company is not allowed to issue Shares exceeding its authorised share capital. Subject to the completion of the Proposed Share Consolidation and following the Proposed Capital Reorganisation becoming effective, the par value of each Consolidated Share would decrease to HK\$0.001 (approximately S\$0.00017 based on the exchange rate of 0.1715 as at the Latest Practicable Date) and the authorised capital would increase to HK\$4,000,000 divided into 4,000,000,000 Consolidated Shares.

The Directors are of the view that the Proposed Capital Reorganisation will mitigate the limitations generally associated with the concept of par value and authorised capital and provide the Company with flexibility to issue the Conversion Shares, Settlement Shares, Placement Shares, and RTL 3 Shares to implement the Proposed Scheme. Furthermore, the Proposed Capital Reorganisation would allow the Company to issue additional Shares on its future capital structure and enable the Company to take advantage of opportunities as and when they arise and provide the Company with greater flexibility to issue new Shares in future should fund raising opportunities arise that may require issuance of Shares below the par value of HK\$0.10 each (approximately S\$0.017 based on the exchange rate of 0.1715 as at the Latest Practicable Date) and/or above the existing authorised capital of the Company.

Upon the Proposed Capital Reorganisation becoming effective, there will be no changes in the number of issued and paid-up Consolidated Shares held by, or the percentage level of shareholding of, each Shareholder or depositor as a result of the Proposed Capital Reorganisation. The Consolidated Shares with a par value of HK\$0.001 each will rank *pari passu* in all respects with each other. Other than the costs and expenses incurred in relation to the Proposed Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company. The Proposed Capital Reorganisation will also not result in a return of capital or cash to Shareholders.

Section 46(2)(b) of the Bermuda Companies Act in respect of share capital reduction provides that no company shall reduce the amount of its share capital if, on the date the reduction is to be effected, there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due.

The Proposed Capital Reorganisation will take effect on the Proposed Capital Reorganisation Effective Date. With the implementation of the Proposed Scheme, the outstanding liabilities owing to the Scheme Creditors will be substantially reduced. Accordingly, as at the Latest Practicable Date, subject to the successful implementation of the Proposed Scheme and barring any further unforeseen adverse, macroeconomic and industry-wide circumstances, the Directors are of the opinion that, there are no reasonable grounds for believing that, on the Proposed Capital Reorganisation Effective Date, the Company is, or after the Proposed Capital Reorganisation would be, unable to pay its liabilities as they become due.

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5.2 Effect of the Proposed Capital Reorganisation

Upon the Proposed Capital Reorganisation taking effect on the Proposed Capital Reorganisation Effective Date:

- (a) the par value of each issued and unissued Share will be reduced from HK\$0.10 to HK\$0.001;
- (b) the issued and paid-up share capital (based on the number of issued Existing Shares as at the Latest Practicable Date) will be HK\$80,782 divided into 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings) of par value HK\$0.001. The number of issued Consolidated Shares will remain unchanged at 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings); and
- (c) following the Authorised Capital Diminution, the authorised share capital will be increased to HK\$4,000,000, divided into 4,000,000,000 Consolidated Shares with a par value of HK\$0.001 each.

Upon the Proposed Capital Reorganisation becoming effective, there is no change in the number of issued and paid-up Shares held by, or the percentage level of shareholding of, each Shareholder or depositor as a result of the Proposed Capital Reorganisation. The Consolidated Shares with a par value of HK\$0.001 each will rank *pari passu* in all respects with each other. Other than the costs and expenses incurred in relation to the Proposed Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company.

5.3 Approvals and Conditions

The Proposed Capital Reorganisation is subject to, *inter alia*:

- (a) the completion of the Proposed Share Consolidation;
- (b) the approval by the Shareholders of the Proposed Capital Reorganisation by way of a special resolution (as defined in the Bye-laws) at the SGM, that is to say, the Proposed Capital Reorganisation has to be approved by a resolution passed by a majority of not less than three-fourths (3/4) of the votes cast by the Shareholders, being entitled so to do, present and voting at the SGM (either voting in person or by duly authorised corporate representative or by proxy) of which not less than twenty- one (21) clear days' notice shall be given;
- (c) compliance with relevant legal procedures and requirements under Bermuda law and Singapore law (if any) to effect the Proposed Capital Reorganisation, including but not limited to the following:
 - (i) the publication of a notice of the book closure in an appointed newspaper in Bermuda;
 - (ii) the filing of a certified true copy of the special resolution approving the Capital Reduction, a memorandum of reduction of share capital and the Capital Reduction newspaper notice with the Bermuda Registrar within 30 days of the Proposed Capital Reorganisation Effective Date;
- (d) the receipt of all necessary approvals (if any) from the regulatory authorities, as may be required in respect of the Proposed Capital Reorganisation; and
- (e) the Proposed Capital Reorganisation being approved by Shareholders at the SGM.

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5.4 Proposed Capital Reorganisation Effective Date

Upon the approval of Shareholders for the Proposed Capital Reorganisation being duly passed at the SGM, an announcement will be released by the Company to confirm the Proposed Capital Reorganisation Effective Date.

5.5 Issue of Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP in accordance with Section 4.4 above need not take any further action. The Company will make arrangements with CDP to effect the issuance of the New Share Certificates.

5.6 Financial Effects of the Proposed Capital Reorganisation

Please refer to Section 17 (Financial Effects of the Proposed Transactions) of this Circular for further details on the financial effects of, *inter alia*, the Proposed Capital Reorganisation.

6 THE PROPOSED CONVERSION SHARES ISSUE

6.1 Scheme

The Proposed Scheme was approved by the Scheme Creditors at the Scheme Meeting on 3 November 2023 and was sanctioned by the Malaysia Court on 21 December 2023. Please find salient details on the debts under the Proposed Scheme set out in Section 3.3.2 above.

Shareholders should read this section in conjunction with the full text of the Scheme Document.

Under the Proposed Scheme, Scheme Creditors were entitled to elect to (a) receive cash payment instead of the Conversion Shares, or (b) receive the Conversion Shares. Scheme Creditors who exercised the option to be paid in cash shall receive Conversion Cash. The Conversion Cash will be limited to up to RM30 million and shall be funded by the proceeds from the Proposed Private Placement. Scheme Creditors who did not elect to receive cash payment will be paid in Conversion Shares, details of which are set out in the table below. The Conversion Cash has been fully subscribed by the Scheme Creditors.

The Company had, on 6 September 2023, despatched the scheme document and the explanatory statement to the Scheme Creditors. The Scheme Meeting was convened on 3 November 2023 and the Proposed Scheme was duly approved by the Scheme Creditors. Based on the proof of debt forms and voting instruction forms received, the Conversion Cash of RM30 million were fully elected and the total value of the Conversion Shares to be issued will be RM245 million resulted in 202,187,230 Conversion Shares to be issued at an issue price of S\$0.40 per Conversion Share.

In determining the issue price of the Conversion Shares, the Company took into account the last traded price of the Shares prior to the suspension of the trading of the Shares. The issue price for the Conversion Shares was included in the scheme documents which the scheme creditors approved at the scheme meeting on 3 November 2023, and was thereafter sanctioned by the Malaysian Court on 21 December 2023. Notably, the issue price of the Conversion Shares is at a premium to the net liability per share of the Group as at 30 September 2023.

The Board of Directors are of the view that the significant difference between the issue price for the Conversion Shares at S\$0.40 as compared to the Placement Price and proposed issue price of Settlement Shares on a post consolidation basis of S\$0.0697 is justifiable as it reflects the significantly higher risk that will be borne by the placee of the Proposed Private Placement and the Proposed Settlement Shares Issue as compared to the placee of the Conversion Shares which are converting existing unsustainable liabilities to equity instruments.

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For illustrative purposes, in the event where the Conversion Cash is insufficient to repay an outstanding debt of a Scheme Creditor, the remaining balance of such debt will be paid in Conversion Cash and settled as illustrated below:

- (a) Assumptions:
- (i) Creditor A is owed S\$1 million, of which S\$290,000 will be converted into ordinary shares of NCL.
 - (ii) Creditor A elects to receive cash payments in lieu of S\$290,000 of value in ordinary shares of NCL.
 - (iii) Creditors who elect to receive cash payments total S\$15 million.
 - (iv) Conversion Cash available is S\$8,747,886 (S\$ equivalent of RM30 million).

- (b) Conversion Cash will be pro-rated. Creditor A will receive:

$$\text{S\$290,000} \div \text{S\$15,000,000} \times \text{S\$8,747,886} = \text{S\$169,125 in cash}$$

The balance (S\$290,000 – S\$169,125) = S\$120,875 will be settled through issuance of Conversion Shares.

6.2 Key Terms of the Proposed Conversion Shares Issue

The key terms of the Proposed Conversion Shares Issue are as follows:

Issuer	:	Nam Cheong Limited
Conversion Shares	:	An aggregate of 202,187,230 Conversion Shares (representing 47.75% of the Company's total issued and paid-up share capital of 423,450,247 Shares) to be issued by the Company to the Scheme Creditors. The Company will be seeking the approval of Shareholders at the SGM to approve the Proposed Conversion Shares Issue.
Issue Price	:	S\$0.40 (on a post-Share Consolidation basis)
Conditions	:	The Proposed Conversion Shares Issue is subject to, inter alia, the passing of the Proposed Resolutions and the completion of the other parts of the Proposed Scheme.
Status	:	The Conversion Shares will, when allotted and issued, be authorised, allotted, validly issued and credited as fully paid-up, free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank pari passu in all respects with and carry all rights similar to the then existing Shares of the Company except that they shall not rank for any dividend, right, allotment, or other distributions, the record date for which falls on or prior to the date of the issuance and allotment of the Conversion Shares.
Listing	:	The Conversion Shares will be listed on the Mainboard of the SGX-ST

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6.3 Rationale for the Proposed Conversion Shares Issue

The Company believes that the Proposed Conversion Shares Issue will allow the Company to address its solvency issues and eliminate the need for cash repayment, thereby alleviating pressures on the Group's cash flow, facilitate the continuing operations of the Company and provide an opportunity for entitled Creditors to benefit from the potential rehabilitation of the Company.

The approval of Shareholders of the Company for the Proposed Conversion Shares Issue is a condition precedent to the Proposed Scheme. Accordingly, if Shareholders' approval of the Proposed Conversion Shares Issue is not obtained, the Proposed Scheme will not be able to come into effect.

6.4 Approval in-principle from the SGX-ST

On 31 January 2024, the SGX-ST granted its in-principle approval for the dealing in, listing and quotation of, *inter alia*, the Conversion Shares on the Mainboard of the SGX-ST, subject to certain conditions, further details of which are set out in Section 2 of the Circular.

6.5 Use of proceeds

There will not be any proceeds in cash from the Proposed Conversion Shares Issue as the Conversion Shares will be issued in consideration of the repayment of outstanding debts and liabilities of the Company in accordance with the terms of the Proposed Scheme.

6.6 Rule 812(1) of the Listing Manual

None of the Conversion Shares will be placed by the Company to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

6.7 Financial Effects of the Proposed Conversion Shares Issue

Please refer to Section 17 of this Circular for further details on the financial effects of, *inter alia*, the Proposed Conversion Shares Issue.

7 THE PROPOSED RTL 3 SHARES ISSUE

7.1 Key Terms of the Proposed RTL 3 Shares Issue

The key terms of the Proposed RTL 3 Shares Issue are as follows:

Issuer : Nam Cheong Limited

RTL 3 Shares : 5,201,593 RTL 3 Shares (representing approximately 1.23% of the Company's total issued and paid up share capital of 423,450,247 Shares) to be issued by the Company to the RTL 3 Creditor.

The Company will be seeking the approval of Shareholders at the SGM to approve the Proposed RTL 3 Shares Issue.

Issue Price : S\$0.40 (on a post-Share Consolidation basis)

Conditions : The Proposed RTL 3 Shares Issue is subject to, *inter alia*, the passing of the Proposed Resolutions and the completion of the other parts of the DRMA.

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Status : The RTL 3 Shares will, when allotted and issued, be authorised, allotted, validly issued and credited as fully paid-up, free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the then existing Shares of the Company except that they shall not rank for any dividend, right, allotment, or other distributions, the record date for which falls on or prior to the date of the issuance and allotment of the RTL 3 Shares.

Listing : The RTL 3 Shares will be listed on the Mainboard of the SGX-ST

7.2 Rationale for the Proposed RTL 3 Shares Issue

In the event that the disposal proceeds of the RTL 3 Secured Assets are insufficient to fully repay the RTL 3 debt, the RTL 3 Creditor will be entitled to receive Tranche 2 RTL B, or ordinary shares of the Company, in full settlement of the unpaid balance of its RTL 3 debt. Shareholders should read this section in conjunction with the full text of the Scheme Document.

The RTL 3 Secured Assets are four safety standby vessels which are charged to the RTL 3 Creditor, DBS Bank Ltd. The rationale for settlement of the RTL 3 by way of the Proposed RTL 3 Shares Issue is to settle the unpaid balance of the RTL 3 with ordinary shares of the Company, instead of converting it to RTL B Tranche 2, as part of the terms in the DRMA agreed with the secured creditors whose charged assets have been earmarked for disposal (i.e. RTL 3 and RTL 4 Creditor). This would in turn benefit the Group from the perspective of cash conservation. The total amount outstanding to the RTL 3 Creditor is RM7.38 million.

7.3 Approval in-principle from the SGX-ST

On 31 January 2024, the SGX-ST granted its in-principle approval for the dealing in, listing and quotation of, *inter alia*, the RTL 3 Shares on the Mainboard of the SGX-ST, subject to certain conditions, further details of which are set out in Section 2 of the Circular.

7.4 Use of proceeds

There will not be any proceeds in cash from the Proposed RTL 3 Shares Issue as the RTL 3 Shares will be issued in consideration of the repayment of outstanding debts and liabilities under the RTL 3 in accordance with the terms of the DRMA.

7.5 Rule 812(1) of the Listing Manual

None of the RTL 3 Shares will be placed by the Company to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

7.6 Financial Effects of the Proposed RTL 3 Shares Issue

Please refer to Section 17 of this Circular for further details on the financial effects of, *inter alia*, the Proposed RTL 3 Shares Issue.

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8 THE PROPOSED SETTLEMENT SHARES ISSUE

8.1 Key Terms of the Proposed Settlement Shares Issue

The key terms of the Proposed Settlement Shares Issue are as follows:

Issuer	:	Nam Cheong Limited
Settlement Shares	:	10,981,923 Settlement Shares (representing 2.59% of the total issued and paid up share capital of 423,450,247 Shares) to be issued by the Company to Sage 3. The Company will be seeking the approval of Shareholders at the SGM to approve the Proposed Settlement Shares Issue.
Issue Price	:	S\$0.0697 (on a post-Share Consolidation basis)
Conditions	:	The Proposed Settlement Shares Issue is subject to, inter alia, the passing of the Proposed Resolutions and the completion of the other parts of the Proposed Scheme.
Status	:	The Settlement Shares will, when allotted and issued, be authorised, allotted, validly issued and credited as fully paid-up, free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank pari passu in all respects with and carry all rights similar to the then existing Shares of the Company except that they shall not rank for any dividend, right, allotment, or other distributions, the record date for which falls on or prior to the date of the issuance and allotment of the Settlement Shares.
Listing	:	The Settlement Shares will be listed on the Mainboard of the SGX-ST

8.2 Rationale for the Proposed Settlement Shares Issue

Further to the appointment of Sage 3 Capital Sdn Bhd as the financial advisor to the Company to conceptualise, advise and implement an appropriate strategy to achieve a resolution of the Group's liabilities, the Company may at its option issue Settlement Shares as part settlement of the success fee payable to Sage 3, in a single tranche to coincide with the issuance of the Conversion Shares and Placement Shares, upon successful completion of the restructuring.

As a matter of disclosure, the Company appointed Sage 3 Capital Sdn Bhd. on 1 July 2020. On 17 August 2021, due to regulatory requirements, Sage 3 Capital Sdn Bhd. entered into a novation agreement with the Company for Sage 3 Capital Sdn Bhd. to novate or transfer all or any part of its rights, title, interests, benefits, obligations and liabilities as a financial advisor of the Company, to Sage 3.

In determining the issue price of the Settlement Shares, the Company took into account, i) the fact that the historical traded price of the Shares prior to suspension of the shares and the illustrative trading price of the shares post-share consolidation would not be a fair benchmark of the anticipated volume weighted average price of the Shares post-restructuring, and ii) the invaluable contributions of Sage 3 in advising the Company, which is in financial distress, on the restructuring since July 2020. It is notable that with Sage 3's involvement in advising the Company on the restructuring, the Company was able to obtain 100% approval-in-principle from the participating financial institution creditors of the Proposed Scheme which was eventually successful passed with the support of 98.96% of the total value of the Scheme Creditors at the Scheme Meeting.

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The Board is of the view that the Proposed Settlement Shares Issue and the issuance of the Settlement Shares at the issue price of S\$0.0697 is in the interest of, and it is not prejudicial to, the Company and the minority Shareholders for the following reasons:

- (a) The payment of part of the professional fees to Sage 3 in shares better aligns with the needs of the Company post-restructuring, primarily from a cash flow perspective which is advantageous to all vested parties and stakeholders.
- (b) The Settlement Shares represents just 2.59% of the total issued and paid-up share capital of 423,450,247 Shares of the Company post-restructuring, which correspondingly does not result in Sage 3 acquiring any substantial or controlling interest in the Company. In this regard, the potential dilutive impact pursuant to the issuance of the Settlement Shares on the rest of the shareholders, which includes the minority shareholder, is not substantial.
- (c) Based on the Group's net liability position as at 30 September 2023, the issue price of the Settlement Shares is in fact at a premium to the net liabilities per share of the Group as at 30 September 2023.
- (d) The Company will be seeking for specific shareholders' approval to issue the Settlement Shares at the said pricing in compliance with Rule 811(1) read with Rule 811(3) of the Listing Manual to ensure that the issuance of Settlement Shares is properly approved by shareholders before it is passed.
- (e) Lastly, the issuance of the Settlement Shares which is subject to and conditional upon the successful implementation of the Proposed Scheme ensures that the Company would not be required to issue the Settlement Shares if the restructuring is unsuccessful, in which case, the Company will continue to be faced with a going concern issue and the resumption of trading of its shares would be unlikely.

Given Sage 3's effort in successfully carrying the restructuring exercise to this stage and for the reasons given above, the Board is confident that the issuance of Settlement Shares will be well received by the Shareholders.

8.3 Approval in-principle from the SGX-ST

On 31 January 2024, the SGX-ST granted its in-principle approval for the dealing in, listing and quotation of, *inter alia*, the Settlement Shares on the Mainboard of the SGX-ST, subject to certain conditions, further details of which are set out in Section 2 of the Circular.

8.4 Use of proceeds

There will not be any proceeds in cash from the Proposed Settlement Shares Issue as the Settlement Shares will be issued as part settlement of the success fee payable to Sage 3, in a single tranche to coincide with the issuance of the Conversion Shares, RTL 3 Shares and Placement Shares, upon successful completion of the restructuring as mentioned above.

8.5 Rule 812(1) of the Listing Manual

None of the Settlement Shares will be placed by the Company to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the Listing Manual.

8.6 Financial Effects of the Proposed Settlement Shares Issue

Please refer to Section 17 of this Circular for further details on the financial effects of, *inter alia*, the Proposed Settlement Shares Issue.

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9 THE PROPOSED PRIVATE PLACEMENT AS AN INTERESTED PERSON TRANSACTION

9.1 Background

On 28 April 2023, the Company announced that it had, on 28 April 2023, entered into the Placement Agreement with TST in relation to the Proposed Private Placement. Pursuant to the Placement Agreement, the Placee shall subscribe for, and the Company shall issue 125,507,689 Placement Shares to the Placee.

The Placement Shares have been offered solely and sold to the Placee under Section 272B of the SFA and no prospectus or offer information statement in connection with the offer and sale of the Placement Shares will be registered in Singapore with the Authority under the SFA.

9.2 Introducers and Advisers

No lead manager, co-manager, placement agent or underwriter has been appointed and no commission is payable to any lead manager, co-manager, placement agent or underwriter in connection with the Proposed Private Placement.

The Placee is the Executive Chairman of the Company. No introducer was appointed by the Company and no commission is payable by the Company in connection with the Proposed Private Placement. Accordingly, no commission and/or introducer fees are payable/was paid by the Company in connection with the Proposed Private Placement.

9.3 Existing Convertible Securities

The Company does not have any existing convertible securities as at the Latest Practicable Date.

9.4 Rationale for the Proposed Private Placement

Pursuant to the terms of the Proposed Scheme, the Company shall, *inter alia*, make cash payment under the Conversion Cash option. In this connection, and in line with TST's continued commitment and support of the Group, the Company intends to undertake the Proposed Private Placement to raise funds.

It is intended that the proceeds raised from the Proposed Private Placement by TST, the Executive Chairman of the Group and controlling shareholder of the Company, will be used to fund the Conversion Cash of RM 30 million to be paid to the Scheme Creditors where such Scheme Creditor elects to do so under the Proposed Scheme.

9.5 Information on the Placee

The Placee, TST, is the Executive Chairman and controlling shareholder of the Company. As at the Latest Practicable Date, TST holds directly 436,168,263 Existing Shares and TST is deemed to have an interest in 1,819,486,230 Existing Shares¹, representing a direct interest of 5.481% and deemed interest of 22.866% in the issued and paid-up share capital of the Company.

9.6 Key Terms of the Proposed Private Placement

Number of Placement Shares : 125,507,689 Placement Shares represents approximately 30.01% of the Enlarged Share Capital. For the avoidance of doubt, the percentage of shares has been expressed in terms of the issued and paid-up share capital of the Company based on the Enlarged Share Capital which does not include the issuance of the RTL 3 Shares as the RTL 3 Shares will be issued only after the completion of the Proposed Private Placement.

¹ As at the Latest Practicable Date, TST is deemed to have an interest in the Shares held by Hung Yung Enterprise Sdn. Bhd., S.K. Tiong Enterprise Sdn. Bhd., his wife, Puan Sri Datin Wong Bak Hee, and 50,000 Shares held by Phillip Securities Pte. Ltd. (as nominee), by virtue of Sections 4 and 133 of the SFA.

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Placement Price : S\$0.0697 (on a post-Share Consolidation basis)

The Placement Price of S\$0.0697 per Placement Share represents a premium of approximately 1643% to the weighted average price of S\$0.004 for trades done on the SGX-ST for the full market day on 27 April 2020, being the last market day on which the shares of the Company were traded, prior to the suspension of the Shares of the Company on 28 April 2020.

The Placement Price was arrived at arm's length and on a willing buyer-willing-seller basis, after taking into account, inter alia, the weighted average price of S\$0.004 for trades done on the SGX-ST on 27 April 2020, being the last market day on which the Shares of the Company were traded, prior to the suspension of the Shares of the Company on 28 April 2020.

For the avoidance of doubt, the Placement Price shall be determined subject to the conditions set out in the Placement Agreement and in particular, the conditions set out in Section 9.8(a) and (b). The Placement Price of S\$0.0697 has been determined on the assumption that the Placement Shares shall be issued subject to and after the completion of the Proposed Share Consolidation.

Status : The Placement Shares will, when allotted and issued, be authorised, allotted, validly issued and credited as fully paid-up, free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank pari passu in all respects with and carry all rights similar to the then existing Shares of the Company except that they shall not rank for any dividend, right, allotment, or other distributions, the record date for which falls on or prior to the date of the issuance and allotment of the Placement Shares.

Authority to Allot and Issue the Placement Shares : The Company will be seeking specific approval from its shareholders at the SGM for the allotment and issuance of 125,507,689 Placement Shares to TST who is a director and controlling shareholder of the Company.

Further information on the Placement Price

The issue price of the Placement Shares has been determined based on the formula as set out in Section 9.8(c) of the draft Circular. The rationale for undertaking the Proposed Private Placement is to raise funds to fund the payment of the Conversion Cash to repay the debts and liabilities owed to the Scheme Creditors. In support of the Proposed Scheme and the restructuring, TST, the Executive Chairman of the Group and the controlling shareholder of the Company has agreed to fund the payment of Conversion Cash of up to RM 30 million which will be payable to Scheme Creditors who have elected to receive Conversion Cash instead of Conversion Shares pursuant to the Proposed Scheme. The Conversion Cash was fully elected by Scheme Creditors at the Scheme Meeting held on 3 November 2023. In support of the Proposed Scheme and the restructuring, as it can be seen from the formula to determine the Placement Price, the agreement between the Company and TST is for the Company to issue shares to TST such that TST will hold at least 30% of the total issued and paid-up shares of the Company pursuant to the Proposed Private Placement. The Placement Price is therefore determined based on a formula as set out in Section 9.8(c).

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The Board is of the view that the Proposed Private Placement and the issuance of the Placement Shares at the issue price of S\$0.0697 is in the interest of, and it is not prejudicial to, the Company and the minority Shareholders for the following reasons:

- (a) Without the proceeds from the Proposed Settlement Shares Issue, the Company would not have sufficient funds to implement the Proposed Scheme. Accordingly, it is in the interest of the Company and the Shareholders (which includes the minority Shareholders) to issue the Placement Shares so that the Company would be able to successfully implement the Proposed Scheme and complete the restructuring.
- (b) Based on the Group's net liability position as at 30 September 2023, the Placement Price is in fact at a premium to the net liabilities per share of the Group as at 30 September 2023.
- (c) The Company has, as part of the Proposed Whitewash Resolution, obtained an opinion from the IFA that the issuance of the Placement Shares is not prejudicial to independent shareholders.

For the reasons given above, the Board is confident that the issuance of Placement Shares will be well received by the Shareholders.

9.7 Proposed Private Placement as an Interested Person Transaction

TST is the Executive Chairman and controlling shareholder of the Company. Accordingly, the Proposed Private Placement is an interested person transaction under Chapter 9 of the Listing Manual.

Based on the audited consolidated financial statements of the Group for FY2022, the Group's latest audited NTA amounts to approximately negative RM630,976,000.

Pursuant to Rule 906(3) of the Listing Manual, if the Group's latest audited net tangible assets is negative, the issue should consult the SGX-ST on the appropriate benchmark to calculate the relevant thresholds in Rule 906(1), which may be based on its market capitalisation. The Company has, on 31 January 2024, received a no objection notification pursuant to Listing Rule 906(3) to use the market capitalisation of the Company as a reference point to determine the materiality of the Proposed Private Placement under Listing Rule 906(1).

As the Group's latest audited NTA is negative, for the purposes of computing the relevant threshold in Rule 906(2) of the Listing Manual, the Company shall use the average of its daily market capitalisation in December 2022 of approximately S\$31.3 million, being the last month of the immediate preceding financial year, as the reference point. The daily market capitalisation for December 2022 was computed based on the total number of issued shares multiplied by the volume weighted average price of the Company's shares listed on the SGX-ST, on each trading day in December 2022. Accordingly, the value of the Proposed Private Placement of RM30,000,000 is approximately 26.8% of the average of the Group's daily market capitalisation in December 2022.

The current total of all transactions (excluding transactions less than S\$100,000) with TST and his associates for the period commencing on 1 January 2023 up to the Latest Practicable Date is set out in the table below.

Description of Transactions	Before Completion of the Proposed Private Placement		After Completion of the Proposed Private Placement	
	Amount (RM'000)	% ⁽¹⁾	Amount (RM'000)	% ⁽¹⁾
Purchases ⁽²⁾	451	0.40	451	0.40
Rental ⁽³⁾	932	0.83	932	0.83
Proposed Private Placement	–	–	30,000	26.76
Total	1,383	1.23	31,383	27.99

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Notes:

- (1) As a percentage of the average of the Group's daily market capitalisation in December 2022.
- (2) Mr Tiong Chiong Soon, a key executive of the Company and the son of Tan Sri Datuk Tiong Su Kouk, has a direct interest of more than 30% in Top Line Works (2008) Sdn. Bhd. ("TLW"). During the period under review, NCD, a wholly-owned subsidiary of the Company, purchased shipbuilding materials from TLW.

Tan Sri Datuk Tiong Su Kouk, the Executive Chairman of the Company has an indirect interest of more than 30% in CCK Fresh Mart Sdn. Bhd. ("CCKFM"). During the period under review, NCD, a wholly-owned subsidiary of the Company, and SKOM Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, purchased fresh food from CCKFM.
- (3) Tan Sri Datuk Tiong Su Kouk, the Executive Chairman of the Company and the father of Tiong Chiong Hiiung, the Executive Vice Chairman cum Finance Director and Tiong Chiong Soon, the Executive Director (Operations), the father-in-law of the chief executive officer, and the grandfather of Leong Juin Zer, Jonathan, the Executive Director (Commercial) holds shares representing more than 30% of the issued capital in S.K. Tiong Properties Sdn Bhd ("SKTP"). During the period under review, NCD, a wholly-owned subsidiary of the Company, and SKOM Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had rented office space from SKTP in the amount of RM213,000 since 1 January 2023 to the Latest Practicable Date.

The Proposed Private Placement will be subject to shareholders' approval under Chapter 9 of the Listing Manual as its value, in aggregation with other transactions conducted with the same interested person during the current financial year, is more than 5% of the average of the Group's daily market capitalisation in December 2022 for the financial year ended 31 December 2022.

Accordingly, the Board proposes to convene the SGM to seek Shareholders' approval from independent shareholders of the Proposed Private Placement. TST and his associates shall not vote on the Proposed Private Placement, nor accept appointments as proxies unless specific instructions as to voting are given.

9.8 Principal Terms of the Placement Agreement

According to the Placement Agreement:

Completion Date

"**Completion Date**" means the date falling seven (7) clear Market Days after the fulfilment or waiver (if capable of waiver) of all the conditions, unless specifically agreed in writing between the Parties.

Conditions

The completion of the Proposed Private Placement is subject to the following conditions:

- (a) subject always to the Agreed Placement Share Issuance Principle (as defined in paragraph 9.8(b) below), in the event:
 - (i) the Company issues new Shares at an issue price lower than the Placement Price during the period commencing from the date of the Placement Agreement until the completion date of the Placement Agreement, the Placement Price shall be adjusted to such lower price accordingly; and
 - (ii) of any sub-division or consolidation of the Shares or bonus issue of Shares on a *pro rata* basis which occurs on or prior to the completion date of the Placement Agreement, the Placement Price shall be adjusted immediately in the manner set out below:

$$NCP = OCP \times (A \div B)$$

where:-

NCP is the Placement Price expressed in S\$ in force after such alteration

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OCP is the Placement Price expressed in S\$ in force immediately before such alteration

A is the number of Shares immediately before such alteration

B is the number of Shares immediately after such alteration

- (b) in addition to the Placee's existing shareholding, the Placement Shares representing approximately 30% of the aggregate number of Shares in issue, after taking into account, *inter alia*, the Proposed Share Consolidation and the issuance of Conversion Shares, the RTL 3 Shares, Settlement Shares, Placement Shares, and any other issuances of Shares prior to the issuance of the Placement Shares, the number of Placement Shares to be issued and allotted by the Company to the Placee shall be determined in accordance with the following formula:

$$\frac{X}{Y} \times 100 \approx 30\%, \text{ where } X \times Z \times \text{Exchange Rate} = \text{RM}30,000,000$$

where:-

X is the number of Placement Shares

Y is the Enlarged Share Capital

Z is the Placement Price

(the "**Agreed Placement Share Issuance Principle**")

- (c) the listing and quotation notice for the listing and quotation of the Placement Shares on the Mainboard being obtained from the SGX-ST and not having been revoked or amended and, where such notice is subject to conditions, such conditions to be reasonably acceptable to the Placee and to the extent that any conditions for the listing and quotation of the Placement Shares on the Mainboard are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (d) the Placement not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;
- (e) approval from Shareholders for (i) the issue and allotment of the Placement Shares, and (ii) waiver of their rights to receive a general offer from the Placee and its concert parties under Rule 14 of the Code being obtained;
- (f) the whitewash waiver having been obtained on such terms as are reasonably acceptable to the Placee, and not being revoked or amended;
- (g) all authorisations, approvals, waivers or permits, if any, of any governmental authority or other person that are required in connection with the transactions contemplated by the Placement Agreement including but not limited to all necessary authorisations, approvals, waiver or permits required by the Placee for the funding of and for all the transactions contemplated by the Placement Agreement, having been duly obtained and effective on terms reasonably satisfactory to the Placee;
- (h) any conditions attached to the listing and quotation notice for the listing and quotation of the Placement Shares or the whitewash waiver which is/are required to be fulfilled on or before the completion date, having been fulfilled on or before that date to the satisfaction of the SGX-ST or the SIC (as the case may be) unless waived by the SGX-ST or the SIC (as the case may be);

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- (i) the Placee having obtained the necessary approvals from all relevant authorities to subscribe for the Placement Shares in accordance with the terms of the Placement Agreement;
- (j) the Placement Agreement constituting legal, valid and binding obligations of the Placee enforceable by the Company in accordance with its terms;
- (k) the execution by the Placee of the Placement Agreement being duly authorised and such authorisation being in full force and effect;
- (l) each party having performed and complied in all material respects with all covenants, agreements, obligations and conditions contained in the Placement Agreement that are required to be performed or complied with by it;
- (m) the entry into the DRMA;
- (n) all conditions precedent under the DRMA (other than the condition relating to the completion of the Placement Agreement) having been satisfied or waived in accordance with the terms of the DRMA;
- (o) the Company obtaining an order from the Malaysia Court sanctioning the Proposed Scheme; and
- (p) approval from the SGX-ST for the lifting of the suspension of trading of the Company's securities being obtained.

Governing Law and Jurisdiction

The Placement Agreement shall be governed by, and construed in accordance with, the laws of Singapore.

Any dispute arising out of or in connection with the Placement Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force.

9.9 Statement by the Audit Committee

The Audit Committee of the Company comprises Yee Kit Hong, Ajaib Hari Dass, and Kan Yut Keong, Benjamin. None of the members of the Audit Committee have any interest in the Proposed Private Placement and are accordingly considered to be independent.

Pursuant to Rule 921(4)(b)(i) of the Listing Manual, the opinion from an independent financial adviser is not required for an issue of shares pursuant to Part IV of Chapter 8 of the Listing Manual, or the issue of other securities of a class that is already listed, for cash. Accordingly, as the Proposed Private Placement is in relation to the issuance of the Shares fully for cash, an opinion from an independent financial adviser is not required under Rule 921(4)(b)(i) of the Listing Manual.

Instead, an opinion from the Audit Committee in the form required in Rule 917(4)(a) of the Listing Manual must be disclosed. In this regard, the Audit Committee is of the view that the Proposed Private Placement is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders after taking into account, *inter alia*, the weighted average price of S\$0.004 for trades done on the SGX-ST on 27 April 2020, being the last market day on which the shares of the Company were traded, prior to the signing of the Placement Agreement.

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9.10 Approval in-principle from the SGX-ST

On 31 January 2024, the SGX-ST granted its in-principle approval for the dealing in, listing and quotation of, *inter alia*, the Placement Shares on the Mainboard of the SGX-ST, subject to certain conditions, further details of which are set out in Section 2, of the Circular.

9.11 Use of proceeds

The gross proceeds from the Proposed Private Placement of RM30,000,000 will be fully utilised to fund the Conversion Cash.

9.12 Shareholders' Approval for the Proposed Private Placement

9.12.1 Rule 805(1) of the Listing Manual

Pursuant to Rule 805(1) of the Listing Manual, an issuer must obtain the prior approval of shareholders in a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer except where a general mandate for such issue has been previously obtained from shareholders in a general meeting.

9.12.2 Rules 804 and 812 of the Listing Manual

Rule 804 of the Listing Manual provides that, except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Listing Manual, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

Rules 812(1)(a) and 812(2) of the Listing Manual further provides that, save where specific shareholders' approval for such a placement has been obtained, an issue must not be placed to the issuer's directors. Accordingly, as TST is a Director of the Company, Shareholders' approval is required pursuant to Rules 804 and 812 of the Listing Manual.

The Proposed Private Placement is also subject to Independent Shareholders' approval of the Proposed Whitewash Resolution pursuant to Rule 14 of the Code. Please refer to Section 10 of this Circular (The Proposed Whitewash Resolution) for more details on the Proposed Whitewash Resolution.

9.13 Financial Effects of the Proposed Private Placement

Please refer to Section 17 of this Circular for further details on the financial effects of, *inter alia*, the Proposed Private Placement.

10 THE PROPOSED WHITEWASH RESOLUTION

10.1 Interest of TST and his Concert Parties

As at the Latest Practicable Date, TST and his Concert Parties who hold securities in the Company are as follows:

- (a) TST is the Executive Chairman of the Company and is a Controlling Shareholder, having a direct interest in 436,168,263 Shares, being approximately 5.481% of the share capital of the Company and deemed interest in 1,819,486,230 Shares, being approximately 22.866% of the share capital of the Company.
- (b) Tiong Chiong Hiiung is the Executive Vice-Chairman cum Finance Director of the Company. He is also the son of TST having a direct interest in 14,259,240 Shares, being approximately 0.179% of the share capital of the Company and deemed interest in 9,629,881 Shares, being approximately 0.121% of the share capital of the Company.

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- (c) Leong Seng Keat is the Chief Executive Officer of the Company. He is also the son-in-law of TST having a direct interest in 2,915,790 Shares, being approximately 0.037% of the share capital of the Company and deemed interest in 94,117,527 Shares, being approximately 1.183% of the share capital of the Company.
- (d) Tiong Chiong Soon is the Executive Director (Operations) of NCD. He is also the son of TST having a direct interest in 5,216 Shares, being less than 0.001% of the share capital of the Company and deemed interest in 4,501,169 Shares, being approximately 0.057% of the share capital of the Company.
- (e) Tiong Eng Ming is the wife of Leong Seng Keat and the daughter of TST having a direct interest in 36,462,680 Shares, being approximately 0.458% of the share capital of the Company and deemed interest in 60,570,637 Shares, being approximately 0.761% of the share capital of the Company.
- (f) Kong Sing Ching is the daughter-in-law of TST having a direct interest in 1,777,785 Shares, being approximately 0.022% of the share capital of the Company.
- (g) Pau Kiu Fung is the wife of Tiong Chiong Soon and the daughter-in-law of TST having a direct interest in 4,501,169 Shares, being approximately 0.057% of the share capital of the Company and deemed interest in 5,216 Shares, being less than 0.001% of the share capital of the Company.
- (h) Starcity Housing Sdn Bhd - Tiong Chiong Hiiung is deemed to have an interest in 9,629,881 Shares indirectly held by Starcity Housing Sdn Bhd through KGI Securities (Singapore) Pte Ltd, being approximately 0.024% of the share capital of the Company by virtue of Sections 4 and 133 of the SFA. Starcity Housing Sdn Bhd is a company controlled by Tiong Chiong Hiiung and his immediate family.
- (i) Dominion Energy Sdn. Bhd - Leong Seng Keat and Tiong Eng Ming are deemed to have an interest in 57,654,847 Shares held by Dominion Energy Sdn. Bhd, being approximately 0.144% of the share capital of the Company by virtue of Section 4 of the SFA.

On the assumption that the Proposed Share Consolidation, Proposed Conversion Shares Issue, Proposed Settlement and the Proposed Private Placement have been completed, the total number of Shares held by TST will represent in aggregate 35.401% of the Enlarged Share Capital.

Under Rule 14 of the Code, except with the consent of the SIC, where any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of any class of share capital of a company which carries votes and in which such person, or persons, acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

Accordingly, pursuant to Rule 14 of the Code, TST and his Concert Parties will incur an obligation to make a general offer for the Shares not held by TST and his Concert Parties following the completion of the Proposed Share Consolidation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue, and the Proposed Private Placement, at the highest price paid by TST and his Concert Parties for the Shares in the past 6 months preceding the commencement of the offer, unless such obligation is waived by SIC and the Proposed Whitewash Resolution is approved by the Independent Shareholders at the SGM.

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10.2 Whitewash Waiver

On 29 May 2023, the SIC had waived the obligation for TST to make a general offer under Rule 14 of the Code for the Company incurred as a result of TST and his Concert Parties increasing their shareholdings to more than 30.0% following the completion of the Proposed Share Consolidation, Proposed Conversion Shares Issue, Proposed Settlement and the Proposed Private Placement subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approves at a general meeting, before the issue of the Placement Shares pursuant to the Private Placement, a resolution by way of a poll to waive their rights to receive a general offer from the Concert Parties;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) the Concert Parties and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (d) the Concert Parties did not acquire or are not to acquire any shares or instruments convertible into and options in respect of shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares which have been disclosed in the circular to the Company's shareholders in relation to the Private Placement):
 - (i) during the period between the announcements by the Company on the Private Placement (the "**Announcement Date**") and the date independent shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the 6 months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the Private Placement;
- (e) the Company appoints an independent financial adviser to advise its independent shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in its Circular:-
 - (i) details of the Proposed Private Placement;
 - (ii) the dilution effect of the Proposed Private Placement to existing holders of voting rights;
 - (iii) the number and percentage of voting rights in as well as the number of instruments convertible into, rights to subscribe for and option in respect of shares in the Company (other than the convertibles to be issued) held by the Concert Parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be issued to the Concert Parties as a result of the Proposed Private Placement; and
 - (v) that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from the Concert Parties at the highest price paid by them in the past 6 months preceding the Announcement Date;
- (g) the Circular states that the waiver granted by SIC to the Concert Parties from the requirement to make a general offer under Rule 14 is subject to the conditions stated at (a) to (f) above;

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- (h) the Company obtaining SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Whitewash Waiver, the approval of the Proposed Whitewash Resolution must be obtained within 3 months of the date of the letter from SIC, and the issuance of the Placement Shares pursuant to the Private Placement must be completed within 3 months of the approval of the Proposed Whitewash Resolution.

In relation to condition (i) above, the Company had, on 27 July 2023, received SIC's grant of an extension of 3 months to 29 November 2023 for the Company to comply with condition (i) above, to obtain Independent Shareholders' approval of the Proposed Whitewash Resolution. Additionally, the Company had, on 22 January 2024, received SIC's grant of a further extension of 3 months from 29 November 2023 to 29 February 2024 for the Company to comply with condition (i) above, to obtain Independent Shareholders' approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for conditions set out above which are expected to be satisfied only at or after the SGM, all conditions imposed by the SIC set out above have been satisfied.

TST and his Concert Parties have provided written confirmation to the SIC that TST and his Concert Parties did not acquire, and will not acquire, any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for new Shares disclosed in this Circular):

- (a) during the period between the Proposed Private Placement Announcement and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
- (b) in the 6 months prior to the Proposed Private Placement Announcement, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Private Placement.

10.3 The Proposed Whitewash Resolution

The Independent Shareholders are requested to vote on the Proposed Whitewash Resolution, waiving their rights to receive a general offer from TST and his Concert Parties for the Shares not held by TST and his Concert Parties following the completion of the Proposed Private Placement.

Shareholders should note that the Proposed Private Placement is conditional, among other things, upon the passing of the Proposed Whitewash Resolution by the Independent Shareholders. In view of this, in the event that the Proposed Whitewash Resolution is not approved by the Independent Shareholders, among other things, the Proposed Private Placement will not proceed.

Independent Shareholders should also note that by voting for the Proposed Whitewash Resolution, they are waiving their rights to receive a general offer from TST and his Concert Parties at the highest price paid by TST and his Concert Parties for the Shares in the past 6 months preceding the commencement of the offer.

Given that the Proposed Resolutions are inter-conditional upon passing of one another, if the Proposed Whitewash Resolution is not approved by Independent Shareholders, all of the Proposed Resolutions will not be passed. Accordingly, the Company will not proceed with the Restructuring.

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10.4 Dilution Effect

	Number of Shares as at the Latest Practicable Date (assuming that the Proposed Share Consolidation was completed and thereafter, the Conversion Shares and Settlement Shares were fully issued)				Number of Shares after completion of the Proposed Private Placement			
	Direct interest	% ⁽¹⁾	Deemed interest	% ⁽¹⁾	Direct interest	% ⁽²⁾	Deemed interest	% ⁽²⁾
Concert Parties								
TST ⁽³⁾	4,361,682	1.490	18,794,860	6.215	129,869,371	31.051	18,194,860	4.350
Puan Sri Datin Wong Bak Hee ⁽³⁾	308,408	0.105	22,248,134	7.600	308,408	0.074	147,755,823	35.327
Hung Yung Enterprise Sdn. Bhd.	6,399,096	2.186	16,157,446	5.519	6,399,096	1.530	141,665,135	33.871
S.K. Tiong Enterprise Sdn. Bhd.	11,486,856	3.924	11,069,686	3.781	11,486,856	2.746	136,577,375	32.655
Leong Seng Keat ⁽⁴⁾	29,157	0.010	941,174	0.322	29,157	0.007	941,174	0.225
Tiong Eng Ming ⁽⁵⁾	364,626	0.125	605,705	0.207	364,626	0.087	605,705	0.145
Tiong Chiong Hiiung ⁽⁶⁾	142,592	0.049	96,298	0.033	142,592	0.034	96,298	0.023
Kong Sing Ching	17,777	0.006	–	–	17,777	0.004	–	–
Tiong Chiong Soon ⁽⁷⁾	52	<0.001	45,011	0.015	52	<0.001	45,011	0.011
Pau Kiu Fung ⁽⁸⁾	45,011	0.016	52	<0.001	45,011	0.011	52	<0.001
Starcity Housing Sdn Bhd ⁽⁶⁾	–	–	96,298	0.024	–	–	96,298	0.024
Dominion Energy Sdn Bhd ⁽⁴⁾⁽⁵⁾	576,548	0.144	–	–	576,548	0.144	–	–
Public Shareholders								
Public shareholders	268,912,362	91.860	–	–	268,912,362	64.295	–	–

Note:

- (1) For illustration purpose, based on the Existing Share Capital of HK\$8,078,216 comprising 7,957,181,299 Shares (excluding treasury shares and subsidiary holdings) and on the assumption that (a) there were 79,571,812 Consolidated Shares pursuant to the completion of the Share Consolidation, (b) 202,187,230 Conversion Shares issued and (c) 10,981,923 Settlement Shares issued and the total issued share capital of the Company comprise of 292,740,965 Shares.
- (2) For illustration purpose, based on the assumption that 125,507,689 Placement Shares were allotted and issued to TST, and the total issued share capital on the Enlarged Share Capital of 418,248,654 Shares.
- (3) As at the Latest Practicable Date, TST is deemed to have an interest in the Shares held by Hung Yung Enterprise Sdn. Bhd., S.K. Tiong Enterprise Sdn. Bhd., his wife, Puan Sri Datin Wong Bak Hee and 500 Shares held by Phillip Securities Pte. Ltd. (as nominee), by virtue of Sections 4 and 133 of the SFA.
- (4) As at the Latest Practicable Date, Leong Seng Keat is deemed to have an interest in 57,654,847 Shares held by Dominion Energy Sdn. Bhd. and 36,462,680 Shares held by his wife, Tiong Eng Ming, by virtue of Sections 4 and 133 of the SFA.
- (5) As at the Latest Practicable Date, Tiong Eng Ming is deemed to have an interest in 57,654,847 Shares held by Dominion Energy Sdn. Bhd. and 2,915,790 Shares held by her husband, Leong Seng Keat, by virtue of Sections 4 and 133 of the SFA.
- (6) As at the Latest Practicable Date, Tiong Chiong Hiiung is deemed to have an interest in 9,629,881 Shares indirectly held by Starcity Housing Sdn. Bhd. through KGI Securities (Singapore) Pte Ltd by virtue of Sections 4 and 133 of the SFA. Starcity Housing Sdn Bhd is a company controlled by Tiong Chiong Hiiung and his immediate family.

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- (7) As at the Latest Practicable Date, Tiong Chiong Soon is deemed to have an interest in 4,501,169 Shares held by his wife, Pau Kiu Fung, by virtue of Section 4 and 133 of the SFA.
- (8) As at the Latest Practicable Date, Pau Kiu Fung is deemed to have an interest in 5,216 Shares held by his husband, Tiong Chiong Soon, by virtue of Sections 4 and 133 of the SFA.

For the avoidance of doubt, the Proposed Capital Reorganisation does not have an impact on the number of Shares or the percentage of shareholdings of TST and/or his Concert Parties.

10.5 Opinion of the IFA

W Capital Markets Pte. Ltd. has been appointed as the IFA to advise the Recommending Directors in relation to the Proposed Whitewash Resolution.

A copy of the IFA Letter is reproduced in full in **Appendix B** to this Circular. Shareholders are advised to read the IFA Letter in its entirety carefully and consider the recommendation of the Recommending Directors for the Proposed Whitewash Resolution in the context of this Circular before deciding on whether to approve the Proposed Whitewash Resolution.

The advice of the IFA to the Recommending Directors in relation to the Proposed Whitewash Resolution has been extracted from the IFA Letter and is reproduced in italics below:

“OPINION

In arriving at our opinion in respect of the Proposed Private Placement and the Proposed Whitewash Resolution, we have taken into account, inter alia, the following salient factors which we consider to be pertinent to our assessment of the Proposed Private Placement and the Proposed Whitewash Resolution:

In assessing the fairness of the terms of the Proposed Private Placement

- (a) *In respect of the historical trading performance of the Shares, we note that the Shares have been suspended since 28 April 2020. Accordingly, any comparison of the Placement Price to the historical trading performance of the Shares will not be meaningful in this case;*
- (b) *The EV/TTM EBITDA (as implied by the Illustrative Pre-consolidated Placement Price) of 8.6 times is within the range of historical EV/EBITDA of the Comparable Companies of between 1.5 times to 8.8 times and is above the mean and median EV/TTM EBITDA of 5.1 times to 5.3 times respectively. Comparisons against the Comparable Companies using the P/NAV multiple will not be meaningful as the Group is in a net liabilities position. On a per Share basis, the Illustrative Pre-consolidated Placement Price of S\$0.00070 compares favourably against the net liabilities per Share as at 30 September 2023 of approximately S\$0.021; and*
- (c) *The valuation of the Group as implied by the Placement Price is more favourable when compared to the mean and median P/NAV ratios of the Comparable Companies, in view of the Group’s net liabilities position as at 30 September 2023 and particularly when considered in the context of the existence of material uncertainties which cast significant doubt on the abilities of the Group and the Company to continue as going concerns as highlighted in Independent Auditor’s Report for FY2022 and which necessitates the Proposed Scheme and the Proposed Transactions.*

In assessing the reasonableness of the terms of the Proposed Private Placement

- (a) *The rationale for the Proposed Private Placement and the intended use of proceeds;*
- (b) *The analysis of selected financial performance and financial position of the Group, details of which are set out in Section 6.2 of this IFA Letter. In particular, we note that although the Group has been profitable for the last two financial years and for the latest nine months ended 30 September 2023, the Group has substantial borrowings and is currently in a net current liabilities and net liabilities position as at 30 September 2023;*

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- (c) *Precedent Whitewash Transactions involving companies in net liability position were all conducted with issue/conversion price at a discount to the respective VWAP on the last trading day prior to announcement, with a median discount of 85.4%. As the Group is in net liability position of approximately S\$0.021 per Share as at 30 September 2023, the Placement Price which is at a premium to the net liabilities per Share of the Group is more favourable as compared to the mean and median P/NAV of the Precedent Whitewash Transactions; and*
- (d) *The other relevant considerations, details of which are set out in Section 6.5 of this IFA Letter. In particular, we note that whilst efforts have been made by the Directors and Management to source for alternative funding offers with better terms, as at the Latest Practicable Date, they are not aware of any alternative offers, which are comparable in nature, size and terms to the Proposed Private Placement and which will provide for the injection of cash proceeds of such quantum into the Group.*

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the view that:

- (i) ***the financial terms of the Proposed Private Placement, being the transaction that is the subject of the Proposed Whitewash Resolution, are fair and reasonable; and***
- (ii) ***the Proposed Whitewash Resolution, when considered in the context of the Proposed Private Placement, is not prejudicial to the interest of the Independent Shareholders.***

Accordingly, we advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

Our opinion is addressed to the Recommending Directors in connection with their consideration of the Proposed Private Placement and the Proposed Whitewash Resolution and their advice to the Independent Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.”

11 THE PROPOSED TERMINATION OF THE 2018 PLAN

11.1 2018 Plan

The Company has an existing management incentive plan known as the “Nam Cheong Management Incentive Plan” i.e. the 2018 Plan, which was adopted on 20 August 2018. The 2018 Plan shall continue in operation at the discretion of the Remuneration Committee of the Company for a maximum period of ten years commencing on 20 August 2018, provided always that the 2018 Plan may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. For more details on the 2018 Plan, please refer to the 27 July 2018 Circular.

The 2018 Plan may be terminated at any time by the Remuneration Committee in its sole discretion, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required. The termination of the 2018 Plan shall not affect awards which have been granted, whether such awards have been released (whether fully or partially) or not. For more details on the 2018 Plan, please refer to the 27 July 2018 Circular.

The Company proposes to terminate the 2018 Plan and to adopt the Nam Cheong Management Incentive Plan 2024, further details of which are set out in Section 12 of this Circular. The proposed Nam Cheong Management Incentive Plan 2024 will allow persons who are Controlling Shareholders or Associates of a Controlling Shareholder who meet the eligibility criteria of the Nam Cheong Management Incentive Plan 2024 to participate in the Plan, and the Company believes that the 2024 Plan will better attract, retain and incentivise the Management of the Group whose contributions are essential to the successful implementation of the Proposed Scheme, the long term growth, well-being and prosperity of the Group.

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11.2 Awards granted under the 2018 Plan

Details of all awards granted under the 2018 Plan since the adoption of the 2018 Plan up to the Latest Practicable Date are as follows:

Date of grant	No. of participants	No. of Shares comprised in the awards	Vesting date	No. of Shares vested	No. of Shares lapsed	No. of Shares remaining in outstanding award
4 March 2019	5	21,053,820	Not applicable	–	21,053,820	–
9 March 2020	5	21,053,820	Not applicable	–	21,053,820	–
Total	–	42,107,640	–	–	42,107,640	–

Details of awards granted under the 2018 Plan to Directors and Directors who are Controlling Shareholders or their Associates as at the Latest Practicable Date are as follows:

Directors and Directors who are Controlling Shareholders or their Associates	Date of grant	No. of Shares comprised in the awards	Vesting date	No. of Shares vested	No. of Shares lapsed	No. of Shares remaining in outstanding awards
Tiong Chiong Hiiung (and an Associate of a Controlling Shareholder)	4 March 2019	7,017,940	Not applicable	–	7,017,940	–
Leong Seng Keat	4 March 2019	35,089,708	Not applicable	–	35,089,708	–
Tiong Chiong Hiiung (and an Associate of a Controlling Shareholder)	9 March 2020	7,017,940	Not applicable	–	7,017,940	–
Leong Seng Keat	9 March 2020	35,089,708	Not applicable	–	35,089,708	–

Details of awards granted under the 2018 Plan to Controlling Shareholders and their associates as at the Latest Practicable Date are as follows:

Controlling Shareholders of the Company (and their associates)	Date of grant	No. of Shares comprised in the awards	Vesting date	No. of Shares vested	No. of Shares lapsed	No. of Shares remaining in outstanding awards
Tiong Chiong Soon	4 March 2019	7,017,940	Not applicable	–	7,017,940	–
Tiong Chiong Soon	9 March 2020	7,017,940	Not applicable	–	7,017,940	–

Save as disclosed in this Circular and the prescribed performance-based and/or other conditions attached to the abovementioned outstanding awards, these awards granted under the 2018 Plan are not subjected to any material conditions as at the Latest Practicable Date.

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11.3 Termination of the 2018 Plan

Shareholders should note that the Proposed Termination of the 2018 Plan is inter-conditional upon all the other resolutions at the SGM being passed, including the Proposed Adoption of the Nam Cheong Management Incentive Plan 2024. The termination of the 2018 Plan (and the adoption of the Nam Cheong Management Incentive Plan 2024) will take effect on the relevant Shareholders' approval being obtained and no further awards shall be granted under the 2018 Plan upon its termination.

12 THE PROPOSED ADOPTION OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

12.1 Background

In connection with the Proposed Scheme, the Company proposes to adopt a performance share plan to be named as "Nam Cheong Management Incentive Plan 2024", subject to Shareholders' approval at the SGM. A summary of the key terms of the Nam Cheong Management Incentive Plan 2024 is set out in Section 12.3 of this Circular. Capitalised terms as used throughout in this section and Sections 13 to 16 of this Circular, unless otherwise defined, shall bear the meanings as defined in the section entitled "Rules of the Nam Cheong Management Incentive Plan 2024", which contains the rules of the Nam Cheong Management Incentive Plan 2024 in full, as set out in **Appendix C** to this Circular.

Save for the 2018 Plan, which the Company proposes to terminate and replace with the Nam Cheong Management Incentive Plan 2024, the Company does not currently have any other employee share scheme or employee share option scheme in place. Please refer to Section 11 of this Circular for more information on the Proposed Termination of the 2018 Plan.

12.2 Rationale for the Proposed Adoption of the Nam Cheong Management Incentive Plan 2024

Notwithstanding the implementation of the Proposed Scheme, the day-to-day management of the Company will still continue, as presently done, to be vested in the Management, which is authorised by the Directors of the Company to carry out the day-to-day management of the Company. Accordingly, the Company is of the view that the Management, comprising TST, Leong Seng Keat (Chief Executive Officer), Tiong Chiong Soon (Executive Director (Operations) of NCD), Tiong Chiong Hiiung (Executive Vice-Chairman and Finance Director) and other members of the management as may be determined by the Committee, plays a critical role in the Group's businesses and operations, and their continued involvement in the Group is significant in ensuring the success of the Proposed Scheme.

The Nam Cheong Management Incentive Plan 2024 is intended to provide the Company with the flexibility to reward the Participant for their contribution to the Group, in particular, the successful implementation of the Proposed Scheme and overperformance of the business plan which will enable excess cash to be generated to fund the scheduled payments of the RTL B, with Awards without any consideration payable by the Management, subject to the Management fulfilling the relevant targets described in Section 12.3.2. The rationale for adopting the Nam Cheong Management Incentive Plan 2024 primarily for the purposes of the repayment of RTL B is because additional time, effort and contribution is required by the management in order to generate cash for the repayment of RTL B. The incentive scheme will therefore encourage the management to support the Group in its repayment of RTL B. The adoption of the Nam Cheong Management Incentive Plan 2024 will also enable the Company to structure a competitive remuneration package for compensating the Management rather than merely through salaries and cash bonuses.

Hence, the Company intends to implement the Nam Cheong Management Incentive Plan 2024 to enable the Management to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance and to give recognition to the Management who have contributed significantly to the Group's growth and performance.

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It is important for the Company to attract, retain and incentivise the Management of the Group whose contributions are essential to the long-term growth, well-being and prosperity of the Group. At the same time, it will give such Management an opportunity to have a direct interest in the Company, which will, in turn, help to attain the following objectives:

- (a) to attract, retain and incentivise Participants whose contributions are essential to the successful implementation of the Proposed Scheme, the long-term growth, well-being and prosperity of the Group;
- (b) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group and create value for Shareholders;
- (c) to promote greater commitment and dedication, instil loyalty and a stronger identification by the Participants with the long-term development and growth of the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (e) to align the interests of Participants with the interests of the Scheme Creditors and the Shareholders.

Similar to the 2018 Plan, persons who are Controlling Shareholders or Associates of a Controlling Shareholder who meet the eligibility criteria of the 2024 Plan will also be eligible to participate in the Plan. The Company is of the view that all deserving and eligible employees (including executive directors) of the Group, regardless of whether they are Controlling Shareholders or Associates of the same, should be similarly remunerated for their contributions to the Group on the same basis as other employees (including executive directors) who are not Controlling Shareholders or their Associates.

12.3 Summary of key terms of the Nam Cheong Management Incentive Plan 2024

The following is a selective summary of certain key terms of the Nam Cheong Management Incentive Plan 2024. The full set of the Rules of the Nam Cheong Management Incentive Plan 2024 is set out in **Appendix C** to this Circular.

12.3.1 Eligibility

Employees (including executive directors) of Group Companies and Associated Companies, as the case may be, whose employment have been confirmed and who have attained the age of 21 years, provided that such persons are not undischarged bankrupts and have not entered into compositions with their respective creditors at the relevant time, may be eligible to participate in the 2024 Plan at the absolute discretion of the Committee.

Controlling Shareholders and their Associates are also eligible to participate in the 2024 Plan provided that they meet the aforesaid eligibility criteria and that all conditions for their participation in the 2024 Plan as may be required by the Listing Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

Directors and employees of an Associated Company may also be eligible to participate in the 2024 Plan at the discretion of the Committee, where the Committee considers that such persons have the ability to contribute significantly to the overall performance and prosperity of the Group. The Company believes that extending the 2024 Plan to include such persons is an appropriate and efficient means of further aligning their interests with those of the Shareholders and would serve to incentivise their further and continued contribution to the Group.

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There shall be no restriction on the eligibility of any Participant in the 2024 Plan to participate in any other share option schemes or share schemes implemented or to be implemented by the Company or any other Group Company.

As at the Latest Practicable Date, 237 persons are eligible for the Plan.

12.3.2 Awards

An Award granted under the 2024 Plan represents the right to receive fully paid Shares free of charge upon the Participant achieving the prescribed performance conditions (if any) as set out in the relevant Award. The selection of the Participants under the 2024 Plan and the number of Shares which are the subject of the relevant Award to be granted to a Participant in accordance with the 2024 Plan shall be determined at the absolute discretion of the Committee.

The Committee may take into account criteria such as the financial performance of the Group, as well as the Participant's rank, job, performance, potential for future development and contribution to the success and development of the Group. Performance conditions to the vesting of Awards may be set by the Committee depending on the relevant Participant's particular job scope, responsibilities and circumstances.

In particular, eligible Participant(s) who is/are also member(s) of the Management, shall be granted Awards on or before (i.e. prepaid) each scheduled repayment date of the RTL B of up to 1.5% of the total number of issued Shares of the Company at the relevant time, in two tranches on the following terms ("**Management Award Criteria**"):

- (a) for the first tranche, the total number of Award Shares to be granted to the Participant upon each payment being made by the Company shall be no more than 0.75% of the total number of issued Shares of the Company at the relevant time, and such Award Shares shall be granted and released as soon as practicable after each annual repayment tranche of the RTL B is made in full on or before the scheduled repayment date set out in Appendix 1 to the Rules of the Plan;
- (b) for the second tranche, where the Participants are still under the employment of the Group from the date of grant up to the end of the relevant Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the total number of Award Shares to be granted to the Participants shall be no more than 0.75% of the total number of issued Shares of the Company at the relevant time, and such Award Shares shall be Released as soon as practicable after the end of the Vesting Period or on the Vesting Date (as may be applicable);
- (c) where Participants have resigned prior to the end of the Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the reallocation of Award Shares to the remaining Participants shall be decided in the sole discretion of the Committee; and
- (d) any other customary terms as the Company may deem fit.

The above Management Award Criteria, and in particular, the benchmark of 0.75% in each of the first and second tranche mentioned above was derived as commercially agreed terms between the Company and the financial creditors after taking reference from the 2018 Plan with an incentive ranging from 1% to 2% per annum of the total number of issued Shares.

The Company shall be entitled (but not obliged) to grant and Release any Award Shares.

A summary of the RTL B Terms and the scheduled repayment dates of the RTL B are set out in **Appendix 1** to the Rules of the Plan and the Rules of the Nam Cheong Management Incentive Plan 2024 are set out in **Appendix C** of this Circular.

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An Award Letter will be sent to each Participant to whom an Award is intended to be granted as soon as reasonably practicable after the Committee has decided to grant an Award, specifying, *inter alia*, the following (where applicable):

- (i) the date of grant of such Award;
- (ii) the number of Shares which are the subject of the Award;
- (iii) the prescribed Vesting Period(s) of the Award;
- (iv) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (v) in the case of a performance-related Award, the Performance Period and the Performance Condition.

When setting Performance Conditions and Performance Periods, the Committee shall also take into account both the medium and long-term corporate objectives of the Group such as growth in earnings and return on investment, as well as the individual performance of each Participant such as the Participant's length of service with the Group, achievement of past performance targets, value-add to the Group's performance, and development and overall enhancement to Shareholders' value.

The Participant may accept or refuse the whole or part of the Award. If only part of the Award is accepted, the Participant shall accept the Award in multiples of 1,000 Shares. The Participant shall, within five (5) days from the date of the award letter, notify the Committee in writing whether he or she would accept all or part of the number of Shares which are the subject of the Award as set out in the award letter. The number of Shares provided by the Participant to the Committee in writing shall be the final number of Shares which are the subject of the Award, provided that such number does not exceed the original number of Shares set out in the Award Letter. The Participant shall have no claim in any manner against the Company for the number of Shares which he or she does not accept. In the event that the Committee does not receive a written notice from the Participant within five (5) days from the date of the Award Letter, the Participant shall be deemed to have accepted all of the number of Shares which are the subject of the Award as set out in the award letter.

12.3.3 Date of grant

Subject to the eligibility criteria and the size and duration of the Plan, the Committee may grant Awards to such persons as the Committee may select in its absolute discretion, at any time during the period when the 2024 Plan is in force, except that no grant of Awards shall be made during the period of two (2) weeks or one (1) month immediately preceding the date of announcement of the Company's interim or final results, respectively. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement.

12.3.4 Size and duration of the Plan

The aggregate number of Shares over which the Committee may grant Awards on any date under the Plan, when added to the number of Shares issued or issuable in respect of:

- (i) all other Awards granted under the Plan; and
- (ii) all options or awards granted under any share option schemes or other share schemes implemented by the Company and for the time being in force (if any),

shall not exceed 10.5% of the number of all issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant date of grant.

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Taking into consideration the total number of Shares (excluding treasury shares) of the Company as at the Latest Practicable Date, as well as the potential number of Participants in the Plan, the Directors believe that the proposed limit of 10.5% is appropriate for the purposes of enabling the 2024 Plan to attain the stated objectives and to accommodate a reasonably large pool of potential Participants.

The aggregate number of Shares over which the Committee may grant Awards to the Controlling Shareholders and their Associates under the 2024 Plan shall not exceed 25.0% of the total Shares available under the Plan, and the number of Shares over which Awards may be granted under the 2024 Plan to each Controlling Shareholder or each of his Associates shall not exceed 10% of the total Shares available under the 2024 Plan.

It should however be noted that this does not indicate that the Committee will definitely grant Awards under the 2024 Plan up to the abovementioned prescribed limits. The Committee will exercise its discretion in deciding the number of Shares subject to Release under the Awards granted to each Participant under the Plan. This, in turn, will depend on and be commensurate with the performance of the Participant and his/her value to the Group.

The Committee shall monitor the grant of Awards carefully to ensure that the size of the 2024 Plan will comply with the rules of the 2024 Plan as well as the Listing Rules.

The 2024 Plan shall continue to be in force at the discretion of the Committee for a maximum duration of seven (7) years commencing from the date of its adoption by the Company. Subject to compliance with any applicable laws and regulations in Singapore, the 2024 Plan may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the 2024 Plan and subject to any other applicable rules of the 2024 Plan capable of surviving termination, any Awards granted to Participants prior to such expiry or termination will continue to remain valid.

12.3.5 Events prior to vesting date

An Award, to the extent not yet released, shall forthwith become void and cease to have effect (unless the Committee in its absolute discretion determines otherwise) upon the occurrence of the following events:

- (i) a Participant ceasing, for any reason whatsoever, to be an employee of a Group Company or an Associated Company (as the case may be) or in the event the company by which the employee is employed ceases to be a company in the Group or an Associated Company (as the case may be);
- (ii) upon the bankruptcy of a Participant or the happening of any event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (iii) upon the death of a Participant;
- (iv) if a Participant commits a breach of any of the terms of the Award; and/or
- (v) misconduct, gross negligence or incompetence on the part of a Participant as determined by the Committee in its absolute discretion.

Without prejudice to Rules 5.3 and 7 of the 2024 Plan and to the extent of an Award yet to be Released, the Committee may consider in its discretion, whether or not to Release such Award on the occurrence of the following events:

- (aa) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;

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- (bb) save for the Proposed Scheme, a scheme of arrangement or compromise being sanctioned by the any court of law;
- (cc) an order for the compulsory winding-up of the Company is made; or
- (dd) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made.

12.3.6 Vesting and release of Awards

In relation to a Performance-related Award, as soon as practicable after the end of the relevant Performance Period, the Committee shall review and in its discretion determine whether the Performance Conditions have been satisfied (whether fully or partially) or exceeded, and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

The Committee may also waive any such Performance Conditions if it, in its discretion, concludes that a change in such Performance Conditions would be a fairer measure of performance and would be no less difficult to satisfy, or that the Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Conditions may not have been fulfilled.

In particular, in respect of Awards granted to a Participant when the Management Award Criteria is met, for each RTL B Repayment Year where the Group satisfies the Management Award Criteria, the Committee shall grant the Awards that a Participant is entitled to in that RTL B Repayment Year and such Award Shares shall be Released to the Participant as follows:

- (i) 0.75% of the total number of issued Shares at the relevant time as soon as practicable after each annual repayment tranche of the RTL B is made in full on or before the scheduled repayment date set out in Appendix 1 to the Rules of the Plan; and
- (ii) provided that the Participant is still under the employment of the Group from the date of grant up to the end of the relevant Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the Company shall Release to the relevant Participant, such number of Award Shares equivalent to 0.75% of the total number of issued Shares at the relevant time as soon as practicable after the end of the Vesting Period or on the Vesting Date (as may be applicable).

Subject to prevailing legislation and regulations, guidelines applicable to the Company, the Listing Rules and the Rules of the Plan, the Committee will procure the allotment or transfer to each Participant of the Shares which are the subject of the Release of an Award.

In determining whether to issue new Shares or to purchase existing Shares to satisfy Awards, the Company shall have the right to take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

The Award Shares which are allotted or transferred pursuant to the release of an Award shall be subject to all the provisions of the Memorandum and Bye-laws and the Bermuda Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date of such issue or delivery of the Shares, and shall in all other respects have the same voting rights and rank *pari passu* with other existing Shares then in issue.

12.3.7 Committee and administration of the Plan

The Remuneration Committee of the Company will be designated as the Committee responsible for the administration of the 2024 Plan in accordance with such powers and duties as are conferred on it by the Board.

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The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the rules of the Plan) for the implementation and administration of the 2024 Plan as it thinks fit.

Any decision or determination of the Committee made pursuant to any provision of the 2024 Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including any decision pertaining to disputes and uncertainty as to the interpretation of, or any rules, regulation or procedure of or as to any right under the Plan).

In compliance with the requirements of the Listing Rules, any Participant of the 2024 Plan who is concurrently a member of the Committee shall not be involved in the Committee's deliberations in respect of Awards granted or to be granted to him or her.

12.3.8 Adjustments

In the event of a capitalisation issue of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise), the Rules of the 2024 Plan provides for the adjustment of the class and/or number of Shares under the Awards not yet Vested, and the rights attached thereto, or Awards which may be granted under the Plan.

The above adjustments will be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive. Any other adjustments to the 2024 Plan which are not on a capitalisation issue of the Company will have to be confirmed by the Auditors (acting only as experts and not arbitrators) to be fair and reasonable.

The issue of securities as consideration for an acquisition of any asset by the Company or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares by the Company on SGX-ST during the period when a share buyback mandate granted by Shareholders is in force and in accordance with the Listing Rules, will be not regarded as a circumstance requiring adjustment under the Rules of the Plan.

12.4 **Financial Effects of the 2024 Plan**

12.4.1 Potential cost of Awards

Based on the IFRS 2 – Share-based payment, the grant of Awards under the 2024 Plan is considered a share-based payment that falls under the scope of IFRS 2. The Awards, if settled by way of allotment and issue of Award Shares or by way of a transfer of treasury shares, would be accounted for as equity settled share-based payment transactions. The cost to the Company would be the fair value of the Award Shares granted at the measurement date. The fair value of the Award Shares granted shall be measured at the measurement date based on market prices. The measurement date is the date when the Award Shares are granted.

12.4.2 Share Capital

The issued and paid-up share capital of the Company will increase when new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the Plan.

12.4.3 NTA

The grant of Awards under the 2024 Plan is likely to result in a change to the Company's profit and loss account over the period from the date of grant of the Awards to the relevant Vesting Date of the Awards. If new Shares are issued to the Participants, the cost of the Shares purchased would have an impact on the NTA.

However, it should be noted that the delivery of Shares to Participants of the 2024 Plan is contingent upon the Participants meeting certain criteria (for example, any performance or time-based conditions) as set out in the Plan. In meeting such criteria, the Participants would have added significant value to the Company's consolidated NTA before the Shares are delivered.

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12.4.4 EPS

While the 2024 Plan will have a dilutive impact on the Company's consolidated EPS to the extent that the new Shares are allotted and issued upon the grant of Awards, the impact is not expected to be material in any given financial year.

Shareholders should note that the financial effects described above are purely for illustration only. Shareholders should also note that the financial effects described above are not to be regarded as advice on the tax position of any person or a full statement regarding the financial or tax implications arising from the Plan. Shareholders who are in doubt as to their respective tax position or financial or tax implications should consult their own professional advisers.

13 THE PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES AND THE EMPLOYEES AND DIRECTORS OF ASSOCIATED COMPANIES IN THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

13.1 Rationale for the participation of Controlling Shareholders and their Associates in the Plan

The key objectives of the 2024 Plan are to motivate employees to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the 2024 Plan may be effective in motivating employees to put in their best efforts whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with multinational companies.

These objectives of the 2024 Plan apply equally to employees and directors of the Group who are Controlling Shareholders or Associates of Controlling Shareholders. The Company is of the view that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders. It is in the Group's interest that these Participants who are actively contributing to the Group's progress and development are given the incentive to contribute and to remain with the Company and contribute towards the Group's future progress and development.

In respect of the determination as to eligibility and grant of Awards, the terms of the 2024 Plan do not differentiate between employees and directors of the Group who are Controlling Shareholders or Associates of Controlling Shareholders and other employees and directors of the Group who are not such persons. As such, employees and directors of the Group who are Controlling Shareholders or Associates of Controlling Shareholders will be subject to the same rules as other employees.

As a safeguard against abuse, only members of the Committee who are not Controlling Shareholders or their Associates will be involved in deliberations in respect of Awards to be granted to Controlling Shareholders and/or their Associates and the terms and conditions attached to such Awards. The limits on the aggregate number of Shares comprised in Awards that may be granted to Controlling Shareholders or their Associates is set out in Section 12.3.4 of this Circular.

Furthermore, specific approval from independent Shareholders is required for the grant of Awards to Controlling Shareholders and their Associates as well as the actual number of and terms of such Awards.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of Controlling Shareholders and their Associates in the Plan.

The rationales for the participation of the Executive Chairman and Controlling Shareholder, Tan Sri Datuk Tiong Su Kouk, and his associates, namely Tiong Chiong Soon and Tiong Chiong Hiiung who are the sons of Tan Sri Datuk Tiong Su Kouk and General Manager and Executive Vice-Chairman and Finance Director, respectively, in the 2024 Plan are set out in Sections 14 to 16 of this Circular, respectively.

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Under the Listing Rules and the Rules of the 2024 Plan, Controlling Shareholders and Associates of Controlling Shareholders are eligible to participate in the 2024 Plan if their participation and Awards are approved by independent Shareholders in separate resolutions for each such person and for each such Award.

13.2 Rationale for the participation of employees and directors of associated companies in the 2024 Plan

It is desirable for the Company to have a share plan which caters to the employees and directors who are employed by our associated companies (that is, a company in which at least 20.0% but not more than 50.0% of its shares are held by the Company or Group, and over which the Company has control) and work closely with the Company or Group and who, by reason of their relationship with the Company or Group, are in a position to input and contribute their experience, knowledge and expertise to the significant development and prosperity of the Group.

14 THE PROPOSED PARTICIPATION BY AND GRANT OF AWARDS TO TAN SRI DATUK TIONG SU KOUK, A CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

14.1 Rationale for participation by and grant of Awards to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan

TST is the Executive Chairman of the Company. As at the Latest Practicable Date, Tan Sri Datuk Tiong Su Kouk holds (both direct and deemed) 2,255,654,493 Shares, representing approximately 28.35% of the total number of issued Shares. Accordingly, TST is a Controlling Shareholder of the Company.

TST has more than 20 years of solid experience in the offshore support vessel (“OSV”) industry. He oversees the Group’s strategic direction of the Company. With his extensive experience and involvement in the OSV industry, he has built a wide network of high-level Malaysian and foreign business contacts over the years. He has played a significant role in transforming the Group into one of the leading providers of OSVs in Malaysia.

The Company is of the view that TST’s contributions are invaluable towards the successful implementation of the Proposed Scheme and the long-term development and success of the Group. Participation in the 2024 Plan would enable the Company to acknowledge TST’s valuable contributions and give recognition to his services while reducing the need for the Company to compensate him entirely through salary and cash bonuses, thereby alleviating pressure on the Company’s cash flow.

14.2 Existing remuneration of Tan Sri Datuk Tiong Su Kouk

For the financial year ended 31 December 2022, TST received S\$545,000 remuneration for his services to the Company. This remuneration comprises of TST’s salary and director’s fees and meeting allowances.

14.3 Proposed grant of Awards to Tan Sri Datuk Tiong Su Kouk

Based on the issued and paid up share capital of the Company after the completion of the Proposed Transactions which comprise of 423,450,247 Shares and assuming that the Management Award Criteria is satisfied in its entirety, subject to the actual fulfilment of the Management Award Criteria and the approval by independent Shareholders for the participation in the Nam Cheong Management Incentive Plan 2024 by and grant of Awards to TST, the Company proposes to grant Awards for up to 4,669,621 Shares to TST on the following terms: For the avoidance of doubt, Award Shares per annum to be awarded for TST, Tiong Chiong Hiiung, Tiong Chiong Soon is approximately 0.45% of the total shares (being (0.75%+0.75%) per annum multiplied by maximum of 10% per person x 3 person = 0.45% p.a.). Total for 7 years = 0.45% x 7 = 3.15%.

LETTER TO SHAREHOLDERS

RTL B Repayment Year	Subject to satisfaction of the first tranche of the Management Award Criteria (Please refer to Section 12.3.2 above for further details on the Management Award Criteria)	Subject to satisfaction of the second tranche of the Management Award Criteria (Please refer to Section 12.3.2 above for further details on the Management Award Criteria)	Total number of Award Shares to be awarded for each RTL B Repayment Year	Maximum number of Award Shares that may be awarded to TST for RTL B Repayment Year ⁽¹⁾	Release and Vesting of the Awards
1	0.75%	0.75%	6,375,573	637,557	For each RTL B Repayment Year where the Group satisfies the Management Award Criteria, the Committee shall grant the Awards that a Participant is entitled to in that RTL B Repayment Year and such Award Shares shall be Released to the Participant as follows: (a) 0.75% of the total number of issued Shares at the relevant time as soon as practicable after each annual repayment tranche of the RTL B is made in full on or before the scheduled repayment date set out in Appendix 1 to the Rules of the Plan; and (b) provided that the Participant is still under the employment of the Group from the date of grant up to the end of the relevant Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the Company shall Release to the relevant Participant, such number of Award Shares equivalent to 0.75% of the total number of issued Shares at the relevant time as soon as practicable after the end of the Vesting Period or on the Vesting Date (as may be applicable)
2	0.75%	0.75%	6,471,565	647,157	
3	0.75%	0.75%	6,569,002	656,900	
4	0.75%	0.75%	6,667,907	666,791	
5	0.75%	0.75%	6,768,301	676,830	
6	0.75%	0.75%	6,870,205	687,021	
7	0.75%	0.75%			
Total			46,696,198	4,669,621	

Note:

- (1) The aggregate number of Shares under the Award to be awarded to TST is calculated based on the multiplication of (a) the issued and paid-up share capital of the Company after the completion of the Proposed Transactions which comprise of 423,450,247 Shares; and (b) the maximum percentage of Shares which may be awarded to a Controlling Shareholder under the 2024 Plan (being 10%). Shareholders should note that the aggregate number of Shares to be finally awarded to TST will depend on the achievement of the Management Award Criteria.

As soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the performance targets and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that TST has continued to be in the employment of the Group from the Award date up to the end of the relevant Performance Period, shall release to TST the Shares to which the Award relates in accordance with the release schedule specified in respect of the Award. Under the Rules of the Plan, TST may accept or refuse the whole or part of the Award or waive his entitlement to an Award.

LETTER TO SHAREHOLDERS

Based on the theoretical share price of S\$0.294¹ per Share, 10% of the total number of Award Shares to be awarded for each RTL B Repayment Year (assuming the satisfaction of the Management Award Criteria) represents approximately S\$187,442 (being, S\$0.294 x 637,557) to S\$205,025 (being S\$0.294 x 697,365) for each of RTL B Repayment Year 1 to RTL B Repayment Year 7. For each of FY2020, FY2021 and FY2022, TST received S\$889,823, S\$547,570 and S\$545,000 as remuneration which comprised salary, director's fees and meeting allowances and variable or performance related income/bonus and benefits in kind.

The Remuneration Committee is of the view that TST, as the Executive Chairman, will be instrumental to whether the Proposed Scheme may be successfully implemented and whether the Management Award Criteria may be satisfied, and in the event that the Management Award Criteria is satisfied in its entirety, that 10% of the total number of Award Shares to be awarded for each RTL B Repayment Year as a performance related bonus, will be appropriate to the expected level of his contribution.

In accordance with the Listing Rules and the Rules of the Plan, the participation of and grant of the Awards (including the actual number and the terms of the Award to be granted) to TST must be specifically approved by independent Shareholders in separate resolutions.

15 THE PROPOSED PARTICIPATION BY AND GRANT OF AWARDS TO TIONG CHIONG SOON, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

15.1 Rationale for participation by and grant of Awards to Tiong Chiong Soon under the 2024 Plan

Tiong Chiong Soon is an Executive Director (Operations) of NCD. He is also the son of Tan Sri Datuk Tiong Su Kouk, who is the Executive Chairman and Controlling Shareholder of the Company. Accordingly, Tiong Chiong Soon is an Associate of Tan Sri Datuk Tiong Su Kouk. As at the Latest Practicable Date, Tan Sri Datuk Tiong Su Kouk holds (both direct and deemed) 2,255,654,493 Shares, representing approximately 28.35% of the total number of issued Shares and Tiong Chiong Soon holds (both direct and deemed) 4,506,385 Shares, representing approximately 0.057% of the total number of issued Shares.

As an Executive Director of NCD who oversees the operations of the Group, Tiong Chiong Soon is primarily responsible for the Group's shipbuilding and vessel chartering operation which includes repairs, procurement and sourcing of equipment required for the shipbuilding and chartering operations. He reports directly to the Executive Chairman and Chief Executive Officer of the Group.

The Company is of the view that Tiong Chiong Soon's contributions are invaluable towards the successful implementation of the Proposed Scheme and the long-term development and success of the Group. Participation in the 2024 Plan would enable the Company to acknowledge Tiong Chiong Soon's valuable contributions and give recognition to his services while reducing the need for the Company compensate him entirely through salary and cash bonuses, thereby alleviating pressure on the Company's cash flow.

15.2 Existing remuneration of Tiong Chiong Soon

For the financial year ended 31 December 2022, Tiong Chiong Soon received remuneration for his services to the Company of between S\$250,001 and S\$500,000. This remuneration comprises entirely of salary.

¹ (issued shares (excluding treasury shares and subsidiary holdings) post-Proposed Share Consolidation of 79,571,812 x S\$0.40 per share + 202,187,230 Conversion Shares x S\$0.40 + 5,201,593 RTL 3 Shares x S\$0.40 + 10,981,923 Settlement Shares x S\$0.0697 + 125,507,689 Placement Shares x S\$0.0697) / 423,450,247 (enlarged issued shares)

LETTER TO SHAREHOLDERS

15.3 Proposed grant of Awards to Tiong Chiong Soon

Based on the issued and paid up share capital of the Company after the completion of the Proposed Transactions which comprise 423,450,247 Shares and assuming that the Management Award Criteria is satisfied in its entirety, subject to the actual fulfilment of the Management Award Criteria and the approval by independent Shareholders for the participation in the Nam Cheong Management Incentive Plan 2024 by and grant of Awards to Tiong Chiong Soon, the Company proposes to grant Awards for up to 4,669,621 Shares to Tiong Chiong Soon on the following terms:

RTL B Repayment Year	Subject to satisfaction of the first tranche of the Management Award Criteria (Please refer to Section 12.3.2 above for further details on the Management Award Criteria)	Subject to satisfaction of the second tranche of the Management Award Criteria (Please refer to Section 12.3.2 above for further details on the Management Award Criteria)	Total number of Award Shares to be awarded for each RTL B Repayment Year	Maximum number of Award Shares that may be awarded to Tiong Chiong Soon for RTL B Repayment Year ⁽¹⁾	Release and Vesting of the Awards
1	0.75%	0.75%	6,375,573	637,557	For each RTL B Repayment Year where the Group satisfies the Management Award Criteria, the Committee shall grant the Awards that a Participant is entitled to in that RTL B Repayment Year and such Award Shares shall be Released to the Participant as follows: (a) 0.75% of the total number of issued Shares at the relevant time as soon as practicable after each annual repayment tranche of the RTL B is made in full on or before the scheduled repayment date set out in Appendix 1 to the Rules of the Plan; and (b) provided that the Participant is still under the employment of the Group from the date of grant up to the end of the relevant Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the Company shall Release to the relevant Participant, such number of Award Shares equivalent to 0.75% of the total number of issued Shares at the relevant time as soon as practicable after the end of the Vesting Period or on the Vesting Date (as may be applicable)
2	0.75%	0.75%	6,471,565	647,157	
3	0.75%	0.75%	6,569,002	656,900	
4	0.75%	0.75%	6,667,907	666,791	
5	0.75%	0.75%	6,768,301	676,830	
6	0.75%	0.75%	6,870,205	687,021	
7	0.75%	0.75%			
			6,973,645	697,365	
			Total	46,696,198	4,669,621

Note:

- (1) The aggregate number of Shares under the Award to be awarded to Tiong Chiong Soon is calculated based on the multiplication of (a) the issued and paid-up share capital of the Company after the completion of the Proposed Transactions which comprise of 423,450,247 Shares; and (b) the maximum percentage of Shares which may be awarded to each Associate of a Controlling Shareholder under the 2024 Plan (being 10%). Shareholders should note that the aggregate number of Shares to be finally awarded to Tiong Chiong Soon will depend on the achievement of the Management Award Criteria.

LETTER TO SHAREHOLDERS

As soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the performance targets and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that Tiong Chiong Soon has continued to be in the employment of the Group from the Award date up to the end of the relevant Performance Period, shall release to Tiong Chiong Soon the Shares to which the Award relates in accordance with the release schedule specified in respect of the Award. Under the Rules of the Plan, Tiong Chiong Soon may accept or refuse the whole or part of the Award or waive his entitlement to an Award.

Based on the theoretical share price of S\$0.294 per Share, 10% of the total number of Award Shares to be awarded for each RTL B Repayment Year (assuming the satisfaction of the Management Award Criteria) represents approximately S\$187,442 (being, S\$0.294 x 637,557) to S\$205,025 (being S\$0.294 x 697,365) for each of RTL B Repayment Year 1 to RTL B Repayment Year 7. For each of FY2020, FY2021 and FY2022, Tiong Chiong Soon received remuneration for his services to the Company in the band of S\$250,001 and above.

The Remuneration Committee is of the view that Tiong Chiong Soon, as the Executive Director (Operations) of NCD, will be instrumental to whether the Proposed Scheme may be successfully implemented and whether the Management Award Criteria may be satisfied, and in the event that the Management Award Criteria is satisfied in its entirety, that 10% of the total number of Award Shares to be awarded for each RTL B Repayment Year as a performance related bonus, will be appropriate to the expected level of his contribution.

In accordance with the Listing Rules and the Rules of the Plan, the participation of and grant of Awards (including the actual number and the terms of the Award to be granted) to Tiong Chiong Soon must be specifically approved by independent Shareholders in separate resolutions.

16 THE PROPOSED PARTICIPATION BY AND GRANT OF AWARDS TO TIONG CHIONG HIIUNG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

16.1 Rationale for participation by and grant of Awards to Tiong Chiong Hiiung under the 2024 Plan

Tiong Chiong Hiiung is the Executive Vice-Chairman and Finance Director of the Company. He is also the son of Tan Sri Datuk Tiong Su Kouk, who is the Executive Chairman and Controlling Shareholder of the Company. Accordingly, Tiong Chiong Hiiung is an Associate of Tan Sri Datuk Tiong Su Kouk. As at the Latest Practicable Date, Tan Sri Datuk Tiong Su Kouk holds (both direct and deemed) 2,255,654,493 Shares, representing approximately 28.35% of the total number of issued Shares and Tiong Chiong Hiiung holds (both direct and deemed) 23,889,121 Shares, representing approximately 0.30% of the total number of issued Shares.

As the Finance Director of the Company, Tiong Chiong Hiiung's primary areas of responsibility include handling the Company's corporate affairs and finance, and as the Executive Vice-Chairman, he serves to strengthen the Board in light of the increasing demands of an evolving and fast-growing business and to assist the Executive Chairman in reviewing Board matters and in supporting the implementation of growth and business strategy.

The Company is of the view that Tiong Chiong Hiiung's contributions are invaluable towards the successful implementation of the Proposed Scheme and the long-term development and success of the Group. Participation in the 2024 Plan would enable the Company to acknowledge Tiong Chiong Hiiung's valuable contributions and give recognition to his services while reducing the need for the Company compensate him entirely through salary and cash bonuses, thereby alleviating pressure on the Company's cash flow.

16.2 Existing remuneration of Tiong Chiong Hiiung

For the financial year ended 31 December 2022, Tiong Chiong Hiiung received remuneration for his services to the Company of approximately S\$438,000. This remuneration comprises salary of S\$432,000 and meeting allowances of S\$6,000.

LETTER TO SHAREHOLDERS

16.3 Proposed grant of Awards to Tiong Chiong Hiiung

Based on the the issued and paid up share capital of the Company after the completion of the Proposed Transactions which comprise 423,450,247 Shares and assuming that the Management Award Criteria is satisfied in its entirety, subject to the fulfilment of the Management Award Criteria and the approval by independent Shareholders for the participation in the Nam Cheong Management Incentive Plan 2024 by and grant of Awards to Tiong Chiong Hiiung, the Company proposes to grant Awards for up to 4,669,621 Shares to Tiong Chiong Hiiung on the following terms:

RTL B Repayment Year	Subject to satisfaction of the first tranche of the Management Award Criteria (Please refer to Section 12.3.2 above for further details on the Management Award Criteria)	Subject to satisfaction of second tranche of the Management Award Criteria (Please refer to Section 12.3.2 above for further details on the Management Award Criteria)	Total number of Award Shares to be awarded for each RTL B Repayment Year	Maximum number of Award Shares that may be awarded to Tiong Chiong Hiiung for each RTL B Repayment Year ⁽¹⁾	Release and Vesting of the Awards
1	0.75%	0.75%	6,375,573	637,557	For each RTL B Repayment Year where the Group satisfies the Management Award Criteria, the Committee shall grant the Awards that a Participant is entitled to in that RTL B Repayment Year and such Award Shares shall be Released to the Participant as follows: (a) 0.75% of the total number of issued Shares at the relevant time as soon as practicable after each annual repayment tranche of the RTL B is made in full on or before the scheduled repayment date set out in Appendix 1 to the Rules of the Plan; and (b) provided that the Participant is still under the employment of the Group from the date of grant up to the end of the relevant Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the Company shall Release to the relevant Participant, such number of Award Shares equivalent to 0.75% of the total number of issued Shares at the relevant time as soon as practicable after the end of the Vesting Period or on the Vesting Date (as may be applicable)
2	0.75%	0.75%	6,471,565	647,157	
3	0.75%	0.75%	6,569,002	656,900	
4	0.75%	0.75%	6,667,907	666,791	
5	0.75%	0.75%	6,768,301	676,830	
6	0.75%	0.75%	6,870,205	687,021	
7	0.75%	0.75%			
Total			46,696,198	4,669,621	

Note:

- (1) The aggregate number of Shares under the Award to be awarded to Tiong Chiong Hiiung is calculated based on the multiplication of (a) the issued and paid up share capital of the Company after the completion of the Proposed Transactions which comprise of 423,450,247 Shares; and (b) maximum percentage of Shares which may be awarded to each Associate of a Controlling Shareholder under the 2024 Plan (being 10%). Shareholders should note that the aggregate number of Shares to be finally awarded to Tiong Chiong Hiiung will depend on the achievement of the Management Award Criteria.

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As soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the performance targets and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that Tiong Chiong Hiiung has continued to be in the employment of the Group from the award date up to the end of the relevant performance period, shall release to Tiong Chiong Hiiung the Shares to which the Award relates in accordance with the release schedule specified in respect of the Award. Under the Rules of the 2024 Plan, Tiong Chiong Hiiung may accept or refuse the whole or part of the Award.

Based on the theoretical share price of S\$0.294 per Share, 10% of the total number of Award Shares to be awarded for each RTL B Repayment Year (assuming the satisfaction of the Management Award Criteria) represents approximately S\$187,442 (being, S\$0.294 x 637,557) to S\$205,025 (being S\$0.294 x 697,365) for each of RTL B Repayment Year 1 to RTL B Repayment Year 7. For each of FY2020, FY2021 and FY2022, Tiong Chiong Hiiung received remuneration for his services to the Company amounting to S\$498,000, S\$438,000 and S\$438,000 for FY2020, FY2021 and FY2022, respectively.

The Remuneration Committee is of the view that Tiong Chiong Hiiung, as Finance Director, will be instrumental to whether the Proposed Scheme may be successfully implemented and whether the Management Award Criteria may be satisfied, and in the event that the Management Award Criteria is satisfied in its entirety, that 10% of the total number of Award Shares to be awarded for each RTL B Repayment Year as a performance related bonus, will be appropriate to the expected level of his contribution.

In accordance with the Listing Rules and the Rules of the Plan, the participation of and grant of Awards (including the actual number and the terms of the Award to be granted) to Tiong Chiong Hiiung must be specifically approved by independent Shareholders in separate resolutions.

17 FINANCIAL EFFECTS OF THE PROPOSED SHARE CONSOLIDATION, PROPOSED CAPITAL REORGANISATION, PROPOSED CONVERSION SHARES ISSUE, PROPOSED RTL 3 SHARES ISSUE, PROPOSED SETTLEMENT SHARES ISSUE AND PROPOSED PRIVATE PLACEMENT

The *pro forma* financial effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement in the various scenarios are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group following the completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement under the various scenarios. The *pro forma* financial effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement in the various scenarios on the number of Shares of the Company, share capital of the Company, NTA, EPS and gearing of the Group have been prepared based on the audited financial statements of the Group for FY2022 and the bases and assumptions set out in Section 17.1 of this Circular. Please refer to Appendix E for the *pro forma* financial statements for the FY2022 after taking into consideration the Proposed Transactions and Appendix F for the independent auditor's assurance report on the compilation of unaudited *pro forma* consolidated financial information for FY2022.

LETTER TO SHAREHOLDERS

17.1 Bases and assumptions

For the purposes of illustration, the *pro forma* financial effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue, and the Proposed Private Placement under the various scenarios are computed based on, *inter alia*, the following assumptions:

- (i) the *pro forma* financial effects of the Proposed Share Consolidation, the Proposed Capital Reorganisation, the Proposed Conversion Shares Issue, the Proposed RTL 3 Shares Issue, the Proposed Settlement Shares Issue and Proposed Private Placement on the share capital, NTA per Share, EPS and gearing of the Group and/or the Company are set out below and are prepared purely for illustration only and do not reflect the future financial situation of the Group and/or the Company after the completion of the Proposed Share Consolidation, the Proposed Capital Reorganisation, the Proposed Conversion Shares Issue, the Proposed RTL 3 Shares Issue, the Proposed Settlement Shares Issue and Proposed Private Placement. The *pro forma* financial effects have been computed based on the Group's FY2022 audited consolidated financial statements;
- (ii) the number of Shares for the financial effects relating to the NTA per Share and the share capital of the Group and/or the Company are based on 7,957,181,299 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date;
- (iii) the 202,187,230 Conversion Shares, 5,201,593 RTL 3 Shares, 10,981,923 Settlement Shares and 125,507,689 Placement Shares are fully issued and allotted by the Company;
- (iv) the Proposed Share Consolidation was completed;
- (v) for the purpose of computing the NTA per Share, the Proposed Conversion Shares Issue, the Proposed RTL 3 Shares Issue, the Proposed Settlement Shares Issue and Proposed Private Placement were completed on 31 December 2022; and
- (vi) for the purpose of computing the EPS, the Proposed Conversion Shares Issue, the Proposed RTL 3 Shares Issue, the Proposed Settlement Shares Issue and Proposed Private Placement were completed on 1 January 2022.

LETTER TO SHAREHOLDERS

17.2 Share Capital

	Before completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation and Proposed Capital Reorganisation	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue and Proposed Settlement Shares Issue	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue, Proposed Private Placement, and Proposed RTL 3 Shares Issue
Issued and paid-up share capital (RM'000)	3,977 ¹	3,977	39	12,229	19,406	19,703
Number of Shares ('000)	7,957,181 ²	79,572	79,572	292,741	418,249	423,450

17.3 NTA

	Before completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation and Proposed Capital Reorganisation	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue and Proposed Settlement Shares Issue	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue, Proposed Private Placement, and Proposed RTL 3 Shares Issue
NTA of the Company attributable to the Shareholders (RM'000)	(634,109)	(634,109)	(634,109)	(27,502)	2,498	9,878
Number of Shares ('000)	7,957,181	79,572	79,572	292,741	418,249	423,450
NTA per Share (RM)	(0.080)	(7.969)	(7.969)	(0.094)	0.006	0.023

¹ For the avoidance of doubt, the issued and paid-up share capital includes the 127,278,701 Term Loan Shares issued on 14 March 2023. Please refer to further details in the Company's announcement dated 15 March 2023 in relation to the issuance of the Term Loan Shares.

² For the avoidance of doubt, the 7,957,181,299 issued Shares includes the 127,278,701 Term Loan Shares issued on 14 March 2023. Please refer to further details in the Company's announcement dated 15 March 2023 in relation to the issuance of the Term Loan Shares.

LETTER TO SHAREHOLDERS

17.4 EPS

	Before completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation and Proposed Capital Reorganisation	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue and Proposed Settlement Shares Issue	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue, Proposed Private Placement, and Proposed RTL 3 Shares Issue
Net profit of the Company attributable to the Shareholders (RM'000)	65,730	65,730	65,730	422,567	422,567	422,567
Weighted average number of Shares ('000)	7,957,181	79,572	79,572	292,741	418,249	423,450
EPS (RM)	0.008	0.826	0.826	1.443	1.010	0.998

17.5 Gearing

	Before completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation	After completion of the Proposed Share Consolidation and Proposed Capital Reorganisation	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue and Proposed Settlement Shares Issue	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement	After completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, the Proposed Settlement Shares Issue, Proposed Private Placement, and Proposed RTL 3 Shares Issue
Total Borrowings (RM'000)	1,042,131	1,042,131	1,042,131	497,809	467,809	460,429
Total equity (RM'000)	(634,109)	(634,109)	(634,109)	(27,502)	2,498	9,878
Gearing ratio (times)	(1.6)	(1.6)	(1.6)	(18.1)	187.3	46.6

LETTER TO SHAREHOLDERS

17.6 Shareholders' funds and reserves

The Shareholders' funds and reserves of the Company after the completion of the Proposed Share Consolidation and before and after the completion of the Proposed Capital Reorganisation are as follows:

RM ('000)	After completion of the Proposed Share Consolidation and before the Proposed Capital Reorganisation	After completion of the Proposed Share Consolidation and the Proposed Capital Reorganisation
Share capital	3,977 ¹	39
Share premium	312,471	312,471
Treasury shares	(4,097)	(4,097)
Other reserves	287,734	287,734
Contributed surplus	–	3,938 ²
Accumulated losses	(1,232,500)	(1,232,500)
Total	(632,415)	(632,415)

¹ For the avoidance of doubt, the issued and paid-up share capital includes the 127,278,701 Term Loan Shares issued on 14 March 2023. Please refer to further details in the Company's announcement dated 15 March 2023 in relation to the issuance of the Term Loan Shares.

² The increase in contributed surplus occurs as the reduction in par value of the Shares did not result in any return of capital to Shareholders. Accordingly, the capital remained intact but it has been presented with a reduced share capital and a corresponding increase in contributed surplus.

LETTER TO SHAREHOLDERS

18 SHAREHOLDING EFFECTS AFTER COMPLETION OF THE PROPOSED TRANSACTIONS

The shareholding effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement as set out below are for illustrative purposes only and based on assumptions set out herein, and do not reflect the actual position of the Shareholders after the completion of the Proposed Transactions:

	As at the Latest Practicable Date				After completion of the Proposed Transactions			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Directors								
Tan Sri Datuk Tiong Su Kouk ⁽³⁾⁽⁷⁾	436,168,263	5.481	1,819,486,230	22.866	129,869,371	30.6694	18,194,860	4.297
Tiong Chiong Hiiung ⁽⁴⁾	14,259,240	0.179	9,629,881	0.121	142,592	0.034	96,298	0.023
Leong Seng Keat ⁽⁵⁾⁽⁹⁾	2,915,790	0.037	94,117,527	1.183	29,157	0.007	941,174	0.222
Ajaib Hari Dass	–	–	–	–	–	–	–	–
Yee Kit Hong	–	–	–	–	–	–	–	–
Kan Yut Keong, Benjamin	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Directors)								
Hung Yung Enterprise Sdn. Bhd. ⁽³⁾⁽⁶⁾⁽⁷⁾	639,909,690	8.042	1,615,744,803	20.305	6,399,096	1.511	141,665,135	33.455
S.K. Tiong Enterprise Sdn. Bhd. ⁽³⁾⁽⁶⁾⁽⁷⁾	1,148,685,680	14.436	1,106,968,813	13.912	11,486,856	2.713	136,577,375	32.253
Puan Sri Datin Wong Bak Hee ⁽³⁾⁽⁷⁾	30,840,860	0.388	2,224,813,633	27.960	308,408	0.073	147,755,823	34.893
Scheme Creditors								
RHB Bank Berhad	954,771,817	11.999	–	–	51,369,360	12.131	–	–
Rest of the Scheme Creditors and Sage 3								
	–	–	–	–	176,549	41.693	–	–
Other Shareholders								
Tiong Eng Ming ⁽⁵⁾⁽⁸⁾	36,462,680	0.458	60,570,637	0.761	364,626	0.086	605,705	0.143
Kong Sing Ching ⁽¹¹⁾	1,777,785	0.022	–	–	17,777	0.004	–	–
Tiong Chiong Soon ⁽⁹⁾⁽¹⁰⁾	5,216	<0.001	4,501,169	0.057	52	<0.001	45,011	0.011
Pau Kiu Fung ⁽⁹⁾⁽¹⁰⁾	4,501,169	0.057	5,216	<0.001	45,011	0.011	52	<0.001
Starcity Housing Sdn Bhd ⁽⁴⁾	–	–	9,629,881	0.121	–	–	96,298	0.023
Dominion Energy Sdn Bhd ⁽⁵⁾⁽⁸⁾	57,654,847	0.725	–	–	576,548	0.136	–	–
Tiong Chiong Hing ⁽¹¹⁾	–	–	1,777,785	0.022	–	–	17,777	0.004
Phillip Securities Pte Ltd (as nominee) ⁽⁷⁾	50,000	<0.001	–	–	500	<0.001	–	–
Public	4,629,178,262	58.176	–	–	46,291,789	10.932	–	–
Total	7,957,181,299	100	–	–	423,450,247	100	–	–

Notes:

- (1) For illustration purpose, based on the Existing Share Capital of HK\$8,078,216 comprising 7,957,181,299 Existing Shares (excluding treasury shares and subsidiary holdings).

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- (2) For illustration purpose, based on the issued and paid up share capital of the Company after the completion of the Proposed Transactions of HK\$42,466,060 comprising 423,450,247 Shares (excluding 66,785 treasury shares and 1,143,564 subsidiary holdings).
- (3) Tan Sri Datuk Tiong Su Kouk is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd., S.K Tiong Enterprise Sdn. Bhd. And his wife, Puan Sri Datin Wong Bak Hee, and 50,000 shares held by UOB Nominees (Private) Limited (as nominee) by virtue of Section 4 of the SFA.
- (4) Tiong Chiong Hiiung is deemed to have an interest in the shares held by Starcity Housing Sdn. Bhd. By virtue of Section 4 of the SFA.
- (5) Leong Seng Keat is deemed to have an interest in the shares held by Dominion Energy Sdn. Bhd and his wife, Tiong Eng Ming, by virtue of Section 4 of the SFA.
- (6) S.K Tiong Enterprise Sdn. Bhd. Is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd. By virtue of Section 4 of the SFA.
- (7) Puan Sri Datin Wong Bak Hee is deemed to have an interest in the shares held by S.K. Tiong Enterprise Sdn. Bhd., Hung Yung Enterprise Sdn. Bhd., her husband, Tan Sri Datuk Tiong Su Kouk and 50,000 shares held by Phillip Securities Pte. Ltd. (as nominee) by virtue of Section 4 of the SFA.
- (8) Tiong Eng Ming is deemed to have an interest in the shares held by Dominion Energy Sdn Bhd and her husband, Leong Seng Keat, by virtue of Section 4 of the SFA.
- (9) Tiong Chiong Soon is deemed to have an interest in the shares held by his wife, Pau Kiu Fung, by virtue of Section 4 of the SFA.
- (10) Pau Kiu Fung is deemed to have an interest in the shares held by her husband, Tiong Chiong Soon, by virtue of Section 4 of the SFA.
- (11) Tiong Chiong Hing is deemed to have an interest in the shares held by his wife, Kong Sing Ching, by virtue of Section 4 of the SFA.

Shareholders are reminded that the information in the tables above must be read together with the accompanying footnotes and the tables above are purely for illustrative purposes only and do not reflect the actual shareholdings effect after the Proposed Transactions.

19 NOTIFICATION UNDER SECTION 309B OF THE SFA

The Conversion Shares, RTL 3 Shares, Settlement Shares, Placement Shares, and Award Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

20 CONSENT FROM THE IFA

W Capital Markets Pte. Ltd., the IFA to the Recommending Directors in relation to the Proposed Whitewash Resolution, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the IFA Letter as set out in **Appendix B** to this Circular and all references thereto, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

21 CONSENT FROM THE INDEPENDENT VALUERS

M3 Marine Valuations Pte Ltd, the independent valuers of vessels as disclosed in Section 3.3.2 of this Circular, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and the details of its independent valuation reports, in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

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22 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and substantial shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders, respectively, as at the Latest Practicable Date, are as follow:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ^(*)	Number of Shares	% ^(*)	Number of Shares	% ^(*)
Directors						
Tan Sri Datuk Tiong Su Kouk ⁽¹⁾	436,168,263	5.481	1,819,486,230	22.866	2,255,654,493	28.347
Tiong Chiong Hiiung ⁽²⁾	14,259,240	0.179	962,9881	0.121	23,889,121	0.300
Leong Seng Keat ⁽³⁾	2,915,790	0.037	94,117,527	1.183	97,033,317	1.219
Ajaib Hari Dass	–	–	–	–	–	–
Yee Kit Hong	–	–	–	–	–	–
Kan Yut Keong, Benjamin	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
S.K. Tiong Enterprise Sdn. Bhd. ⁽⁴⁾	1,148,685,680	14.436	1,106,968,813	13.912	2,255,654,493	28.347
Hung Yung Enterprise Sdn. Bhd.	63,9909,690	8.042	161,574,4803	20.305	2,255,654,493	28.347
Puan Sri Datin Wong Bak Hee ⁽⁵⁾	30,840,860	0.388	2,224,813,633	27.960	2,255,654,493	28.347

(*) Based on 7,957,181,299 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date

Notes:

- (1) Tan Sri Datuk Tiong Su Kouk is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd., S.K Tiong Enterprise Sdn. Bhd. and his wife, Puan Sri Datin Wong Bak Hee by virtue of Section 4 of the SFA.
- (2) Tiong Chiong Hiiung is deemed to have an interest in the shares held by Starcity Housing Sdn. Bhd. by virtue of Section 4 of the SFA.
- (3) Leong Seng Keat is deemed to have an interest in the shares held by Dominion Energy Sdn. Bhd and his wife, Tiong Eng Ming, by virtue of Section 4 of the SFA.
- (4) S.K Tiong Enterprise Sdn. Bhd. is deemed to have an interest in the shares held by Hung Yung Enterprise Sdn. Bhd. by virtue of Section 4 of the SFA.
- (5) Puan Sri Datin Wong Bak Hee is deemed to have an interest in the shares held by S.K. Tiong Enterprise Sdn. Bhd., Hung Yung Enterprise Sdn. Bhd., her husband, Tan Sri Datuk Tiong Su Kouk and 50,000 shares held by Phillip Securities Pte. Ltd. (as nominee) by virtue of Section 4 of the SFA.

23 NO SERVICE CONTRACT

No person is proposed to be appointed as a Director in connection with the Proposed Transactions.

24 DIRECTORS' RECOMMENDATIONS

Shareholders should note that the Proposed Resolutions which are tabled in connection with the Proposed Scheme are intended to provide funds to the Company to, amongst others, facilitate the restructuring of its debts and liabilities as part of the Proposed Scheme with a view to rehabilitating the financial health of the Group, address its solvency issues, facilitate the execution of any future business or restructuring plans and provide an opportunity for creditors

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to benefit from the potential rehabilitation of the Company. If any of the Proposed Resolutions are not approved by Shareholders and if subsequently the Company is not able to successfully restructure its liabilities, the alternative for all creditors would be insolvent liquidation. In such a situation, Shareholders are to take note that creditors' claims rank ahead of Shareholders'. The Company's assets are therefore first given to its creditors. A Shareholder is only entitled to his pro-rated share of the remainder after all creditors have been paid. If the assets are insufficient to satisfy all creditors, Shareholders will not receive any distribution of assets and may lose the money they paid for their Shares.

24.1 The Proposed Share Consolidation

Having considered, *inter alia*, the rationale of the Proposed Share Consolidation, the Directors, are of the opinion that the Proposed Share Consolidation is in the best interests of the Company and, accordingly, recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the SGM.

24.2 The Proposed Capital Reorganisation

Having considered, *inter alia*, the rationale of the Proposed Capital Reorganisation, the Directors, are of the opinion that the Proposed Capital Reorganisation is in the best interests of the Company and, accordingly, recommend that Shareholders vote in favour of the special resolution relating thereto to be proposed at the SGM.

24.3 The Proposed Conversion Shares Issue

Having considered, *inter alia*, the rationale and the terms of the Scheme, the rationale for the Proposed Conversion Shares Issue, the financial effects set out in Section 17 (Financial Effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement), and all the relevant information set out in this Circular, the Directors are of the opinion that the Proposed Conversion Shares Issue would not be prejudicial to the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Conversion Shares Issue at the SGM.

24.4 The Proposed RTL 3 Shares Issue

Having considered, *inter alia*, the rationale and the terms of the Scheme, the rationale for the Proposed RTL 3 Shares Issue, the financial effects set out in Section 17 (Financial Effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement), and all the relevant information set out in this Circular, the Directors are of the opinion that the Proposed RTL 3 Shares Issue would not be prejudicial to the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed RTL 3 Shares Issue at the SGM.

24.5 The Proposed Settlement Shares Issue

Having considered, *inter alia*, the rationale for the Proposed Settlement Shares Issue, the financial effects set out in Section 17 (Financial Effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement), and all the relevant information set out in this Circular, the Directors are of the opinion that the Proposed Settlement Shares Issue would not be prejudicial to the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Settlement Shares Issue at the SGM.

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24.6 The Proposed Private Placement as an Interested Person Transaction

Having considered the terms of the Proposed Private Placement as an Interested Person Transaction, the opinion of the Audit Committee, the financial effects set out in Section 17 (Financial Effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement), and all the relevant information set out in this Circular, the Directors (excluding TST and Tiong Chiong Hiiung) are of the view that the Proposed Private Placement, being an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Directors (excluding TST and Tiong Chiong Hiiung) recommend that the Shareholders vote in favour of the ordinary resolution relating to the Proposed Private Placement at the SGM.

24.7 The Proposed Whitewash Resolution

Having considered and reviewed, *inter alia*, the opinion of the IFA in the IFA Letter as set out in **Appendix B** to this Circular, the Recommending Directors concur with the advice of the IFA and are of the opinion that the Proposed Whitewash Resolution, being one of the conditions precedent of the Proposed Private Placement, is not prejudicial to the interest of the Independent Shareholders. Accordingly, the Recommending Directors recommend that the Independent Shareholders vote in favour of the ordinary resolution relating to the Proposed Whitewash Resolution at the SGM.

24.8 The Proposed Termination of the 2018 Plan

Based on the eligibility criteria of the 2018 Plan, all Executive Directors of the Company, Controlling Shareholder and his Associates, namely TST (who is the Executive Chairman and a Controlling Shareholder of the Company), Tiong Chiong Hiiung (who is the Executive Vice-Chairman and an Associate of a Controlling Shareholder of the Company) and Leong Seng Keat (who is the Chief Executive Officer of the Company), are eligible to participate in, and are therefore interested in the 2018 Plan. Accordingly, Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat have abstained from making any recommendations to the Shareholders in respect of the 2018 Plan.

The remaining Directors, namely, Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, are not entitled to participate in the 2018 Plan, and are independent for the purposes of the ordinary resolution in relation to the Proposed Termination of the 2018 Plan to be proposed at the SGM. Having considered, *inter alia*, the terms and the rationale of the Proposed Termination of the 2018 Plan, the aforementioned Directors are of the view that the Proposed Termination of the 2018 Plan is in the best interests of the Company and, accordingly, recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Termination of the 2018 Plan to be proposed at the SGM.

24.9 The Proposed Adoption of the Nam Cheong Management Incentive Plan 2024

Based on the eligibility criteria of the 2024 Plan, all Executive Directors of the Company, Controlling Shareholders and their Associates, namely Tan Sri Datuk Tiong Su Kouk (who is the Executive Chairman and a Controlling Shareholder of the Company), Tiong Chiong Hiiung (who is the Executive Vice-Chairman and an Associate of a Controlling Shareholder of the Company) and Leong Seng Keat (who is the Chief Executive Officer of the Company), are eligible to participate in, and are therefore interested in the 2024 Plan. Accordingly, Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat have abstained from making any recommendations to the Shareholders in respect of the 2024 Plan.

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The remaining Directors, namely, Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, are not entitled to participate in the 2024 Plan, and are independent for the purposes of the ordinary resolution in relation to the Proposed Adoption of the Nam Cheong Management Incentive Plan 2024 to be proposed at the SGM. Having considered, *inter alia*, the terms and the rationale of the Adoption of the Nam Cheong Management Incentive Plan 2024, the aforementioned Directors are of the view that the Proposed Adoption of the Nam Cheong Management Incentive Plan 2024 is in the best interests of the Company and, accordingly, recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Adoption of the Nam Cheong Management Incentive Plan 2024 to be proposed at the SGM.

24.10 The Proposed Participation by Tan Sri Datuk Tiong Su Kouk in the 2024 Plan

The Remuneration Committee, comprising Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, has been tasked to review the Proposed Participation by Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024, and is of the view that such participation is in the interests of the Company.

Having considered, *inter alia*, the rationale and benefits of the Proposed Participation by Tan Sri Datuk Tiong Su Kouk in the Nam Cheong Management Incentive Plan 2024, the Directors (save for Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat, who have abstained from making recommendations to the Shareholders in respect of the 2024 Plan) are of the view that the Proposed Participation by Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024, is in the interest of the of the Company and, accordingly, recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Participation by Tan Sri Datuk Tiong Su Kouk in the 2024 Plan to be proposed at the SGM.

24.11 The Proposed Grant of Awards to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan

The Remuneration Committee, comprising Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, has been tasked to review the Proposed Grant of Awards to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan comprising up to 4,669,621 Award Shares over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 14 of this Circular to Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024, and is of the view that such grant is in the interest of the Company.

The Directors (save for Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat, have abstained from making recommendations to the Shareholders in respect of the 2024 Plan) are of the view that the Proposed Grant of Awards to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan, is in the interest of the Company and, accordingly, recommend the Shareholders to vote in favour of the Proposed Grant of Awards to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan to be proposed at the SGM.

24.12 The Proposed Participation by Tiong Chiong Soon in the 2024 Plan

The Remuneration Committee, comprising Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, has been tasked to review the Proposed Participation by Tiong Chiong Soon, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024, and is of the view that such participation is in the interests of the Company.

Having considered, *inter alia*, the rationale and benefits of the Proposed Participation by Tiong Chiong Soon in the Nam Cheong Management Incentive Plan 2024, the Directors (save for Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat, who have abstained from making recommendations to the Shareholders in respect of the 2024 Plan) are of the view that the Proposed Participation by Tiong Chiong Soon, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024, is in the interest of the of the Company and, accordingly, recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Participation by Tiong Chiong Soon in the 2024 Plan to be proposed at the SGM.

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24.13 The Proposed Grant of Awards to Tiong Chiong Soon under the 2024 Plan

The Remuneration Committee, comprising Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, has been tasked to review the Proposed Grant of Awards to Tiong Chiong Soon under the 2024 Plan comprising up to 4,669,621 Award Shares over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 15 of this Circular to Tiong Chiong Soon, an Associate of the Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024, and is of the view that such grant is in the interest of the Company.

The Directors (save for Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat, have abstained from making recommendations to the Shareholders in respect of the 2024 Plan) are of the view that the Proposed Grant of Awards to Tiong Chiong Soon under the 2024 Plan, is in the interest of the Company and, accordingly, recommend the Shareholders to vote in favour of the Proposed Grant of Awards to Tiong Chiong Soon under the 2024 Plan to be proposed at the SGM.

24.14 The Proposed Participation by Tiong Chiong Hiiung in the 2024 Plan

The Remuneration Committee, comprising Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, has been tasked to review the Proposed Participation by Tiong Chiong Hiiung, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024, and is of the view that such participation is in the interests of the Company.

Having considered, *inter alia*, the rationale and benefits of the Proposed Participation by Tiong Chiong Hiiung in the Nam Cheong Management Incentive Plan 2024, the Directors (save for Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat, who have abstained from making recommendations to the Shareholders in respect of the 2024 Plan) are of the view that the Proposed Participation by Tiong Chiong Hiiung, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024, is in the interest of the Company and, accordingly, recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Participation by Tiong Chiong Hiiung in the 2024 Plan to be proposed at the SGM.

24.15 The Proposed Grant of Awards to Tiong Chiong Hiiung under the 2024 Plan

The Remuneration Committee, comprising Ajaib Hari Dass, Yee Kit Hong and Kan Yut Keong, Benjamin, has been tasked to review the Proposed Grant of Awards to Tiong Chiong Hiiung under the 2024 Plan comprising up to 4,669,621 Award Shares over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 16 of this Circular to Tiong Chiong Soon, an Associate of the Controlling Shareholder, under the Nam Cheong Management Incentive Plan 2024, and is of the view that such grant is in the interest of the Company.

The Directors (save for Tan Sri Datuk Tiong Su Kouk, Tiong Chiong Hiiung and Leong Seng Keat, have abstained from making recommendations to the Shareholders in respect of the 2024 Plan) are of the view that the Proposed Grant of Awards to Tiong Chiong Hiiung under the 2024 Plan, is in the interest of the Company and, accordingly, recommend the Shareholders to vote in favour of the ordinary resolution relating to the Proposed Grant of Awards to Tiong Chiong Hiiung under the 2024 Plan to be proposed at the SGM.

24.16 Note to Shareholders

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale and financial effects of the Proposed Resolutions. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank, solicitor, tax adviser or other professional advisers.

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25 ABSTENTION FROM VOTING

25.1 Proposed Private Placement

Rule 804 of the Listing Manual provides that, except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Listing Manual, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.

Rules 812(1)(a) and 812(2) of the Listing Manual further provides that, save where specific shareholders' approval for such a placement has been obtained, an issue must not be placed to the issuer's directors. Where such shareholders' approval is being obtained, the director and his associates must abstain from voting on the resolution approving the placement.

Accordingly, TST and his associates will abstain from voting on Ordinary Resolution 5 relating to the Proposed Private Placement, as set out in the Notice of SGM on page N-2, and shall decline to accept appointment as proxies for any Shareholders to vote in respect of the aforesaid resolutions, unless such Shareholder shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the resolution. The Company will disregard any votes cast on the TST and his associates in accordance with Rules 804 and 812(2) of the Listing Manual.

25.2 Proposed Whitewash Resolution

The Concert Parties and parties not independent of them shall abstain from voting on the Proposed Whitewash Resolution in accordance with the conditions of the Whitewash Waiver.

25.3 Proposed Termination of the 2018 Plan

Shareholders who are entitled to participate in the 2018 Plan shall abstain from voting at the SGM in respect of any resolutions in relation to the 2018 Plan, namely, Ordinary Resolution 7 in relation to the Proposed Termination of the 2018 Plan, as set out in the Notice of SGM on pages N-2 to N-3, and shall decline to accept appointment as proxies for any Shareholders to vote in respect of the aforesaid resolutions, unless such Shareholder shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the resolution.

25.4 Proposed Adoption of the 2024 Plan, Proposed Participation by Tan Sri Datuk Tiong Su Kouk in the 2024 Plan, Proposed Grant of Awards to Tan Sri Datuk Tiong Su Kouk under the 2024 Plan, Proposed Participation by Tiong Chiong Soon in the 2024 Plan, Proposed Grant of Awards to Tiong Chiong Soon under the 2024 Plan, Proposed Participation by Tiong Chiong Hiiung in the 2024 Plan, and Proposed Grant of Awards to Tiong Chiong Hiiung under the 2024 Plan

Shareholders who are entitled to participate in the 2024 Plan, including, to the extent that they are Shareholders, all the Executive Directors of the Company and all Controlling Shareholders and their Associates, shall abstain from voting at the SGM in respect of any resolutions in relation to the Plan, namely Ordinary Resolutions 8 to 14, as set out in the Notice of SGM on pages N-3 to N-7, and shall decline to accept appointment as proxies for any Shareholders to vote in respect of the aforesaid resolutions, unless such Shareholder shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the resolutions.

26 SPECIAL GENERAL MEETING

The SGM, notice of which is set out on page N-1 to N-7 of this Circular, will be held at Furama RiverFront Hotel, Venus Ballroom I (Level 3), 405 Havelock Road, Singapore 169633, on Thursday, 29 February 2024 at 3.00 p.m., Singapore time, for the purpose of considering and, if thought fit, passing (with or without any modification) the resolutions set out in the notice of SGM.

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27 ACTION TO BE TAKEN BY SHAREHOLDERS

A Shareholder entitled to attend and vote at the SGM who is the holder of two (2) or more Shares but is unable to attend the SGM in person shall be entitled to appoint not more than two (2) proxies to attend and vote at the SGM on his behalf. Such Shareholder is requested to complete, sign and return in accordance with the instructions printed in the Shareholder Proxy Form as soon as possible and in any event so as to arrive at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 not less than forty-eight (48) hours before the time appointed for the SGM. The completion and return of a Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the SGM in place of his proxy if he finds that he is able to do so, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the SGM and to speak and vote thereat. Depositors who wish to attend and vote at the SGM, and whose names are shown in the records of CDP as at a time not earlier than forty-eight (48) hours before the time appointed for the SGM supplied by CDP to the Company, may attend and vote as CDP's proxies. Such Depositors who are individuals and who wish to attend the SGM in person need not take any further action and may attend and vote as CDP's proxies at the SGM without the lodgement of any proxy form. Depositors which are not individuals and Depositors who are individuals but are unable to attend personally and wish to appoint a nominee to attend and vote on their behalf as CDP's proxies, are requested to complete the Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the offices of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712 not less than forty-eight (48) hours before the time appointed for the SGM. The completion and return of a Depositor Proxy Form by a Depositor who is an individual does not preclude him from attending and voting in person as CDP's proxy at the SGM in place of his nominee if he finds that he is able to do so, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the SGM, as certified by the CDP to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the SGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time fixed for holding the SGM.

28 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

29 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712, during normal business hours from the date of this Circular up to and including the date of the SGM:

- (i) the Memorandum of Association and Bye-laws of the Company;
- (ii) the Company's annual report for FY2022;
- (iii) 27 July 2018 Circular;
- (iv) IFA Letter;
- (v) consent letter from the IFA;
- (vi) consent letter from the independent valuers, M3 Marine Valuations Pte Ltd;
- (vii) Rules of the 2018 Plan;
- (viii) Rules of the 2024 Plan; and
- (ix) Placement Agreement dated 28 April 2023.

Yours faithfully
For and on behalf of the Board of Directors of
Nam Cheong Limited

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

1. FINANCIAL INFORMATION OF THE GROUP

(a) Consolidated Income Statements

The consolidated income statements of the Group for FY2020, FY2021 and FY2022 are set out below:

	FY2020 RM'000 Audited	FY2021 RM'000 Audited	FY2022 RM'000 Audited
Revenue	372,296	286,159	365,721
Cost of sales	(269,088)	(222,453)	(265,028)
Gross profit	103,208	63,706	100,693
Other income	11,796	128,602	63,465
Administrative expenses	(42,355)	(32,921)	(38,319)
Impairment losses on trade and other receivables (made)/reversed	(16,120)	(1,312)	889
Other operating expenses	(411,108)	(32,819)	(20,733)
Operating (loss)/profit	(354,579)	125,256	105,995
Finance costs	(38,201)	(33,758)	(25,950)
Share of results of joint ventures, net of tax	(2,873)	(1,047)	1,361
Share of results of associates, net of tax	(1,703)	674	4,528
(Loss)/Profit before tax	(397,356)	91,125	85,934
Taxation	(6,968)	(7,136)	(17,994)
(Loss)/Profit for the financial year	(404,324)	83,989	67,940
Other comprehensive income			
<i>Items that will or may be reclassified subsequently to profit and loss</i>			
Exchange differences on translating foreign operations	(4,404)	4,604	(24,640)
Other comprehensive (loss)/income for the financial year, net of tax	(4,404)	4,604	(24,640)
Total comprehensive (loss)/income for the financial year	(408,728)	88,593	43,300
(Loss)/Profit attributable to :			
Owners of the parent	(404,156)	86,761	65,730
Non-controlling interest	(168)	(2,772)	2,210
(Loss)/Profit for the financial year	(404,324)	83,989	67,940
Total comprehensive (loss)/income attributable to:			
Owners of the parent	(408,560)	91,365	41,090
Non-controlling interest	(168)	(2,772)	2,210
Total comprehensive (loss)/income for the financial year	(408,728)	88,593	43,300
(Loss)/Earnings per share			
Basic (in Sen)	(5.57)	1.12	0.83
Diluted (in Sen)	(5.57)	1.10	0.82

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

A review of the operations, business and financial performance of the Group is set out below:

FY2021 vs FY2022

For the financial year ended 31 December 2022 (“FY2022”), the Group’s revenue from vessel chartering division increased by 28% from RM286.2 million in the previous financial year ended 31 December 2021 (“FY2021”) to RM365.7 million in FY2022 due to higher vessel utilisation in FY2022.

The shipbuilding segment did not register any revenue for both FY2022 and FY2021 as there was no scheduled delivery of vessel sale during the year.

In line with the increase in chartering revenue and higher gross profit margin, gross profit increased by 58% to RM100.7 million in FY2022.

Other income was lower at RM63.5 million in FY2022 as compared to RM128.6 million recorded in FY2021 mainly due to the decrease in gain on waiver of debts by trade and financial creditors, by RM107.1 million to RM16.2 million in FY2022. The effect was partially offset by the gain on disposal of property, plant and equipment amounting to RM44.4 million in FY2022 as a result of 8 units of vessels being disposed of during the year.

Administrative expenses increased by RM5.4 million or 16% to RM38.3 million in tandem with the increase in revenue.

Other operating expenses of RM20.7 million in FY2022 was lower than RM32.8 million recorded in FY2021 mainly due to the absence of accretion of non-current trade payables of RM19.1 million in FY2022.

Finance costs decreased to RM26.0 million in FY2022 as compared to RM33.8 million recorded in FY2021, mainly due to the decrease in finance cost related to vessel financing during the year.

Consequently, the Group’s net profit after tax decreased from RM84.0 million in FY2021 to RM67.9 million in FY2022.

FY2020 vs FY2021

For the financial year ended 31 December 2021 (“FY2021”), the Group’s revenue from vessel chartering decreased by 5% from RM300.1 million in the previous financial year ended 31 December 2020 (“FY2020”) to RM286.2 million in FY2021. This was mainly due to project delays as a result of the impact from the emergence of the Delta variant and the highly transmissible Omicron variant in FY2021.

The shipbuilding division recorded a revenue of RM72.2 million during FY2020 due to the completion of sale and delivery of an Emergency Response and Rescue Vessel (“**ERRV**”) to a customer based in North Sea and an Anchor Handling Tug Supply Vessel (“**AHTS**”) to a customer based in South East Asia during the financial year. Conversely, there was no vessel sale and delivery in FY2021.

In line with the decrease in vessel chartering revenue and the absence of shipbuilding revenue, gross profit decreased by 38% to RM63.7 million in FY2021.

Other income was higher at RM128.6 million in FY2021 as compared to RM11.8 million recorded in FY2020 mainly due to the gain on waiver of debts by trade and financial creditors amounting to RM123.3 million in FY2021 following successful negotiation and settlement with the trade creditors as well as the repayment of certain loan and borrowings via the issuance of non-sustainable debt shares to the financial creditors during the year.

Administrative expenses decreased from RM42.4 million to RM32.9 million in FY2021, primarily attributed to the group wide cost rationalisation exercise in FY2020.

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Other operating expenses of RM34.1 million in FY2021 was significantly lower than RM427.2 million recorded in FY2020 mainly due to the decrease in impairment made on property, plant and equipment by RM276.5 million, as well as the absence of impairment on investment in an associate of RM17.3 million and inventories written down amounting to RM33.5 million recorded in FY2020.

Finance costs decreased to RM33.8 million in FY2021 as compared to RM38.2 million recorded in FY2020, mainly due to the decrease in finance cost related to vessel financing during the year.

Accordingly, the Group registered a net profit after tax of RM84.0 million in FY2021 as compared to a net loss after tax of RM404.3 million in FY2020.

(b) Statement of financial position

The statement of financial position of the Group for FY2020, FY2021 and FY2022 are set out below:

	FY2020 RM'000 Audited	FY2021 RM'000 Audited	FY2022 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	485,627	390,324	426,784
Investment in joint ventures	667	1,996	3,315
Investment in an associate	–	680	5,210
	486,294	393,000	435,309
Current assets			
Inventories	17,922	23,968	13,604
Trade and other receivables	126,536	157,457	181,016
Prepayments	2,367	5,143	1,789
Fixed deposits	1,005	1,233	3,471
Cash and bank balances	95,350	25,472	59,394
	243,180	213,273	259,274
TOTAL ASSETS	729,474	606,273	694,583
EQUITY AND LIABILITIES			
Equity			
Share capital	3,552	3,836	3,904
Share premium	303,028	309,357	310,850
Treasury Shares	(4,097)	(4,097)	(4,097)
Other reserves	307,770	312,374	287,734
Accumulated losses	(1,385,176)	(1,298,230)	(1,232,500)
Equity attributable to owners of the company	(774,923)	(676,760)	(634,109)
Non-controlling interest	3,494	923	3,133
Total equity	(771,429)	(675,837)	(630,976)
Non-current liabilities			
Deferred tax liabilities	3,126	2,839	6,365
Loan and borrowings	990	9,873	1,097
Trade and other payables	127,675	–	–
	131,791	12,712	7,462

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

	FY2020 RM'000 Audited	FY2021 RM'000 Audited	FY2022 RM'000 Audited
Current liabilities			
Loans and borrowings	997,889	955,205	994,799
Trade and other payables	325,424	268,769	271,555
Current tax payable	1,763	1,388	3,618
Provisions	44,036	44,036	48,125
	1,369,112	1,269,398	1,318,097
Total liabilities	1,500,903	1,282,110	1,325,559
TOTAL EQUITY AND LIABILITIES	729,474	606,273	694,583

Review of balance sheet as at 31 December 2022

Total Assets

Total assets of the Group increased by 14.6% or RM88.3 million from RM606.3 million as at 31 December 2021 (“FY2021”) to RM694.6 million as at 31 December 2022 (“FY2022”) mainly due to:

- (i) Property, plant and equipment increased by RM36.5 million or 9.3% from RM390.3 million to RM426.8 million as at FY2022 mainly due to acquisition of 3 unit of vessels and transfer of a vessel from inventories amounting to RM119.2 million, which was offset with the disposal of 8 units of vessels amounting to RM59.4 million;
- (ii) Trade and other receivables increased by RM23.6 million or 15.0% from RM157.5 million as at FY2021 to RM181.0 million as at FY2022 mainly due to the disposal of a vessel on a deferred payment basis during the year; and
- (iii) Cash and bank balances increased by RM33.9 million from RM25.5 million to RM59.4 million mainly due to the proceeds received from chartering of vessels during the year.

The increase in total assets was partially offset by the decrease in inventories of RM10.4 million or 43.2% from RM24.0 million to RM13.6 million mainly due to the transfer of a vessel from inventories to property, plant and equipment during the year.

Total Liabilities

Total liabilities of the Group increased by 3.4% or RM43.4 million from RM1.28 billion as at FY2021 to RM1.33 billion as at FY2022 mainly due to the increase in borrowings by RM30.8 million and RM 4.1 million in FY2022 respectively as a result of fluctuation of foreign currency exchange rates.

Review of balance sheet as at 31 December 2021

Total Assets

Total assets of the Group decreased by 16.9% or RM123.2 million from RM729.5 million as at 31 December 2020 (“FY2020”) to RM606.3 million as at 31 December 2021 (“FY2021”) mainly due to:

- (i) Property, plant and equipment decreased by RM95.3 million or 19.6% from RM485.6 million to RM390.3 million mainly due to the return of four units of vessels to the trade creditors as part of the settlement of the respective trade payables during the year; and
- (ii) Cash and bank balances decreased by RM69.8 million or 73.3% from RM95.3 million to RM25.5 million mainly due to the repayment of trade payables during the year.

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

The decrease in total assets was partially offset by the following:

- (i) Inventories increased by RM6.1 million or 33.7% from RM17.9 million to RM24.0 million mainly due to additional vessel construction work in progress during the year;
- (ii) Trade and other receivables increased by RM30.9 million or 24.4% from RM126.5 million as at FY2020 to RM157.5 million as at FY2021 mainly due to the sale of an AHTS on a deferred payment basis amounting to RM24.3 million as well as additional billing of vessel chartering and related services provided to the customers during the year; and
- (iii) Prepayment increased by RM2.7 million from RM2.4 million to RM5.1 million due to prepayment made for the purchase of engines, equipment, tools and consumables in relation to the Group's vessels.

Total Liabilities

Total liabilities of the Group decreased by 14.6% or RM218.7 million from RM1.50 billion as at FY2020 to RM1.28 billion as at FY2021 mainly due to the decrease in trade payables and borrowings by RM218.1 million in FY2021 as a result of settlement with the trade creditors as well as the repayment of certain loan and borrowings via the issuance of non-sustainable debt shares to the financial creditors during the year.

Review of balance sheet as at 31 December 2020

Total Assets

Total assets of the Group decreased by 36.9% or RM426.7 million from RM1.16 billion as at 31 December 2019 (“FY2019”) to RM729.5 million as at 31 December 2020 (“FY2020”) mainly due to:

- (i) Property, plant and equipment (“PPE”) decreased by RM324.4 million or 40.0% from RM810.0 million as at FY2019 to RM485.6 million as at FY2020 mainly due to the impairment on property, plant and equipment of RM283.5 million arising from market value assessment of vessels and shipyard during the financial year, as well as the sale of a Platform Supply Vessel; Inventories decreased by RM105.6 million or 85.5% from RM123.5 million as at FY2019 to RM17.9 million as at FY2020 mainly due to the sale of the ERRV, the write down of inventories resulting from market value assessment and the reclassification of a completed AHTS to PPE; and
- (ii) Trade and other receivables decreased by RM19.8 million or 13.5% from RM146.3 million as at FY2019 to RM126.5 million as at FY2020 mainly due to asset impairment as well as collections from customers during the financial year.

The decrease in total assets was partially offset by the increase in cash and cash equivalents of RM48.9 million, which was attributed to collection from customers during the financial year.

(c) Total Liabilities

Total liabilities of the Group increased by 3.4% or RM43.4 million from RM1.28 billion as at FY2021 to RM1.33 billion as at FY2022 mainly due to the increase in borrowings and provision for financial guarantee by RM30.8 million and RM4.1 million in FY2022 respectively as a result of fluctuation of foreign currency exchange rates.

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Consolidated statement of Cash Flows

The consolidated statement of cash flow of the Group for FY2020, FY2021 and FY2022 are set out below:

	FY2020 RM'000 Audited	FY2021 RM'000 Audited	FY2022 RM'000 Audited
Operating activities			
(Loss)/Profit before income tax	(397,356)	91,125	85,934
Adjustments for:			
Accretion of non-current trade payables	15,298	19,089	–
Depreciation of property, plant and equipment	30,079	27,924	29,014
Gain on lease termination	–	–	(446)
Prepayments written off	47	–	–
(Gain)/Loss on disposal of property, plant and equipment	(3,433)	564	(44,380)
Gain on disposal of a subsidiary	–	(83)	–
Impairment on property, plant and equipment	283,473	6,927	–
Impairment loss on investment in associate	17,288	–	–
Impairment loss on investment joint venture	1,430	–	–
Impairment losses on trade and other receivables/ (reversed)	16,120	1,312	(889)
Reversal of impairment losses on other investments			(277)
Bad debts written off	–	–	92
Write-down on inventories made	33,533	–	–
Interest expense	38,201	33,758	25,950
Interest income	(3,292)	(2,503)	(641)
Property, plant and equipment written off	793	3,681	–
Project deposit written off	–	–	241
Share grant expense	1,240	185	–
Share of results of equity accounted joint ventures, net of tax	2,873	1,047	(1,361)
Share of results of equity accounted associate, net of tax	1,703	(674)	(4,528)
Gain on waiver of debts	(805)	(123,270)	(16,223)
Waiver of prepaid land lease payments	(2,528)	–	–
Provision for financial guarantee	44,036	–	–
Total adjustments	476,056	(32,043)	(13,448)
Operating cash flows before working capital changes	78,700	59,082	72,486
Changes in working capital:			
Changes in inventories	34,880	(6,046)	(15,580)
Changes in trade and other receivables	13,693	36,373	28,795
Changes in prepayments	2,956	(2,787)	3,392
Changes in trade and other payables	(109,406)	(9,437)	(9,132)
Cash generated from operations	20,823	77,185	79,961
Interest paid	(14,613)	(10,608)	(6,208)
Taxes paid, net of refund	(3,143)	(7,404)	(12,756)
Net cash generated from operating activities	3,067	59,173	60,997

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

	FY2020 RM'000 Audited	FY2021 RM'000 Audited	FY2022 RM'000 Audited
Investing activities			
(Advances to)/repayment from associates	–	(10,974)	8,734
Advances to joint ventures	–	(10,297)	(9,248)
Interest received	3,292	2,503	641
Investment in a joint venture	–	(2,383)	–
Investment in an associate	(490)	(2)	–
Proceed from disposal of property, plant and equipment	61,784	–	77,833
Purchase of property, plant and equipment	(11,126)	(23,175)	(93,539)
Repayment to shipyard creditors	–	(73,856)	–
Net cash generated from/(used in) from investing activities	53,460	(118,184)	(15,579)
Financing activities			
Fixed deposits pledged	(18)	–	(2,384)
Payment of lease liabilities	(533)	(6,392)	(7,663)
Dividend paid to non-controlling interest of a subsidiary	(2,400)	–	–
Proceed from issuance of shares to non-controlling interest of a subsidiary	–	201	–
Repayment of bilateral facilities debt	(2,309)	–	(3,964)
Net cash used in financing activities	(5,260)	(6,191)	(14,011)
Net increase / (decrease) in cash and cash equivalents	51,267	(65,202)	31,407
Effects of foreign exchange rate changes	(2,408)	(4,448)	(487)
Cash and cash equivalents at beginning of financial year	47,207	96,066	26,416
Cash and cash equivalents at end of the financial year	96,066	26,416	57,336

A review of the cash flow position for the Group for FY2020, FY2021 and FY2022 is set out below:

FY2022

Net cash from operating activities of RM61.0 million in FY2022 was mainly due to collection from customers during the year.

Net cash used investing activities of RM15.6 million in FY2022 was mainly due to the payment made for acquisition of property, plant and equipment of RM93.5 million, which was partially offset by proceeds received from disposal of property, plant and equipment amounting to RM77.8 million during the year.

Net cash used in financing activities of RM14.0 million in FY2022 was mainly due to repayment of bank borrowings and lease liabilities.

FY2021

Net cash from operating activities of RM59.2 million in FY2021 was mainly due to collection from customers during the year.

APPENDIX A – SELECTED FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Net cash used in investing activities of RM118.2 million in FY2021 was mainly due to payment made for acquisition of property, plant and equipment of RM23.2 million, subscription of shares in a joint venture of RM2.4 million and repayment of trade payables amounting to RM73.9 million during the year.

Net cash used in financing activities of RM6.2 million in FY2021 was mainly due to repayment of lease liabilities.

FY2020

Net cash from operating activities of RM3.1 million in FY2020 was mainly due to collections from customers during the financial year.

Net cash from investing activities of RM53.5 million in FY2020 was mainly in relation to proceeds from disposal of vessel during the financial year.

Net cash used in financing activities of RM5.3 million in FY2020 was mainly due to repayment of bank borrowings and dividend paid to non-controlling interests of a subsidiary.

(d) Working Capital

The working capital of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	31 December 2020	31 December 2021	31 December 2022
	RM'000	RM'000	RM'000
Total Current Assets	243,180	213,273	259,274
Total Current Liabilities	(1,369,112)	(1,269,398)	(1,318,097)
Net Working Capital	(1,125,932)	(1,056,125)	(1,058,823)

A review of the working capital of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022 is set out below:

As at 31 December 2021 compared to 31 December 2022

The decrease in net working capital of RM2.7 million, or 0.3%, from negative RM1.056 billion as at FY2021 to negative RM1.059 billion as at FY2022 was mainly due to the increase in borrowings of RM30.8 million and the decrease in inventories of RM10.4 million, which was offset by the increase in trade and other receivables of RM23.5 million and the increase in cash and bank balance of RM33.9 million.

As at 31 December 2020 compared to 31 December 2021

The increase in net working capital of RM69.8 million, or 6.2%, from negative RM1.13 billion as at FY2020 to negative RM1.06 billion as at FY2021 was mainly due to the decrease in trade and other payables and borrowings of RM106.1 million and the increase in trade and other receivables by RM31.0 million, which was partially offset by the decrease in cash and bank balance of RM69.8 million.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION



W CAPITAL MARKETS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

7 February 2024

The Directors of Nam Cheong Limited who are considered independent in relation to the Proposed Whitewash Resolution (The **“Recommending Directors”**)

Mr Ajaib Hari Dass (Lead Independent Director)
Mr Yee Kit Hong (Independent Director)
Mr Kan Yut Keong, Benjamin (Independent Director)

Dear Sirs,

THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS OF THEIR RIGHTS TO RECEIVE A MANDATORY GENERAL OFFER FROM TAN SRI DATUK TIONG SU KOUK AND HIS CONCERT PARTIES FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM AS A RESULT OF THE PROPOSED PRIVATE PLACEMENT

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 7 February 2024 (“Circular”) issued by Nam Cheong Limited (the “Company”, and together with its subsidiaries (the “Group”)) shall have the same meanings herein.

1. INTRODUCTION

On 28 April 2023 (**“Announcement Date”**), the Company announced (**“Placement Announcement”**) that it has, on the same date, entered into a placement agreement (**“Placement Agreement”**) with Tan Sri Datuk Tiong Su Kouk (**“TST”**), as placee (**“Placee”**). The execution and implementation of the Placement Agreement is part of the financial and corporate restructuring of the Company in accordance with and as implemented through, *inter alia*, the Proposed Scheme (**“Restructuring”**) and the DRMA (as defined herein). No lead manager, co-manager, placement agent or underwriter has been appointed and no commission is payable to any lead manager, co-manager, placement agent or underwriter in connection with the Proposed Private Placement.

Pursuant to the Placement Agreement, the Company proposes to allot and issue to the Placee an aggregate of 125,507,689 new ordinary shares (**“Shares”**) in the capital of the Company (**“Placement Shares”**), for an aggregate amount of RM30,000,000 (equivalent to approximately S\$8,996,042 based on the exchange rate as at the date of the Placement Announcement). The Proposed Private Placement is an integral aspect of the Proposed Scheme and the Restructuring as the proceeds will be used to fund the Conversion Cash (which will be limited to up to RM30 million) to be paid to the Scheme Creditors where such Scheme Creditor elects to do so under the Proposed Scheme. If the Proposed Private Placement is not approved, the Proposed Scheme (which was approved by the Scheme Creditors on 3 November 2023 and is subject to the Malaysia Court’s sanction) will not be effective. The hearing for the purpose of the sanctioning of the Proposed Scheme by the Malaysia Court will be released by the Company on SGXNet. Shareholders are advised to read carefully the announcements on SGXNet for updates on the outcome of the Malaysia Court’s hearing.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION

TST is the Executive Chairman and controlling shareholder of the Company. As at the Latest Practicable Date, TST holds directly 436,168,263 Existing Shares and TST is deemed to have an interest in 1,819,486,230 Existing Shares¹, representing a direct interest of approximately 5.481% and deemed interest of 22.866% in the issued and paid-up share capital of the Company. Accordingly, the Proposed Private Placement is an interested person transaction under Chapter 9 of the Listing Manual. The Company will be seeking the approval of its shareholders ("**Shareholders**") for the Proposed Private Placement as well as new Shares to be issued and allotted as part of the Proposed Scheme at a special general meeting ("**SGM**") to be convened. As the Proposed Private Placement is in relation to the issuance of the Shares fully for cash, an opinion from an independent financial adviser is not required under Rule 921(4)(b)(i) of the Listing Manual.

In addition, as a result of the Proposed Private Placement, TST and his concert parties will be increasing their shareholdings to more than 30% of the voting shares in the capital of the Company and would be obliged to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") for all the Shares in issue, unless the relevant waivers under the Code are obtained. Accordingly, TST has made an application to the Securities Industry Council (the "**SIC**") for a waiver of the requirement under Rule 14 of the Code for TST to make a mandatory general offer under Rule 14 of the Code as a result of the allotment and issuance of the Placement Shares to TST ("**Whitewash Waiver**"). On 29 May 2023, TST obtained the Whitewash Waiver from the SIC, subject to certain conditions ("**SIC Conditions**"). Details of the Whitewash Waiver and the SIC Conditions are set out in Paragraph 10.2 of the Circular and Section 5 of this IFA Letter.

W Capital Markets Pte. Ltd. ("**W Capital Markets**") has been appointed as the independent financial adviser ("**IFA**") to advise the Recommending Directors in respect of the Proposed Whitewash Resolution. This letter ("**IFA Letter**") is therefore addressed to the Recommending Directors and sets out, *inter alia*, our evaluation and opinion on the Proposed Whitewash Resolution. This IFA Letter forms part of the Circular to Shareholders which provides the details of the Restructuring and Proposed Scheme, which includes the Proposed Private Placement and the Proposed Whitewash Resolution, and the recommendations of the Recommending Directors thereon.

2. TERMS OF REFERENCE

The purpose of this IFA Letter is to provide an independent evaluation and opinion on whether: (i) the financial terms of the Proposed Private Placement, being the transaction that is the subject of the Proposed Whitewash Resolution, are fair and reasonable; and (ii) the Proposed Whitewash Resolution in connection with the Proposed Private Placement is prejudicial to the interests of the Independent Shareholders. W Capital Markets has prepared this IFA Letter in accordance with the requirements of the Code and for the use of the Recommending Directors in connection with their consideration of the Proposed Whitewash Resolution.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Transactions, nor were involved in the deliberations leading up to the decision on the part of the Directors to undertake the Proposed Transactions (including the Proposed Private Placement). Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Transactions (including the Proposed Private Placement) and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Transactions (including the Proposed Private Placement).

In the course of our evaluation, we have held discussions with the management of the Company (the "**Management**") and/or the Company's professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or the Company's professional advisers, including information contained in the

¹ As at the Latest Practicable Date, TST is deemed to have an interest in the Shares held by Hung Yung Enterprise Sdn. Bhd., S.K. Tiong Enterprise Sdn. Bhd., his wife, Puan Sri Datin Wong Bak Hee, and 50,000 Shares held by Phillip Securities Pte. Ltd. (as nominee), by virtue of Sections 4 and 133 of the SFA.

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Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. In this regard, we note that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “Directors’ Responsibility Statement” in Paragraph 28 of the Circular.

The scope of our appointment does not require us to perform an independent evaluation or appraisal of the assets, liabilities and/or profitability of the Company and its subsidiaries and we do not express a view on the financial position, future growth prospects and earnings potential of the Company after the completion of the Proposed Private Placement in accordance with the terms of the Placement Agreement (“**Completion**”). As such and where applicable, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group.

The information on which we relied was based upon market, economic, industry, monetary and other conditions prevailing as at 31 January 2024, being the latest practicable date prior to the printing of the Circular (the “**Latest Practicable Date**” or “**LPD**”), which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Independent Shareholders should take note of any announcements relevant to the Proposed Transactions which may be released by the Company after the Latest Practicable Date.

In rendering our opinion in relation to the Proposed Private Placement and the Proposed Whitewash Resolution, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder or specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in the context of his/her specific or their investments objectives or portfolio(s) consult his/her or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Proposed Private Placement and the Proposed Whitewash Resolution should be considered in the context of the entirety of this IFA Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Background information

The Company was incorporated as an exempted company with limited liability and domiciled in Bermuda on 17 September 1998 as Eagle Brand Holdings Limited which was listed on the Mainboard of the SGX-ST on 8 February 1999. In or around April and May 2011, the shareholders of Nam Cheong Dockyard Sdn Bhd (“**NCD**”), a company incorporated in Malaysia, undertook a reverse takeover of Eagle Brand Holdings Limited and as part of the reverse takeover, Eagle Brand Holdings Limited was renamed Nam Cheong Limited and NCD became the wholly-owned subsidiary of the Company. The Company is the ultimate holding company of

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among others, NCD, which in turn holds 100% of the shares in Nam Cheong International Ltd (“**NCI**”), a company incorporated in Labuan, Malaysia.

As at the date of this IFA Letter, the issued share capital of the Company was HK\$8,078,216 comprising 7,957,181,299 ordinary shares of HK\$0.001 each, excluding 6,678,597 treasury shares and 114,356,460 subsidiary holdings. The Company’s shares have been voluntarily suspended on the SGX-ST since 28 April 2020.

For the financial year ended 31 December 2021 (“**FY2021**”) and 31 December 2022 (“**FY2022**”), the Group’s sole revenue generator was its chartering services.

3.2 The 2018 Scheme

In light of its financial position, and to restructure the Group’s debts, the Company proposed a scheme of arrangement in Singapore pursuant to section 210 of the Singapore Companies Act 1967 (the “**2018 Scheme**”). The 2018 Scheme was sanctioned by the High Court of Singapore on 3 August 2018.

Following on from the 2018 Scheme and despite their best efforts, the Group had not found itself out of the woods, and soon faced financial difficulties as a result of geopolitical tensions and the COVID-19 pandemic.

3.3 The Restructuring

In or around April 2020, it became apparent to the Group that it would face difficulties in meeting its financial obligations. On 1 July 2020, the Group appointed Sage 3 Sdn. Bhd. (“**Sage 3**”) as its financial advisor to advise and formulate solutions on a potential restructuring of the Group’s business and liabilities. In July 2020, NCD, a wholly-owned subsidiary of the Company, brought a voluntary application to seek assistance from the Corporate Debt Restructuring Committee of Malaysia (“**CDRC**”). The CDRC is a mediation intermediary under the purview of Bank Negara Malaysia, which provides a platform for companies and their financial institution creditors to work out feasible debt restructurings in an efficient manner, without having to resort to legal proceedings. The CDRC had on 1 October 2020 accepted NCD’s application for the CDRC’s assistance to mediate the debt restructuring discussions and negotiations between NCD and the financial institution creditors of the Group (“**Participating Lenders**”). The application to the CDRC was made based on the restructuring proposals formulated by Sage 3. This would allow NCD breathing space to enter into a dialogue with the Participating Lenders, and work out a mutually beneficial solution to ensure the continuation of NCD’s (and the Group’s) business as a going concern.

Between November 2020 and April 2022, NCD and its advisors actively engaged with its Participating Lenders. The restructuring evolved during this period with feedback and enhancements incorporated before the final proposal was presented to the Participating Lenders for approval.

In May 2022, the Participating Lenders and NCD thus successfully reached an agreement on a satisfactory proposal of restructuring NCD’s (and the Group’s) debts. This is conditional on the Proposed Scheme being passed and sanctioned by the Malaysia Court. This approval-in-principle by the Participating Lenders on the debt restructuring was announced by the Company on SGX on 25 May 2022.

As of 20 April 2023, the Company, NCD and NCI, among others, the Participating Lenders, have executed an agreement to record the terms of the restructuring proposal proposed and agreed through the CDRC process. This agreement is a debt restructuring master agreement entered into by, among others, the Company, NCD and NCI in respect of a global debt restructuring of the indebtedness of the Group (“**DRMA**”).

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3.4 The Proposed Scheme

As part of its efforts to restructure its debts and liabilities, (a) the Company, has on 7 March 2023, convened an informal meeting of creditors under the term loan facility granted by the Company in the 2018 Scheme in relation to the restructuring options and proposed term of the Proposed Scheme, (b) the Company has also made an application to the Malaysia Court to, *inter alia*, propose a scheme of arrangement with its creditors (the “**Scheme Creditors**”) pursuant to sections 365 and 366 of the Companies Act 2016 of Malaysia (the “**Proposed Scheme**”).

On 21 March 2023, the Malaysia Court granted the application and ordered, *inter alia*, that a meeting of Scheme Creditors of the Company (“**Malaysian Court Convened Meeting**”) be convened for the purpose of considering, and if thought fit, approving with or without modification the scheme of arrangement and compromise proposed between the Company and its Scheme Creditors within 6 months from 21 March 2023 for the purposes of approving the Proposed Scheme. On 28 August 2023, the Malaysia Court granted a three-month extension of time for the holding of the Malaysian Court Convened Meeting.

The implementation of the Proposed Scheme is subject to and conditional upon, *inter alia*:

- (a) the approval of the shareholders of the Company being obtained at a special general meeting of the Company in respect of the Restructuring, including:
 - (i) the Proposed Private Placement; and
 - (ii) the waiver of their rights to receive a mandatory general offer for all the Company shares held by such shareholders of the Company to be made by TST and parties acting in concert with TST pursuant to Rule 14 of the Code as a result of the acquisition of new shares by TST and parties acting in concert with TST, as the case may be, under the Placement Agreement; and
- (b) the approval from the SIC granting a waiver to TST and parties acting in concert with TST from the requirement of making a general mandatory offer in connection with the acquisition of new shares by TST under the Placement Agreement, and where the waiver received from the SIC is obtained subject to any conditions, such conditions being met or waived accordingly.

The Malaysian Court Convened Meeting was held on 3 November 2023 and the Proposed Scheme was duly approved by a majority of 98.96% of the total value of the Scheme Creditors present and voting.

3.5 Proposed Transactions

The Company is intending to undertake the following corporate actions for the purposes of the Restructuring, *inter alia*:

- (a) the proposed share consolidation of every 100 existing ordinary shares of the Company as at the record date into 1 ordinary share of the Company (the “**Proposed Share Consolidation**”);
- (b) the Capital Reduction, the Authorised Capital Diminution, the Authorised Capital Increase and the Crediting of Contributed Surplus, subject to the completion of the Proposed Share Consolidation (the “**Proposed Capital Reorganisation**”);
- (c) the proposed allotment and issuance of up to 202,187,230 Consolidated Shares to the Scheme Creditors pursuant to the Proposed Scheme and subject to the completion of the Proposed Share Consolidation (the “**Proposed Conversion Shares Issue**”);
- (d) the proposed allotment and issuance of up to 5,201,593 Consolidated Shares to the RTL 3 creditor subject to the completion of the Proposed Share Consolidation (the “**Proposed RTL 3 Shares Issue**”);

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(e) the proposed allotment and issuance of 10,981,923 Consolidated Shares to Sage 3 subject to the completion of the Proposed Share Consolidation (the “**Proposed Settlement Shares Issue**”); and

(f) the Proposed Private Placement to TST to raise RM30,000,000.

(collectively, the “**Proposed Transactions**”).

4. THE PROPOSED PRIVATE PLACEMENT

The detailed terms of the Proposed Private Placement have been set out in Paragraph 9 of the Circular and a summary of the salient terms is set out below.

4.1 Key terms relating to the Proposed Private Placement

The Placement Shares of 125,507,689 Shares in the capital of the Company represents approximately 30.01% of the enlarged issued and paid-up share capital of the Company (based on the issued Shares in the capital of the Company after the completion of the Restructuring comprising 418,248,654 Shares (excluding 66,785 treasury shares and 1,143,564 subsidiary holdings as well as the issuance of the RTL 3 Shares as the RTL 3 Shares will be issued only after the completion of the Proposed Private Placement) (“**Enlarged Share Capital**”).

The Placement Price of S\$0.0697 per Placement Share represents a premium of approximately 1643% to the weighted average price of S\$0.004 for trades done on the SGX-ST for the full market day on 27 April 2020, being the last market day on which the shares of the Company were traded, prior to the suspension of the Shares of the Company on 28 April 2020.

The Placement Price was arrived at arm’s length and on a willing buyer-willing-seller basis, after taking into account, *inter alia*, the weighted average price of S\$0.004 for trades done on the SGX-ST on 27 April 2020, being the last market day on which the Shares of the Company were traded, prior to the suspension of the Shares of the Company on 28 April 2020.

For the avoidance of doubt, the Placement Price shall be determined subject to the conditions set out in the Placement Agreement and in particular, the conditions set out in Paragraph 9.8 (a) and (b) of the Circular. The Placement Price of S\$0.0697 has been determined on the assumption that the Placement Shares shall be issued subject to and after the completion of the Proposed Share Consolidation.

It is proposed that the Placement Shares shall be allotted and issued after completion of the Proposed Share Consolidation. Accordingly, the Placement Price of S\$0.0697 per Placement Share is equivalent to a pre-consolidated placement price of S\$0.00070 (“**Illustrative Pre-consolidated Placement Price**”) per Placement Share (taking into account the Proposed Share Consolidation of every 100 Existing Shares into one (1) Consolidated Share).

The Placement Shares will, when allotted and issued, be authorised, allotted, validly issued and credited as fully paid-up, free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the then existing Shares of the Company except that they shall not rank for any dividend, right, allotment, or other distributions, the record date for which falls on or prior to the date of the issuance and allotment of the Placement Shares.

4.2 Principal Terms of the Placement Agreement

4.2.1 Completion Date

“Completion Date” means the date falling seven (7) clear Market Days after the fulfilment or waiver (if capable of waiver) of all the conditions, unless specifically agreed in writing between the Parties.

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4.2.2 Conditions

The completion of the Proposed Private Placement is subject to the following conditions:

- (a) subject always to the Agreed Placement Share Issuance Principle (as defined in Paragraph 9.8 (b) of the Circular), in the event:
- (i) the Company issues new Shares at an issue price lower than the Placement Price during the period commencing from the date of the Placement Agreement until the completion date of the Placement Agreement, the Placement Price shall be adjusted to such lower price accordingly; and
 - (ii) of any sub-division or consolidation of the Shares or bonus issue of Shares on a *pro rata* basis which occurs on or prior to the completion date of the Placement Agreement, the Placement Price shall be adjusted immediately in the manner set out below:

$$\text{NCP} = \text{OCP} \times (A \div B)$$

where:-

NCP is the Placement Price expressed in S\$ in force after such alteration

OCP is the Placement Price expressed in S\$ in force immediately before such alteration

A is the number of Shares immediately before such alteration

B is the number of Shares immediately after such alteration

- (b) in addition to the Placee's existing shareholding, the Placement Shares representing approximately 30% of the aggregate number of Shares in issue, after taking into account, *inter alia*, the Proposed Share Consolidation and the issuance of Conversion Shares, the RTL 3 Shares, Settlement Shares, Placement Shares, and any other issuances of Shares prior to the issuance of the Placement Shares, the number of Placement Shares to be issued and allotted by the Company to the Placee shall be determined in accordance with the following formula:

$$\frac{X}{Y} \times 100 \approx 30\%, \text{ where } X \times Z \times \text{Exchange Rate} = \text{RM}30,000,000$$

where:-

X is the number of Placement Shares

Y is the Enlarged Share Capital

Z is the Placement Price

(the “**Agreed Placement Share Issuance Principle**”)

- (c) the listing and quotation notice for the listing and quotation of the Placement Shares on the Mainboard being obtained from the SGX-ST and not having been revoked or amended and, where such notice is subject to conditions, such conditions to be reasonably acceptable to the Placee and to the extent that any conditions for the listing and quotation of the Placement Shares on the Mainboard are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (d) the Placement not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company;

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- (e) approval from Shareholders for (i) the issue and allotment of the Placement Shares, and (ii) waiver of their rights to receive a general offer from the Placee and its concert parties under Rule 14 of the Code being obtained;
- (f) the whitewash waiver having been obtained on such terms as are reasonably acceptable to the Placee, and not being revoked or amended;
- (g) all authorisations, approvals, waivers or permits, if any, of any governmental authority or other person that are required in connection with the transactions contemplated by the Placement Agreement including but not limited to all necessary authorisations, approvals, waiver or permits required by the Placee for the funding of and for all the transactions contemplated by the Placement Agreement, having been duly obtained and effective on terms reasonably satisfactory to the Placee;
- (h) any conditions attached to the listing and quotation notice for the listing and quotation of the Placement Shares or the whitewash waiver which is/are required to be fulfilled on or before the completion date, having been fulfilled on or before that date to the satisfaction of the SGX-ST or the SIC (as the case may be) unless waived by the SGX-ST or the SIC (as the case may be);
- (i) the Placee having obtained the necessary approvals from all relevant authorities to subscribe for the Placement Shares in accordance with the terms of the Placement Agreement;
- (j) the Placement Agreement constituting legal, valid and binding obligations of the Placee enforceable by the Company in accordance with its terms;
- (k) the execution by the Placee of the Placement Agreement being duly authorised and such authorisation being in full force and effect;
- (l) each party having performed and complied in all material respects with all covenants, agreements, obligations and conditions contained in the Placement Agreement that are required to be performed or complied with by it;
- (m) the entry into the DRMA;
- (n) all conditions precedent under the DRMA (other than the condition relating to the completion of the Placement Agreement) having been satisfied or waived in accordance with the terms of the DRMA;
- (o) the Company obtaining an order from the Malaysia Court sanctioning the Proposed Scheme; and
- (p) approval from the SGX-ST for the lifting of the suspension of trading of the Company's securities being obtained.

5. THE PROPOSED WHITEWASH RESOLUTION

On 29 May 2023, the SIC had granted the Whitewash Waiver, which is subject to the satisfaction of certain conditions set out in Paragraph 10.2 of the Circular, including, *inter alia*:

- (a) a majority of holders of voting rights of the Company approves at a general meeting, before the issue of the Placement Shares pursuant to the Private Placement, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from TST and his concert parties;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) TST and his concert parties and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

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- (d) TST and his concert parties did not acquire or are not to acquire any shares or instruments convertible into and options in respect of shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new shares which have been disclosed in the Circular in relation to the Proposed Private Placement):-
 - (i) during the period between the Announcement Date and the date independent shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the 6 months prior to the Announcement Date but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the Proposed Private Placement;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in its Circular:-
 - (i) details of the Proposed Private Placement;
 - (ii) the dilution effect of the Proposed Private Placement to existing holders of voting rights;
 - (iii) the number and percentage of voting rights in as well as the number of instruments convertible into, rights to subscribe for and option in respect of shares in the Company (other than the convertibles to be issued) held by TST and his concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to TST and his concert parties as a result of the Proposed Private Placement; and
 - (v) that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from TST and his concert parties at the highest price paid by them in the past 6 months preceding the Announcement Date;
- (g) the Circular states that the waiver granted by SIC to TST and his concert parties from the requirement to make a general offer under Rule 14 is subject to the conditions stated at (a) to (f) above;
- (h) the Company obtaining SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Whitewash Waiver, the approval of the Proposed Whitewash Resolution must be obtained within 3 months of the date of the letter from SIC, and the issuance of the Placement Shares pursuant to the Proposed Private Placement must be completed within 3 months of the approval of the Proposed Whitewash Resolution.

On 24 July 2023, the Company submitted an application to the SIC for an extension of 3 months, from 29 August 2023, for the Company to comply with one of the conditions to the Whitewash Waiver granted by the SIC to TST and his concert parties in connection with the Proposed Private Placement, which was subsequently approved by the SIC on 27 July 2023 for an extension to 29 November 2023 to obtain Independent Shareholders' approval of the Proposed Whitewash Resolution. On 22 January 2024, the Company obtained SIC's grant of a further extension of 3 months from 29 November 2023 to 29 February 2024 for the Company to comply with the abovementioned condition to obtain Independent Shareholders' approval of the Proposed Whitewash Resolution.

Shareholders should note that the resolutions in respect of the Proposed Share Consolidation, the Proposed Capital Reorganisation, the Proposed Conversion Shares Issue, the Proposed RTL 3 Shares Issue, the Proposed Settlement Shares Issue, the Proposed Private Placement and the Proposed Whitewash Resolution are inter-

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conditional upon the passing of one another, such that if any of resolutions in respect of the Proposed Transactions is not approved by Shareholders, all of the resolutions in respect of the other Proposed Transactions will not be passed. In view of this, in the event that the Proposed Whitewash Resolution is not approved by the Independent Shareholders, the Proposed Share Consolidation, the Proposed Capital Reorganisation, the Proposed Conversion Shares Issue, the Proposed RTL 3 Shares Issue, the Proposed Settlement Shares Issue and the Proposed Private Placement will not proceed. Shareholders should also note that the implementation of the Proposed Scheme is conditional upon the fulfilment of a number of conditions, including but not limited to, the approval of Shareholders being obtained for the Proposed Resolutions, and there is no certainty or assurance that the Proposed Scheme will become effective or be successfully concluded.

6. EVALUATION OF THE PROPOSED PRIVATE PLACEMENT AND PROPOSED WHITEWASH RESOLUTION

In arriving at our opinion on whether (i) the financial terms of the Proposed Private Placement are fair and reasonable; and (ii) the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders, we have given due consideration to the following salient factors:

- (i) Rationale for the Proposed Private Placement and the use of proceeds;
- (ii) Historical financial performance and financial condition of the Group;
- (iii) Assessment of the terms of the Proposed Private Placement;
- (iv) Financial effects of the Proposed Transactions; and
- (v) Other relevant considerations which may have a bearing on our assessment of the Proposed Private Placement and the Proposed Whitewash Resolution.

6.1 Rationale for the Proposed Private Placement and the Use of Proceeds

We have considered the rationale by the Company for the Proposed Private Placement as well as the stated use of proceeds set out in Paragraph 9.4 of the Circular, and we have set them out in italics below for your easy reference:

“9.4 Rationale for the Proposed Private Placement

Pursuant to the terms of the Proposed Scheme, the Company shall, inter alia, make cash payment under the Conversion Cash option. In this connection, and in line with TST’s continued commitment and support of the Group, the Company intends to undertake the Proposed Private Placement to raise funds.

It is intended that the proceeds raised from the Proposed Private Placement by TST, the Executive Chairman of the Group and controlling shareholder of the Company, will be used to fund the Conversion Cash of RM 30 million to be paid to the Scheme Creditors where such Scheme Creditor elects to do so under the Proposed Scheme.”

6.2 Historical Financial Performance and Financial Condition of the Group

- 6.2.1 A summary of the audited financial performance of the Group for the last three (3) financial years ended 31 December 2020 (“FY2020”), FY2021 and FY2022 and the latest unaudited nine months ended 30 September 2023 (“9MFY2023”) are set out below. The following summary financial information should be read in conjunction with the full text of the Company’s annual report for FY2020, FY2021 and FY2022, and the results announcements in respect of the relevant financial periods including the notes/commentaries thereto.

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Financial performance of the Group

RM'000	FY2020 Audited	FY2021 Audited	FY2022 Audited	9MFY2023 Unaudited
Revenue	372,296	286,159	365,721	350,211
Cost of sales	(269,088)	(222,453)	(265,028)	(225,388)
Gross profit	103,208	63,706	100,693	124,823
Other income	11,796	128,602	63,465	45,868
Administrative expenses	(42,355)	(32,921)	(38,319)	(28,317)
Impairment losses on trade and other receivables reversed/(made)	(16,120)	(1,312)	889	2,133
Other operating expenses	(411,108)	(32,819)	(20,733)	(13,767)
Finance costs	(38,201)	(33,758)	(25,950)	(20,691)
Share of results of associates, net of tax	(1,703)	674	4,528	3,048
Share of results of joint ventures, net of tax	(2,873)	(1,047)	1,361	2,121
(Loss) / profit before taxation	(397,356)	91,125	85,934	115,218
Taxation	(6,968)	(7,136)	(17,994)	(20,787)
(Loss) / profit for the year/period	(404,324)	83,989	67,940	94,431
Profit / (loss) attributable to				
Owners of the Company	(404,156)	86,761	65,730	91,018
Non-controlling interests	(168)	(2,772)	2,210	3,413
	(404,324)	83,989	67,940	94,431
Total comprehensive income / (loss) attributable to				
Owners of the Company	(408,560)	91,365	41,090	51,461
Non-controlling interests	(168)	(2,772)	2,210	3,413
	(408,728)	88,593	43,300	54,874

Source: Company's Annual Reports and results announcements

Note:

- (1) Figures shown as totals in the above table may not be an arithmetic aggregation of the figures that precede them due to rounding.

Review of operating results

FY2021 vs FY2020

The Group's revenue decreased by 23.1% or RM86.1 million from RM372.3 million in FY2020 to RM286.2 million in FY2021 mainly due to no revenue recognised for the shipbuilding segment as there were no vessel sale and delivery during the COVID-19 pandemic. Gross profit decreased by 38.3% or RM39.5 million from RM103.2 million in FY2020 to RM63.7 million in FY2021 mainly due to the decline in revenue.

Other income increased by 990.2% or RM116.8 million from RM11.8 million in FY2020 to RM128.6 million in FY2021 as the Group recorded a gain on waiver of debts by trade and financial creditors amounting to RM123.3 million following successful negotiation and settlement with the trade creditors as well as the repayment of certain loan and borrowings via the issuance of non-sustainable debt shares to the financial creditor during FY2021.

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Administrative expenses decreased by 22.3% or RM9.4 million from RM42.4 million in FY2020 to RM32.9 million mainly due to group wide cost rationalisation exercise in FY2020. During FY2021, the Group recorded lower impairment losses on trade and other receivables of RM1.3 million as compared to RM16.1 million in FY2020.

Other operating expenses decreased by 92.0% or RM378.3 million from RM411.1 million in FY2020 to RM32.8 million in FY2021. The decrease was mainly due to the decrease in impairment made on property, plant and equipment by RM276.5 million, as well as the absence of impairment on investment in an associate of RM17.3 million and inventories written down amounting to RM33.5 million recorded in FY2020.

Finance costs decreased by 11.6% or RM4.4 million from RM38.2 million in FY2020 to RM33.8 million in FY2021 mainly due to decrease in finance cost related to vessel financing during the year.

Share of results of equity accounted joint ventures and associates improved to loss of RM1.0 million and profit of RM0.7 million in FY2021 as compared to loss of RM2.9 million and RM1.7 million in FY2020 respectively mainly due to higher vessel utilisation rate.

As a result from the above, the Group registered a net profit after tax of RM84.0 million in FY2021 as compared to a net loss after tax of RM404.3 million in FY2020.

FY2022 vs FY2021

The Group's revenue increased by 27.8% or RM79.6 million from RM286.2 million in FY2021 to RM365.7 million in FY2022 mainly due to higher vessel utilisation during the year. However, there is no revenue recognised for the shipbuilding segment as there were no vessel sale and delivery during year. In line with the growth in vessel chartering income, the Group's gross profit increased by 58.1% or RM37.0 million from RM63.7 million in FY2021 to RM100.7 million in FY2022.

Other income decreased by 50.7% or RM64.1 million from RM128.6 million in FY2021 to RM63.5 million in FY2022 mainly due to the decrease in gain on waiver of debts by trade and financial creditors, by RM107.1 million to RM16.2 million in FY2022. The effect was partially offset by the gain on disposal of property, plant and equipment amounting to RM44.4 million in FY2022 as a result of eight units of vessels being disposed of during the year.

Administrative expenses increased by 16.4% or RM5.4 million from RM32.9 million in FY2021 to RM38.3 million in FY2022 which is in line with the increased in revenue.

Other operating expenses decreased by 36.8% or RM12.1 million from RM32.8 million in FY2021 to RM20.7 million in FY2022 due mainly to absence of accretion of non-current trade payables of RM19.1 million in FY2022.

Finance costs decreased by 23.1% or RM7.8 million from RM33.8 million in FY2021 to RM26.0 million in FY2022 mainly due to the decrease in finance cost related to vessel financing during the year.

Share of results of equity accounted joint ventures and associates improved to profit of RM4.5 million and profit of RM1.4 million in FY2022 as compared to profit of RM0.7 million and loss of RM1.0 million in FY2021 respectively mainly due to higher vessel utilisation rate.

As a result from the above, the Group's registered a net profit after tax of RM67.9 million in FY2022, representing a decrease by 19.1% or RM16.0 million from RM84.0 million in FY2021.

9MFY2023

The Group recorded revenue solely from the vessel chartering division of RM350.2 million in 9MFY2023 (representing 30% increase from 9MFY2022) which is mainly driven by improved daily charter rates and higher vessel utilization rates. Accordingly, the Group recorded a gross profit of RM124.8 million for 9MFY2023.

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Other income of RM45.9 million comprised of gain on disposal of property, plant and equipment of approximately RM44.3 million, interest income of approximately RM1.2 million and miscellaneous income of approximately RM0.4 million. This was offset by the Group's administrative expenses of RM28.3 million, other operating expenses of RM13.8 million and finance costs of RM20.7 million.

During this period, the Group has also recorded a share of results of equity accounted joint ventures and associates (net of tax) of approximately RM5.2 million, in aggregate.

As a result of the above, the Group reported a net profit after tax for the period of approximately RM94.4 million for 9MFY2023 (versus RM71.5 million in 9MFY2022).

6.2.2 Review of financial position of the Group

RM'000	30 September 2023
	Unaudited
ASSETS	
Non-current assets	
Property, plant and equipment	475,450
Joint ventures	5,438
Associates	8,331
	489,219
Current assets	
Inventories	20,941
Trade and other receivables	272,032
Prepayments	6,740
Current tax recoverable	184
Fixed deposits	5,617
Cash and bank balances	79,354
	384,868
Total Assets	874,087
EQUITY AND LIABILITIES	
Equity	
Share capital	3,977
Share premium	312,471
Treasury shares	(4,097)
Other reserves	250,953
Accumulated losses	(1,144,258)
	(580,954)
Non-controlling interest	5,094
Total Equity	(575,860)
Non-current liabilities	
Deferred tax liabilities	5,062
Lease liabilities	474
	5,536

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RM'000	30 September 2023 Unaudited
Current Liabilities	
Lease liabilities	825
Borrowings	1,042,247
Trade and other payables	332,677
Current tax payable	17,226
Provision for financial guarantee	51,436
	1,444,411
Total Liabilities	1,449,947
Total Equity and Liabilities	874,087
Number of ordinary shares (excluding treasury shares and subsidiary holdings)	7,957,181,299
Net asset value per Share attributable to Shareholders (RM cents)	(7.3)

Source: Company's results announcements

As at 30 September 2023, we note the following observations in respect of the financial position of the Group:

- (a) The total assets of the Group amounted to RM874.1 million comprising non-current assets of approximately RM489.2 million and current assets of approximately RM384.9 million, representing 56.0% and 44.0% of total assets respectively. Non-current assets as at 30 September 2023 comprised mainly property, plant and equipment of RM475.5 million, representing 54.4% of total assets. Current assets as at 30 September 2023 comprised mainly (i) trade and other receivables of RM272.0 million and (ii) cash and bank balances of RM79.4 million, representing 31.1% and 9.1% of total assets respectively;
- (b) The total liabilities of the Group amounted to RM1,449.9 million comprising non-current liabilities of approximately RM5.5 million and current liabilities of approximately RM1,444.4 million, representing 0.4% and 99.6% of total liabilities respectively. Non-current liabilities as at 30 September 2023 comprised mainly deferred tax liabilities of RM5.1 million. Current liabilities as at 30 September 2023 comprised mainly (i) borrowings of RM1,042.2 million and (ii) trade and other payables of RM332.7 million, representing 71.9% and 22.9% of total liabilities respectively;
- (c) The total equity of the Group (excluding non-controlling interest) amounted to a deficit of RM581.0 million (equivalent to a net liabilities per Share of around RM0.073 based on the Existing Share Capital of approximately 7,957.2 million shares);
- (d) As at 30 September 2023, the Group had net working capital deficit amounting to RM1,059.5 million. In this regard, we note also that the Company's auditors had issued a disclaimer of opinion in the Independent Auditor's Report in respect of FY2022, the basis of which is reproduced in italics below:

"Basis for Disclaimer of Opinion

Liabilities and going concern

As discussed in Note 2(e) to the financial statements, as at 31 December 2022, the Group had current liabilities and net liabilities of RM1,058,823,000 (2021 – RM1,056,125,000) and RM630,976,000 (2021 – RM675,837,000) respectively. The Company also had net current liabilities and net liabilities of RM852,696,000 (2021 – RM807,898,000) and RM852,696,000 (2021 – RM807,898,000) respectively, as at 31 December 2022.

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The financial statements have been prepared by management on a going concern basis, the validity of which is premised on a cash flows forecast of the Group prepared for at least the next 12 months from the end of the reporting period. Key assumptions made in the cash flows forecast are the Group was not exposed to any additional liabilities in respect of its suspension of the remaining ten shipbuilding contracts (the “Contracts”) awarded to the Non-Fujian Group Shipyards; and the completion of restructuring exercise in the financial year ending 31 December 2023.

As at 31 December 2022, the aggregate contract sum of the Contracts was US\$121.1 million (RM531.6 million), of which payments of US\$16.3 million (RM67.9 million) had been made. Based on the contract sums and payments made by the Group, the outstanding exposure to the Non-Fujian Group Shipyards under the Contracts is approximately US\$104.8 million (RM460.1 million). An amount of US\$24.7 million (RM108.3 million) had been recorded in liabilities under trade and other payables (Note 17) based on contractual milestones. Management had represented that the Group had reached an understanding without a written agreement with the Non-Fujian Group Shipyards to suspend construction or delivery of the vessels, with a view to extend the delivery period or terminate the Contracts to minimise any financial exposure.

No independently verifiable supporting evidence was available to corroborate management’s representation that the balance sum of the Contracts had not been incurred and all liabilities related to the Contracts had been accounted for as at 31 December 2022. We are unable to assess the financial impact of any provision for onerous contracts, provision for restructuring expenses and/or contingent liabilities that may arise from the default on contractual obligations.

There were no alternative audit procedures that we could perform to satisfy ourselves by alternative means concerning the Group’s liabilities in respect of the work performed on the Contracts as at 31 December 2022 and potential contingent liabilities that may arise from the default on contractual obligations.

Any adjustment that would be required may have a consequential significant effect on the cash flow forecasts, net liabilities of the Group as at 31 December 2022 and the profit or loss attributable to the owners for the year ended and the related disclosures thereof in the financial statements.

On 1 October 2020, Corporate Debt Restructuring Committee of Malaysia (the “CDRC”), a committee under the purview of Bank Negara Malaysia has accepted an application by the Company’s wholly owned subsidiary, Nam Cheong Dockyard Sdn Bhd (“NCD”), for the CDRC’s assistance to mediate between NCD and its financial creditors (“NCD-FCs”). In November 2020, management has submitted the restructuring proposal to CDRC. Since November 2020, NCD has been engaging actively with both its FCs 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 NCD-FCs.

On 25 May 2022, the Company made an announcement to provide an update on the restructuring that an in-principle agreement has been agreed with the FCs of the Group (“FCs”) subject to conditions that will be set-out in definitive agreements (“DRMA”). As announced on 31 March 2023, majority of the FCs have provided written confirmation that, in principle, they do not have further comments on the draft DRMA in its current form. The Company expects the execution of the DRMA to take place by the middle of April 2023.

Prior to 31 March 2023, the Company, has on 15 February 2023 made an application to the High Court of Malaya (“Court Application”) to seek the following orders:

- An order pursuant to Section 366(1) of the Companies Act 2016 of Malaysia to summon a meeting of the scheme creditors (the “Scheme Meeting”) for the purpose of considering and, if though fit, approving with or without modification (which modification can be made at any time prior to and/or at the Scheme Meeting) a*

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scheme of arrangement and compromise to be proposed between the Company and the scheme creditors (the “New NCL Scheme”);

- *In the event that the New NCL Scheme is approved at the Scheme Meeting, that pursuant to section 366(4) of the Companies Act 2016, the Company be at liberty to apply for an Order of Court approving the New NCL Scheme, with such modifications as are approved at the Scheme Meeting (if any), so as to be binding on the Company and its scheme creditors.*

On 21 March 2023, the Court Application has been granted and ordered that the Company convenes the Scheme Meeting within 6 months from the date of the Court Order. In the event that the New NCL Scheme is approved at the Scheme Meeting, pursuant to Section 366(4) of the Companies Act 2016, the Company will be at liberty to apply for an Order of Court approving the New NCL Scheme, with such modifications (if any) as may be approved at the Scheme Meeting, to be binding on the Company and its scheme creditors.

As of the date of this report, the Scheme Meeting is yet to convene to approve the New NCL Scheme. There is no assurance or reasonable certainty that the New NCL Scheme will be approved or successfully concluded.

Given these circumstances, which are more extensively described in Note 2(e), there were no practicable audit procedures that we could perform to form an opinion on whether management has considered all relevant events and conditions when making assessments on the Group’s and the Company’s ability to continue as going concern.

Provision for financial guarantee (Note 18)

As disclosed in Note 18, the Company has provided financial guarantee to its joint venture, P.T. Bahtera Niaga Indonesia (“BNI”) in respect of term loan granted to BNI. In 2020, BNI has defaulted the term loan repayment and letter of demand was issued to the Company. Consequently, the Group and the Company have recognised a provision of RM48,125,000 (2021 – RM44,036,000) for the liabilities of the joint venture which it is obliged to settle with the banks due to the guarantee as mentioned above.

The Group has concluded that the carrying amount of the provision for financial guarantee remain reasonable and appropriate. However, as we did not receive an independent bank confirmation from the bank, we were unable to satisfy ourselves that the provision made by management is adequate, as we have no evidence to suggest that the bank will not charge the Company a financial penalty or accrue interest on the outstanding amount due to them. There were no alternative audit procedures that we could perform to satisfy ourselves by alternative means concerning the adequacy of the provision for financial guarantee. Consequently, we are unable to determine whether any adjustment is required which may have a consequential significant effect on the profit or loss for the year ended 31 December 2022 and statement of financial position as at 31 December 2022.”; and

- (e) In this regard, the Proposed Scheme which is conditional upon, *inter alia*, the Proposed Private Placement and the Proposed Whitewash Resolution, is part of the Company’s efforts to restructure its debts and liabilities. With the implementation of the Proposed Private Placement, the Company is able to raise funds for the Conversion Cash to be paid to the Scheme Creditors where such Scheme Creditor elects to do so under the Proposed Scheme.

6.3 Assessment of the terms of the Proposed Private Placement

6.3.1 Assessment of Placement Price vis-à-vis the historical trading performance of the Shares

The Shares have been voluntarily suspended from trading on the SGX-ST since 28 April 2020 (“**Trading Halt Date**”) pursuant to Rule 1303(3) of the Listing Manual. Accordingly, we are of the view that it will not be meaningful to perform an assessment to compare the Placement Price against the historical traded prices of the Shares in view of the prolonged trading suspension

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since April 2020 and the current financial condition of the Group (which is in a net current liabilities and net liabilities position based on the latest announced financial statements for the nine months ended 30 September 2023). As at the Latest Practicable Date, the Shares remain suspended.

6.3.2 Comparison with valuation ratios of selected listed companies whose business is broadly comparable with the Company

In considering what may be regarded as a reasonable range of valuation for the purposes of assessing the Placement Price of the Proposed Private Placement, we have referred to selected companies listed and traded on the SGX-ST which business operations are broadly comparable with those of the Company to give an indication of the current market expectations with regard to the perceived valuation of these businesses. We have, in consultation with the Management, used the following companies which are principally engaged in the business of shipbuilding and/or vessel chartering which has a market capitalisation of less than S\$1.0 billion (collectively, the “Comparable Companies”).

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the Company in terms of, *inter alia*, business activities, size and scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the Company. As such, any comparison merely serves as an illustrative guide to Shareholders.

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below:

Company	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (S\$ million)
Marco Polo Marine Ltd	Marco Polo Marine Limited is an integrated shipping company. The company provides services that include ship chartering, ship building and repair, and brokering services.	191.4
Penguin International Ltd	Penguin International Limited operates as an integrated marine and offshore services company. The company specializes in design, construction, and operation of high-speed aluminum ships. Penguin International owns and operates a fleet of vessels as well as aluminum shipbuilding yards. Penguin International serves customers worldwide.	198.2
Atlantic Navigation Holdings Singapore Ltd	Atlantic Navigation Holdings (Singapore) Ltd. is a shipping company. The company offers an integrated platform of services including vessel owning, operating, chartering of third-party vessels, maintenance workshop and steel fabrication works for the offshore industry. Atlantic primarily operates its fleet in the Middle East and Indian markets.	136.1
Kim Heng Ltd	Kim Heng Limited focuses on meeting the needs of renewable energy and offshore marine businesses. The company offers vessel chartering, heavy equipment rental, and marine services to support wind farm and offshore projects. Kim Heng serves customers worldwide.	55.0
CH Offshore Ltd	CH Offshore Ltd. provides marine support services. The company offers towing, anchor-handling, dry bulk cargoes, emergency response, rescue, fire-fighting, and field support services. The company serves customers worldwide.	45.1
Vallianz Holdings Ltd	Vallianz Holdings Limited is a vessel and equipment owning, and leasing company. The company provides marine support services, primarily marine asset ownership, leasing, and fleet management.	30.3

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Company	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (\$ million)
ASL Marine Holdings Ltd	ASL Marine Holdings Ltd. operates as a holding company. The company, through its subsidiaries, engages in shipbuilding, ship repair and conversion, marine vessel chartering, marine engineering, and other related services. ASL Marine Holdings serves customers worldwide.	40.6
Pacific Radiance Ltd	Pacific Radiance Ltd. offers offshore vessels and support services. The company owns and operates offshore vessels and provides subsea services, shipyard services, marine equipment as well as project logistics to the oil and gas industry around the world.	11.4
Jasper Investments Ltd	Jasper Investments Limited is an investment holding company that provides marine transportation services in the North Asian region. The company offers transportation services, including chartering and operating various vessels and transportation equipment for the infrastructure players in the reclamation, construction, and earthwork sectors.	4.4
ES Group Holdings Ltd	ES Group Holdings Ltd. is a marine and offshore group involved in newbuilding, conversion and repair of oceangoing vessels. The company builds, converts, and repairs a wide range of vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers, and cargo ships.	4.2

Source: Bloomberg L.P.

The valuation measures of the Comparable Companies are set out below:

Comparable Companies	EV/ TTM EBITDA⁽¹⁾ (times)	TTM P/E ⁽¹⁾ (times)	P/NAV⁽¹⁾ (times)
Marco Polo Marine Ltd	3.3	8.5	1.1
Penguin International Ltd	8.8	32.3 ⁽³⁾	1.0
Atlantic Navigation Holdings Singapore Ltd	6.2	8.8	1.2
Kim Heng Ltd	5.3	13.6	1.0
CH Offshore Ltd	n.m. ⁽²⁾	n.m. ⁽²⁾	0.7
Vallianz Holdings Ltd	7.7	n.m. ⁽²⁾	1.0
ASL Marine Holdings Ltd	3.0	2.7	0.6
Pacific Radiance Ltd	1.5	1.7	0.4
Jasper Investments Ltd	n.m. ⁽²⁾	n.m. ⁽²⁾	n.m. ⁽²⁾
ES Group Holdings Ltd	n.m. ⁽²⁾	n.m. ⁽²⁾	0.2
Mean	5.1	7.1	0.8
Median	5.3	8.5	1.0
High	8.8	32.3	1.2
Low	1.5	1.7	0.2
Group (implied by the Illustrative Pre-consolidated Placement Price)	8.6⁽⁴⁾	0.2⁽⁵⁾	n.m.⁽⁶⁾

Source: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies and W Capital's computations

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Notes:

- (1) EV/Trailing twelve months (“TTM”) EBITDA, TTM P/E and P/NAV of the Comparable Companies were based on their respective closing prices as at the Latest Practicable Date.
- (2) “n.m.” denotes “not meaningful” as the respective Comparable Companies were loss-making and/or recorded negative EBITDA and/or in a net liabilities position for their latest financial year/period.
- (3) Excluded from the computation of the mean and median multiple as a statistical outlier.
- (4) Based on the Existing Share Capital of 7,957,181,299 Shares (excluding treasury shares and subsidiary holdings), the consolidated TTM EBITDA of the Group for 9MFY2023 and the Illustrative Pre-consolidated Placement Price.
- (5) Based on the Existing Share Capital of 7,957,181,299 Shares (excluding treasury shares and subsidiary holdings), the consolidated TTM earnings of the Group attributable to owners of the Company for 9MFY2023 and the Illustrative Pre-consolidated Placement Price.
- (6) Not meaningful as the Group was in a net liabilities position as at 30 September 2023.

Based on the above, we note that:

- (a) the EV/TTM EBITDA (as implied by the Illustrative Pre-consolidated Placement Price) of 8.6 times is within the range of EV/TTM EBITDA of the Comparable Companies of between 1.5 times to 8.8 times and is above the mean and median EV/TTM EBITDA of 5.1 times and 5.3 times respectively;
- (b) the TTM P/E (as implied by the Illustrative Pre-consolidated Placement Price) of 0.2 times is not within the range of historical P/E of the Comparable Companies of between 1.7 times and 32.3 times and is below the mean and median TTM P/E of 7.1 times and 8.5 times respectively. However, this will need to be considered in the context of the net liabilities position that the Group is currently in; and
- (c) comparisons using the P/NAV multiple will not be meaningful as the Group is in a net liabilities position with a deficit attributable to owners of the Company of approximately RM581 million as at 30 September 2023. On a per Share basis, the Illustrative Pre-consolidated Placement Price of S\$0.00070 compares favourably against the net liabilities per Share of approximately S\$0.021 (based on the Latest Exchange Rate of S\$1.00 : RM3.5286) as at Latest Practicable Date.

In our evaluation of the Placement Price relative to the Group’s NAV per Share, we have also considered whether there are any assets of the Group which may have a fair value that is materially different from that which is recorded in the unaudited balance sheet of the Group as at 30 September 2023 and which may have a material impact on the Group’s NAV on a revalued basis. In this regard, the Directors and the Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) other than those already provided for or disclosed in the Group’s financial statements as at 30 September 2023, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (b) there are no material differences between the realizable value of the Group’s assets and their respective book values as at 30 September 2023 which would have a material impact on the latest unaudited NAV of the Group; and
- (c) there are no material acquisitions and disposals of assets by the Group between 30 September 2023 and the Latest Practicable Date, and the Group does not have any immediate plans for any such material acquisition or disposal of assets, conversion of the use of its material assets or material changes in the nature of the Group’s business.

Shareholders should note that there is no assurance that the assets of the Group may actually be realised or disposed of at their latest announced book values and that the Group’s latest reported NAV does not necessarily reflect the realisable value of the Group’s net assets if the going concern assumption is not appropriate and/or if the assets are to be realised other than in the normal course of business and in an orderly manner.

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6.3.3 Assessment of the Placement Price vis-à-vis comparable placement/subscription transactions involving whitewash resolutions

In reviewing the reasonableness of the Placement Price, we have also reviewed the announcements made and/or circulars issued by selected companies (“**Precedent Whitewash Companies**”) pertaining to placement/subscription transactions involving whitewash resolutions on the SGX-ST website from 1 January 2018 to the Announcement Date for comparison (excluding instances of whitewash resolutions which resulted from companies issuing shares on a pro rata basis to all shareholders of a company i.e. a rights issue).

We wish to highlight that the circumstances of the Proposed Private Placement may be unique and different from the other placement/subscription transactions of the Precedent Whitewash Companies (the “**Precedent Whitewash Transactions**”) for reasons such as, *inter alia*, size of consideration, differing corporate objectives, business activities and profile of the incoming investor(s). Accordingly, each of the Precedent Whitewash Transactions must be judged on its own commercial and financial merits and any comparison merely serves as an illustrative guide only. Further, it should be noted that the list of Precedent Whitewash Transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information.

The table below summarises the premia/(discounts) represented by the issue price to (i) VWAP of the shares of the Precedent Whitewash Companies on the last trading day prior to the announcement and (ii) the then latest NAV (or Adjusted RNAV) per Share of the Precedent Whitewash Companies.

Announcement date	Precedent Whitewash Companies	Issue/conversion price (S\$)	Premium/(discount) of issue/conversion price over/(to) VWAP on the last trading day prior to announcement	Issue/conversion price/ NAV (or Adjusted NAV) per Share (times)	
16 July 2018	Atlantic Holdings Limited	Navigation (Singapore)	0.1348	10.5%	0.6
18 October 2018	Hyflux Ltd		0.034	(83.8)%	n.m. ⁽²⁾
28 December 2018	LionGold Corp Ltd		0.001	0.0%	0.8
27 February 2019	Sitra Holdings (International) Limited		0.011	22.2%	0.8
17 July 2019	TT International Limited		0.01	(28.6)%	n.m. ⁽²⁾
22 August 2019	Ayondo Ltd		0.007	(85.4)%	n.m. ⁽²⁾
1 February 2021	Viking Offshore and Marine Limited		0.00008369	(97.9)%	n.m. ⁽²⁾
4 April 2022	Sen Yue Holdings Limited		0.004	(82.0)%	8.4 ⁽³⁾
1 July 2022	No Signboard Holdings Ltd		0.002	(98.9)%	n.m. ⁽²⁾
Mean				(45.3)%	0.7
Median				(56.2)%	0.8
Maximum				21.9%	8.4
Minimum				(98.9)%	0.6

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Announcement date	Precedent Whitewash Companies	Issue/conversion price (S\$)	Premium/(discount) of issue/conversion price over/(to) VWAP on the last trading day prior to announcement	Issue/conversion price/ NAV (or Adjusted NAV) per Share (times)
The Company (as implied by the Illustrative Pre-consolidated Placement Price)		0.00070	(82.6)% ⁽¹⁾	n.m. ⁽²⁾

Notes:

- (1) Based on the last traded share price of S\$0.004 on the Last Trading Day prior to the Trading Halt Date. As mentioned under Section 6.3.1 of this IFA Letter, we are of the view that it is not meaningful to compare the Placement Price against the historical traded price of the Shares in view of the prolonged suspension since April 2020 and the current financial condition of the Group.
- (2) "n.m." denotes not meaningful as the respective companies were in net liabilities position.
- (3) Based on the adjusted NAV of the Sen Yue Holdings Limited of approximately S\$418,000 and excluded from the computation of the mean and median multiple as a statistical outlier.

Based on the above, we note, *inter alia*, the following:

- (a) The median discount of the issue/conversion price of the VWAP on the last trading day prior to announcement of the Precedent Whitewash Transactions was 56.2%. In respect of the Precedent Whitewash Companies which were in net liabilities position, the discounts of the issue/conversion price of the placement/subscription transactions to the VWAP on the last trading day prior to announcement ranges between 28.6% to 98.9%, with a median discount of 85.4%. In addition, as mentioned under Section 6.3.1 of this IFA Letter, we are of the view that it is not meaningful to compare the Placement Price against the historical traded price of the Shares in view of the prolonged suspension since April 2020 and taking into account the current financial condition of the Group; and
- (b) the Precedent Whitewash Transactions were conducted at mean and median issue/conversion price to NAV per share of 0.7 times and 0.8 times respectively, i.e. at a discount to NAV per Share. As the Group is in net liabilities position of approximately S\$0.021 per Share as at 30 September 2023, the Placement Price which is at a premium to the net liabilities per Share of the Group is therefore more favourable when compared to the mean and median of the Precedent Whitewash Transactions.

6.4 Financial effects of the Proposed Transactions

Details on the pro-forma financial effects of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, Proposed RTL 3 Shares Issue, Proposed Settlement Shares Issue and Proposed Private Placement and the assumptions adopted are set out in Paragraph 17 of the Circular and are based on the Group's audited financial statements for FY2022. The pro-forma financial effects are strictly for illustrative purposes only and do not reflect the actual financial results or the future financial performance and condition of the Group after the completion of, *inter alia*, the Proposed Private Placement.

In summary, we note the following in respect of the pro-forma financial effects based on the Company's financial statements for FY2022:

- (a) the number of issued Shares will change to 423,450,247 Consolidated Shares (excluding 66,785 treasury shares and 1,143,564 subsidiary holdings) and the issued and paid-up share capital of the Company will increase to approximately RM19.7 million, on the assumptions that (i) the Proposed Share Consolidation and Proposed Capital Reorganisation was completed, (ii) 125,507,689 Placement Shares are issued by the Company to TST pursuant to the Proposed Private Placement, (iii) 202,187,230 Conversion Shares are issued by the Company to the Scheme Creditors pursuant to the

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION

Proposed Conversion Share Issue as part of the Proposed Scheme, (iv) 10,981,923 Settlement Shares to be issued to the Sage 3 pursuant to the Proposed Settlement Shares Issue, and (v) 5,201,593 RTL 3 Shares to be issued to the RTL 3 Creditor pursuant to the Proposed RTL 3 Shares Issue;

- (b) the NTA of the Group will increase from a net liabilities position of approximately RM634.1 million to a positive NTA position of approximately RM9.9 million arising from the debt-to-equity conversion in accordance with the Proposed Conversion Shares Issue, the Proposed Settlement Shares Issue, the Proposed Private Placement and the Proposed RTL 3 Shares Issue, and will raise fresh equity capital for the Company;
- (c) the Earnings per Share (“EPS”) for FY2022 would increase from approximately RM0.008 to approximately RM0.998 as a result of a combination of the reduction in the number of shares as a result of the Proposed Share Consolidation and gain on waiver of debt pursuant to the Proposed Scheme of approximately RM359.5 million, which is partially offset by the issuance of shares from the Proposed Conversion Shares Issue, the Proposed Settlement Shares Issue, the Proposed Private Placement and the Proposed RTL 3 Shares Issue; and
- (d) the gearing ratio of the Group will improve from a negative gearing ratio of the Group of approximately 1.6 times (due to the negative equity position) to a positive gearing ratio of 46.6 times after Completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue, the Proposed Settlement Shares Issue, the Proposed Private Placement and the Proposed RTL 3 Share Issue.

6.5 Other relevant considerations which may have a bearing on our assessment of the Proposed Private Placement and the Proposed Whitewash Resolution

6.5.1 No funding alternatives to the Proposed Private Placement

We note that the Company will be able to raise net proceeds of approximately RM30.0 million from the Proposed Private Placement and it is intended to provide funds to the Company to, amongst others, facilitate the repayment of debts under the Proposed Scheme and for the operations and working capital of the Group. Accordingly, if the Proposed Whitewash Resolution is not approved, the Company may not be able to raise the required funds to undertake the Proposed Scheme. If the Company is not able to successfully restructure its liabilities, the alternative for all creditors would be insolvent liquidation. In such a situation, Shareholders are to take note that creditors’ claims rank ahead of Shareholders’. The Company’s assets are therefore first given to its creditors and a Shareholder is only entitled to his pro-rated share of the remainder after all creditors have been paid. If the assets are insufficient to satisfy all creditors, Shareholders will not receive any distribution of assets and may lose the money they paid for their Shares.

In addition, the Company currently has no funding alternatives to the Proposed Private Placement due to its current financial condition. The Directors have confirmed that whilst efforts have been made by the Directors and Management to source for alternative funding offers with better terms, as at the Latest Practicable Date, they are not aware of any alternative offers, which are comparable in nature, size and terms to the Proposed Private Placement and which will provide for the injection of cash proceeds of such quantum into the Group.

6.5.2 Resumption of trading

The trading in the Shares on the Mainboard of SGX-ST has been voluntarily suspended for more than three (3) years. On 2 February 2024, the Company announced that it had received the approval in-principle from the SGX-ST in relation to its resumption proposal submitted to the SGX-ST on 24 April 2023. The Company will be submitting a request to the SGX-ST for the lifting of suspension and resumption of trading of the Shares upon the completion of the Proposed Share Consolidation, the Proposed Conversion Shares Issue, the Proposed Settlement Shares Issue and the Proposed Private Placement.

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Without the Proposed Share Consolidation, Proposed Conversion Shares Issue, Proposed Settlement and the Proposed Private Placement, the Company will not be able to restructure its debts or to continue operating as going concern, which are preconditions for a viable proposal for the resumption of trading.

6.5.3 Dilution impact of the Proposed Private Placement on the Independent Shareholders

Paragraph 10.4 of the Circular sets out, *inter alia*, the changes in the shareholding interests of Shareholders in the Company after the Proposed Private Placement. Shareholders should note that upon the completion of the Proposed Private Placement, the shareholdings of the existing Shareholders (other than TST and his relevant Concert Parties) will be diluted significantly as illustrated below:

	Number of Shares as at the Latest Practicable Date (assuming that the Proposed Share Consolidation was completed and thereafter, the Conversion Shares and Settlement Shares were fully issued)				Number of Shares after completion of the Proposed Private Placement			
	Direct interest	% ⁽¹⁾	Deemed interest	% ⁽¹⁾	Direct interest	% ⁽²⁾	Deemed interest	% ⁽²⁾
Concert Parties								
TST ⁽³⁾	4,361,682	1.490	18,794,860	6.215	129,869,371	31.051	18,194,860	4.350
Puan Sri Datin Wong Bak Hee ⁽³⁾	308,408	0.105	22,248,134	7.600	308,408	0.074	147,755,823	35.327
Hung Yung Enterprise Sdn. Bhd.	6,399,096	2.186	16,157,446	5.519	6,399,096	1.530	141,665,135	33.871
S.K. Tiong Enterprise Sdn. Bhd.	11,486,856	3.924	11,069,686	3.781	11,486,856	2.746	136,577,375	32.655
Leong Seng Keat ⁽⁴⁾	29,157	0.010	941,174	0.322	29,157	0.007	941,174	0.225
Tiong Eng Ming ⁽⁵⁾	364,626	0.125	605,705	0.207	364,626	0.087	605,705	0.145
Tiong Chiong Hiiung ⁽⁶⁾	142,592	0.049	96,298	0.033	142,592	0.034	96,298	0.023
Kong Sing Ching	17,777	0.006	-	-	17,777	0.004	-	-
Tiong Chiong Soon ⁽⁷⁾	52	<0.001	45,011	0.015	52	<0.001	45,011	0.011
Pau Kiu Fung ⁽⁸⁾	45,011	0.016	52	<0.001	45,011	0.011	52	<0.001
Starcity Housing Sdn. Bhd. ⁽⁶⁾	-	-	96,298	0.024	-	-	96,298	0.024
Dominion Energy Sdn. Bhd. ⁽⁴⁾⁽⁵⁾	576,548	0.144	-	-	576,548	0.144	-	-
Public Shareholders								
Public shareholders	268,912,362	91.860	-	-	268,912,362	64.295	-	-

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Notes:

- (1) For illustration purpose, based on the Existing Share Capital of HK\$8,078,216 comprising 7,957,181,299 Shares (excluding treasury shares and subsidiary holdings) and on the assumption that (a) there were 79,571,812 Consolidated Shares pursuant to the completion of the Share Consolidation, (b) 202,187,230 Conversion Shares issued and (c) 10,981,923 Settlement Shares issued and the total issued share capital of the Company comprise of 292,740,965 Shares.
- (2) For illustration purpose, based on the assumption that 125,507,689 Placement Shares were allotted and issued to TST, and the total issued share capital on the Enlarged Share Capital of 418,248,654 Shares.
- (3) As at the Latest Practicable Date, TST is deemed to have an interest in the Shares held by Hung Yung Enterprise Sdn. Bhd., S.K. Tiong Enterprise Sdn. Bhd., his wife, Puan Sri Datin Wong Bak Hee and 500 Shares held by Phillip Securities Pte. Ltd. (as nominee), by virtue of Sections 4 and 133 of The Securities and Futures Act 2001 of Singapore (“SFA”).
- (4) As at the Latest Practicable Date, Leong Seng Keat is deemed to have an interest in 57,654,847 Shares held by Dominion Energy Sdn. Bhd. and 36,462,680 Shares held by his wife, Tiong Eng Ming, by virtue of Sections 4 and 133 of the SFA.
- (5) As at the Latest Practicable Date, Tiong Eng Ming is deemed to have an interest in 57,654,847 Shares held by Dominion Energy Sdn. Bhd. and 2,915,790 Shares held by her husband, Leong Seng Keat, by virtue of Sections 4 and 133 of the SFA.
- (6) As at the Latest Practicable Date, Tiong Chiong Hiiung is deemed to have an interest in 9,629,881 Shares indirectly held by Starcity Housing Sdn. Bhd. through KGI Securities (Singapore) Pte. Ltd. by virtue of Sections 4 and 133 of the SFA. Starcity Housing Sdn. Bhd. is a company controlled by Tiong Chiong Hiiung and his immediate family.
- (7) As at the Latest Practicable Date, Tiong Chiong Soon is deemed to have an interest in 4,501,169 Shares held by his wife, Pau Kiu Fung, by virtue of Sections 4 and 133 of the SFA.
- (8) As at the Latest Practicable Date, Pau Kiu Fung is deemed to have an interest in 5,216 Shares held by her husband, Tiong Chiong Soon, by virtue of Sections 4 and 133 of the SFA.

Based on the illustration above, we note that upon the issuance of the Placement Shares, TST will own an aggregate 35.4% of the enlarged share capital of the Company and the interest of the existing Public Shareholders will be diluted from approximately 91.9% to 64.3%.

Independent Shareholders should note that approval of the Proposed Whitewash Resolution and the Completion of the Proposed Private Placement will result in a transfer of controlling interest in the Company to TST (without a mandatory general offer). **In addition, Independent Shareholders should note that the Proposed Whitewash Resolution, if approved at the forthcoming SGM, will result in the Independent Shareholders waiving their rights to receive a general offer from TST and his concert parties for the Shares not held by TST and his concert parties following the completion of the Proposed Private Placement at the highest price paid by TST and his concert parties for the Shares in the past six (6) months preceding the commencement of the offer.**

6.5.4 Inter-conditionality of Proposed Transactions

Shareholders should note that the resolutions relating to the Proposed Share Consolidation, the Proposed Capital Reorganisation, the Proposed Conversion Shares Issue, the Proposed RTL 3 Shares Issue, the Proposed Settlement Shares Issue, the Proposed Private Placement and the Proposed Whitewash Resolution are inter-conditional on one another. If any of the aforementioned resolutions is not approved, the other aforementioned resolutions will not be passed.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION

7. OPINION

In arriving at our opinion in respect of the Proposed Private Placement and the Proposed Whitewash Resolution, we have taken into account, *inter alia*, the following salient factors which we consider to be pertinent to our assessment of the Proposed Private Placement and the Proposed Whitewash Resolution:

In assessing the fairness of the terms of the Proposed Private Placement

- (a) In respect of the historical trading performance of the Shares, we note that the Shares have been suspended since 28 April 2020. Accordingly, any comparison of the Placement Price to the historical trading performance of the Shares will not be meaningful in this case;
- (b) The EV/TTM EBITDA (as implied by the Illustrative Pre-consolidated Placement Price) of 8.6 times is within the range of historical EV/EBITDA of the Comparable Companies of between 1.5 times to 8.8 times and is above the mean and median EV/TTM EBITDA of 5.1 times and 5.3 times respectively. Comparisons against the Comparable Companies using the P/NAV multiple will not be meaningful as the Group is in net liabilities position. On a per Share basis, the Illustrative Pre-consolidated Placement Price of S\$0.00070 compares favourably against the net liabilities per Share as at 30 September 2023 of approximately S\$0.021; and
- (c) The valuation of the Group as implied by the Placement Price is more favourable when compared to the mean and median P/NAV ratios of the Comparable Companies, in view of the Group's net liabilities position as at 30 September 2023 and particularly when considered in the context of the existence of material uncertainties which cast significant doubt on the abilities of the Group and the Company to continue as going concerns as highlighted in Independent Auditor's Report for FY2022 and which necessitates the Proposed Scheme and the Proposed Transactions.

In assessing the reasonableness of the terms of the Proposed Private Placement

- (a) The rationale for the Proposed Private Placement and the intended use of proceeds;
- (b) The analysis of selected financial performance and financial position of the Group, details of which are set out in Section 6.2 of this IFA Letter. In particular, we note that although the Group has been profitable for the last two financial years and for the latest nine months ended 30 September 2023, the Group has substantial borrowings and is currently in a net current liabilities and net liabilities position as at 30 September 2023;
- (c) Precedent Whitewash Transactions involving companies in net liabilities position were all conducted with issue/conversion price at a discount to the respective VWAP on the last trading day prior to announcement, with a median discount of 85.4%. As the Group is in net liabilities position of approximately S\$0.021 per Share as at 30 September 2023, the Placement Price which is at a premium to the net liabilities per Share of the Group is more favourable as compared to the mean and median P/NAV of the Precedent Whitewash Transactions; and
- (d) The other relevant considerations, details of which are set out in Section 6.5 of this IFA Letter. In particular, we note that whilst efforts have been made by the Directors and Management to source for alternative funding offers with better terms, as at the Latest Practicable Date, they are not aware of any alternative offers, which are comparable in nature, size and terms to the Proposed Private Placement and which will provide for the injection of cash proceeds of such quantum into the Group.

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the view that:

- (i) **the financial terms of the Proposed Private Placement, being the transaction that is the subject of the Proposed Whitewash Resolution, are fair and reasonable; and**

**APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN
RESPECT OF THE PROPOSED WHITEWASH RESOLUTION**

- (ii) the Proposed Whitewash Resolution, when considered in the context of the Proposed Private Placement, is not prejudicial to the interest of the Independent Shareholders.

Accordingly, we advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Whitewash Resolution.

Our opinion is addressed to the Recommending Directors in connection with their consideration of the Proposed Private Placement and the Proposed Whitewash Resolution and their advice to the Independent Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of the forthcoming SGM and for the purpose of the Proposed Transactions.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Alicia Chang
Vice President
Corporate Finance

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

NAM CHEONG LIMITED

RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

1. NAME OF THE PLAN

This Plan shall be called the “Nam Cheong Management Incentive Plan 2024”.

2. DEFINITIONS

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date”	The date on which the Plan is adopted by the Company at a general meeting
“Associates”	<p>a. In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being any individual) means:</p> <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and/or his immediate family together (directly or indirectly) have an interest of 30% or more <p>b. in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more</p>
“Associated Company”	A company in which at least 20% but not more than 50% of its shares are held by the Company or Group, and over which the Company has control
“Auditors”	The auditors for the time being of the Company
“Award”	A contingent award of Shares granted under Rule 5
“Award Letter”	A letter in such form as the Committee shall approve, confirming an Award granted to a Participant
“Award Shares”	Ordinary shares in the capital of the Company which may be allotted and issued from time to time pursuant to the Release of Awards granted under the Plan
“Bermuda Companies Act”	Companies Act 1981 of Bermuda, as may be amended or modified from time to time
“Board”	The board of directors of the Company

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

“CDP”	The Central Depository (Pte) Limited
“Committee”	The remuneration committee of the Company
“Company”	Nam Cheong Limited
“control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the total number of voting rights in the Company (excluding treasury shares) (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company
“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Director”	A person holding office as a director for the time being of a Group Company or an Associated Company
“Employee”	An employee of a Group Company or an Associated Company
“Executive Director”	A director for the time being of a Group Company or an Associated Company holding office in an executive capacity in such company
“Group”	The Company and its subsidiaries
“Group Company”	A company within the Group
“Listing Rules”	The listing rules of the SGX-ST as set out in the Listing Manual of the SGX-ST, as amended and modified from time to time
“Malaysia Companies Act”	The Companies Act 2016 of Malaysia, as may be amended or modified from time to time
“Malaysia Court”	The High Court of Malaya
“Management”	Collectively, Leong Seng Keat, Joseph Tiong Chiong Soon, John Tiong Chiong Hiiung and other members of the management as may be determined by the Committee
“Management Award Criteria”	Has the meaning ascribed to it in Rule 4.6
“Market Day”	A day on which the SGX-ST is open for trading of securities
“Memorandum and Bye-laws”	Memorandum of Association and Bye-laws of the Company
“Participant”	The holder of an Award
“Performance Condition”	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to the Release of that Award
“Performance-related Award”	An Award in relation to which a Performance Condition is specified

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

“Performance Period”	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Date of Grant, during which the Performance Condition is to be satisfied
“Plan”	The Nam Cheong Management Incentive Plan 2024, as the same may be modified or altered from time to time in accordance with the Rules
“Proposed Scheme”	The scheme proposed under Section 366 of the Malaysia Companies Act, with or subject to any modifications, additions or conditions approved or imposed by the Malaysia Court, or as amended in accordance with its terms, further details of which are set out in the Scheme Document
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	In relation to an Award, the release of all or some of the Shares to which the Award relates in accordance with the Plan and, to the extent that any Shares which are the subject of the Award are not released pursuant to the Plan, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	An Award which has been Released in full or in part in accordance with Rule 7
“RTL B Repayment Year”	Each consecutive 12 month period commencing from the Scheme Unconditional Date, with the date of the Scheme Notification referred to as “RTL B Repayment Year 1”, and so forth
“Rules”	The rules of the Plan, as may be amended, modified or altered from time to time
“Securities Account”	The securities account maintained by a Depositor with CDP
“Scheme Creditors”	A person that has a scheme claim or scheme claims against the Company under the Proposed Scheme
“Scheme Document”	The scheme document dated 6 September 2023 in relation to the Proposed Scheme
“Scheme Notification”	The notice which the Company provides the Scheme Creditors with when all the conditions precedent and conditions concurrent under the Scheme Document are satisfied
“Scheme Unconditional Date”	The date of the Scheme Notification
“SFA”	The Securities and Futures Act 2001 of Singapore, as may be amended or modified from time to time
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Shares”	The ordinary shares in the capital of the Company

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

“Shareholders”	Registered holders for the time being of the Shares (other than the CDP), or in the case of Depositors, Depositors who have Shares entered against their name in the Depository Register
“subsidiary holdings”	Has the meaning ascribed to it in the Listing Rules
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested or will Vest pursuant to Rule 7
“Vesting Period”	In relation to an Award, a period or periods, the duration of which is to be determined by the Committee at the Date of Grant, during which the Award has not yet Vested
“S\$”	Singapore dollars
“%” or “per cent”	Per centum or percentage

- 2.2 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference to a person shall include corporations.
- 2.6 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Bermuda Companies Act and the SFA and any statutory modification thereof, and used in the Plan shall, where applicable, have the meaning assigned to it under the Bermuda Companies Act and the SFA and such statutory modification thereof, as the case may be, unless the context requires otherwise.

3. OBJECTIVES OF THE PLAN

- 3.1 The Plan is a performance incentive scheme which will form an integral part of the Group’s incentive compensation program.
- 3.2 The objectives of the Plan are as follows:
- (i) to attract, retain and incentivise Participants whose contributions are essential to the successful implementation of the Proposed Scheme, the long-term growth, well-being and prosperity of the Group;
 - (ii) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group and create value for Shareholders;
 - (iii) to promote greater commitment and dedication, instil loyalty and a stronger identification by the Participants with the long-term development and growth of the Group;

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

- (iv) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (v) to align the interests of Participants with the interests of the Scheme Creditors and the Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

4.1 An Employee's eligibility to participate in the Plan shall be at the absolute discretion of the Committee. Such person must:

- (i) be confirmed in his employment with a Group Company or with an Associated Company;
- (ii) have attained the age of 21 years on or before the Date of Grant; and
- (iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.2 Subject to the absolute discretion of the Committee, persons who are Controlling Shareholders and their respective Associates shall be eligible to participate in the Plan if:

- (a) they meet the eligibility requirements as set out above;
- (b) the necessary Shareholders' approvals pursuant to Rule 16 have been obtained; and
- (c) all conditions for their participation in the Plan as may be required by the regulations of the SGX-ST from time to time are satisfied.

4.3 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme implemented by any Group Company.

4.4 The eligibility of Participants to participate in the Plan, the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period of each Award shall be determined at the absolute discretion of the Committee, which shall take into account, *inter alia*:

- (a) the financial performance of the Group; and
- (b) the person's rank, job performance, potential for future development and his contribution to the success and development of the Group.

4.5 The Performance Conditions may be determined by the Committee depending on the person's particular job scope, responsibilities and circumstances.

4.6 Eligible Participant(s) who is/are also member(s) of the Management, shall be granted Awards on or before (i.e. prepaid) each scheduled repayment date of the RTL B of up to 1.5% of the total number of issued shares of the Company at the relevant time, in two tranches on the following terms ("**Management Award Criteria**"):

- (a) for the first tranche, the total number of Award Shares to be granted to the Participant upon each payment being made by the Company shall be no more than 0.75% of the total number of issued Shares of the Company at the relevant time, and such Award Shares shall be granted and released as soon as practicable after each annual repayment tranche of the RTL B is made in full on or before the scheduled repayment dates set out in Appendix 1 to the Rules of this Plan;

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- (b) for the second tranche, where the Participants are still under the employment of the Group from the date of grant up to the end of the relevant Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the total number of Award Shares to be granted to the Participants shall be no more than 0.75% of the total number of issued Shares of the Company at the relevant time, and such Award Shares shall be Released as soon as practicable after the end of the Vesting Period or on the Vesting Date (as may be applicable);
- (c) where Participants have resigned prior to the end of the Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the reallocation of Award Shares to the remaining Participants shall be decided in the sole discretion of the Committee; and
- (d) any other customary terms as the Company may deem fit.

The Company shall be entitled (but not obliged) to grant and release any Award Shares.

A summary of the RTL B Terms and the scheduled repayment dates of the RTL B are set out in **Appendix 1** to the Rules of this Plan.

5. GRANT OF AWARDS

- 5.1 The implementation of the Plan and the granting of any Awards under the Plan shall be subject to the Company's procurement of all approvals and permits required by applicable law or regulatory authorities having jurisdiction over the Company, the Plan, the Awards granted under it and the Shares subject thereto, including the SGX-ST. Subject as provided in Rules 4 and 8, the Committee may grant Awards to eligible Employees and Directors as the Committee may select in its absolute discretion, at any time during the period when the Plan is in force, except that no grant of Awards shall be made during the period of two weeks or one month immediately preceding the date of announcement of the Company's interim or final results, respectively. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made by the Company, Awards may only be Vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.
- 5.2 The Committee shall decide, in its absolute discretion, in relation to each Award:
 - (i) the Participant;
 - (ii) the Date of Grant;
 - (iii) the number of Shares which are the subject of the Award;
 - (iv) the prescribed Vesting Period(s);
 - (v) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
 - (vi) in the case of a Performance-related Award, the Performance Period(s) and the Performance Condition(s). In this regard, when setting Performance Condition(s) and Performance Period(s), the Committee shall also take into account both the medium and long-term corporate objectives of the Group such as sales growth, growth in earnings and return on investment, as well as the individual performance of each Participant such as the Participant's length of service with the Group, achievements of past performance targets, value-add to the Group's performance and development and overall enhancement to Shareholders value.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

- 5.3 The Committee may amend or waive the Vesting Period(s) and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of any Award:
- (a) in the event of (i) a general offer (whether conditional or unconditional) being made for all or any part of the Shares; or (ii) save for the Proposed Scheme, a scheme of arrangement or compromise being sanctioned by any court of law; or (iii) a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that:
 - (i) an amended Performance Condition would be a fairer measure of performance and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,and shall notify the Participants of such amendment or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such amendment or waiver).
- 5.4 As soon as reasonably practicable after deciding on an Award, the Committee shall send to each Participant an Award Letter notifying the Award and specifying in relation to the Award, *inter alia*, the following (where applicable):
- (a) the Date of Grant;
 - (b) the number of Shares which are the subject of the Award;
 - (c) the prescribed Vesting Period(s);
 - (d) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
 - (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.
- 5.5 The Participant may accept or refuse the whole or part of the Award. If only part of the Award is accepted, the Participant shall accept the Award in multiples of 1,000 Award Shares. The Participant shall, within five days from the date of the Award Letter, notify the Committee in writing whether he or she would accept all or part of the number of Award Shares which are the subject of the Award as set out in the Award Letter. The number of Award Shares provided by the Participant to the Committee in writing shall be the final number of Award Shares which are the subject of the Award, provided that such number does not exceed the original number of Shares set out in the Award Letter. The Participant shall have no claim in any manner against the Company for the number of Award Shares which he or she does not accept. In the event that the Committee does not receive a written notice from the Participant within five days from the date of the Award Letter, the Participant shall be deemed to have accepted all of the number of Award Shares which are the subject of the Award as set out in the Award Letter.
- 5.6 A Participant may waive his entitlement to an Award. Such Participant shall have no further claims or whatsoever in respect of such Award against the Company.
- 5.7 Participants are not required to pay for the grant of Awards.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

5.8 An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its directors or employees):

- (a) a Participant, ceasing for any reason whatsoever, to be in the employment of a Group Company or an Associated Company (as the case may be) or in the event the company by which the Participant is employed ceases to be a company in the Group or an Associated Company (as the case may be);
- (b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (c) upon the death of a Participant;
- (d) if a Participant commits a breach of any of the terms of his Award; and/or
- (e) misconduct, gross negligence or incompetence on the part of a Participant as determined by the Committee in its absolute discretion.

For the purpose of Rule 6.1(a) above, a Participant shall be deemed to have ceased to be in the employment of a Group Company or an Associated Company (as the case may be) on the date on which he gives or receives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the relevant Group Company or Associated Company (as the case may be)) withdrawn such notice. For the avoidance of doubt, no Award shall lapse pursuant to Rule 6.1(a) in the event of any transfer of employment of a Participant within the Group or Associated Company (as the case may be).

6.2 The Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.

6.3 Without prejudice to the provisions of Rules 5.3 and 7, and to the extent of an Award yet to be Released, if any of the following occurs:

- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
- (b) save for the Proposed Scheme, a scheme of arrangement or compromise being sanctioned by any court of law;
- (c) an order for the compulsory winding-up of the Company is made; or
- (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

the Committee may consider, at its discretion, whether or not to Release such Award. If the Committee decides to Release such Award, then in determining the number of Award Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed or has been amended or waived in accordance with Rule 5.3, and the extent to which the Performance Condition (if any) has been satisfied or waived in accordance with Rule 5.3. Where such Award is Released, the Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

- 7.1 In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.
- 7.2 If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and Rule 7 (save for this Rule 7.2) shall be of no effect.
- 7.3 The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or waived in accordance with Rule 5.3 and in making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group or the relevant Associated Company (as the case may be) to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Condition(s) if the Committee decides that a changed performance target would be a fairer measure of performance.
- 7.4 A For each RTL B Repayment Year where the Company satisfies the Management Award Criteria, the Committee shall grant the Awards that a Participant is entitled to in that RTL B Repayment Year and such Awards shall be Released to the Participant as follows:
- (a) 0.75% of the total number of issued Shares at the relevant time as soon as practicable after each annual repayment tranche of the RTL B is made in full on or before the scheduled repayment date set out in Appendix 1 to the Rules of the Plan; and
 - (b) provided that the Participant is still under the employment of the Group from the date of grant up to the end of the relevant Vesting Period or in the event where there is no Vesting Period, the Vesting Date, the Company shall Release to the relevant participant, such number of Award Shares equivalent to 0.75% of the total number of issued Shares at the relevant time as soon as practicable after the end of the Vesting Period or on the Vesting Date (as may be applicable).
- 7.5 Subject to:
- (a) the Committee, in the case of a Performance-related Award, having determined that the Performance Condition has been satisfied within the Performance Period unless so waived in accordance with Rule 5.3;
 - (b) the relevant Participant having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
 - (c) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

- (d) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (e) compliance with the terms of the Award, the Plan, and the Memorandum and Bye-laws;
- (f) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (g) where Award Shares are to be allotted on the Release of an Award, the Company being satisfied that the Award Shares which are the subject of the Released Award will be listed and quoted on the SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- 7.6 Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.4 and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- 7.7 In determining whether to issue Award Shares or to purchase existing Shares to satisfy Awards, the Company shall have the right to take into account factors such as (but not limited to) the number of Award Shares to be delivered, the prevailing market price of the Shares at the relevant time and the cost to the Company of either issue the Award Shares or purchasing existing Shares.
- 7.8 Where the Award Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares (if not already previously done).
- 7.9 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the Securities Account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 7.10 The Award Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:
- (i) be subject to all the provisions of the Memorandum and Bye-laws and the Bermuda Companies Act; and
 - (ii) rank in full for all entitlements, including any dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date and shall in all other respects rank *pari passu* with other Shares then in issue.

8. SIZE OF THE PLAN

- 8.1 The aggregate number of Award Shares over which the Committee may grant an Award on any date under the Plan, when added to the number of Award Shares issued and issuable in respect of:
- (a) all other Awards granted under the Plan, and
 - (b) all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force (if any),

shall not exceed 10.5% of the number of all issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding the relevant Date of Grant.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

- 8.2 The aggregate number of Shares over which the Committee may grant an Award to the Controlling Shareholders and their Associates under the Plan, shall not exceed 25.0% of the Shares available under the Plan, and the number of Shares over which Awards may be granted under the Plan to each Controlling Shareholder or each of his Associates shall not exceed 10.0% of the Shares available under the Plan.
- 8.3 Provided always that each Award (where such Award, upon Vesting would be equivalent to 0.75% of the total number of issued Shares at the relevant time) shall be Released only after a minimum period of 6 months have passed after an earlier Award has been Vested under the Plan.

9. ADJUSTMENT EVENTS

- 9.1 In the event of a capitalisation issue of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise), then:
- (a) the class and/or number of Award Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
 - (b) the class and/or number of Award Shares in respect of which Awards may be granted under the Plan,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

- 9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of assets or a private placement of securities of the Company, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment under the provisions of this Rule 9.
- 9.3 Notwithstanding the provisions of Rule 9, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify each Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.
- 9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Plan, the Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion fair and reasonable.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

10. ADMINISTRATION OF THE PLAN

- 10.1 The Plan shall be administered by the Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 10.2 The Committee shall have the power, from time to time, to make or vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee any liability whatsoever in connection with:
- (a) the lapsing or early expiry of any Award pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including any decision pertaining to disputes and uncertainty as to the interpretation of the Plan or any rule, regulation or procedure thereunder or as to any right under this Plan).

11. NOTICES

- 11.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to the Shareholders.
- 11.2 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.3 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.4 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until confirmation of receipt by Company is given. Any notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.3 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration and which in the opinion of the Committee materially alters the rights attaching to such Award except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75.0% of the aggregate number of the Shares which would fall to be Vested upon the Release of all outstanding Awards;
 - (b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without due compliance with the Listing Rules and prior approval of such other applicable regulatory authorities as may be necessary.
- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST if necessary) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

13. TERMS OF EMPLOYMENT UNAFFECTED

- 13.1 The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.
- 13.2 The Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Group directly or indirectly or give rise to any cause of action at law or in equity against the Group.

14. DURATION OF THE PLAN

- 14.1 The Plan shall continue to be in operation at the discretion of the Committee for a maximum period of ten years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2 The Plan may be terminated at any time by the Committee in its sole discretion, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.
- 14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

15. ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Plan:

- (a) the names of the members of the Committee;
- (b) information as required in the table below in respect of Awards granted to the following Participants:
 - (i) Participants who are directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing five per cent or more of the aggregate of the Shares available under the Plan

Name of Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Number of Shares comprised in Awards granted since commencement of Plan to end of financial year under review	Aggregate number of Award Shares allotted and existing Shares purchased for delivery pursuant to Released Awards since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review

- (c) the names of and number and terms of Awards granted to each director or employee of the Company's parent company and its subsidiaries who receives five per cent or more of the total number of Awards available to all directors and employees of such parent company and its subsidiaries under the Scheme, during the financial year under review;
- (d) the aggregate number of Awards granted to the directors and employees of the Company's parent company and its subsidiaries for the financial year under review, and since the commencement of the Proposed Scheme to the end of the financial year under review; and
- (e) any other information required to be disclosed pursuant to the Listing Rules and all other applicable laws and requirements.

If any of the disclosure above in the foregoing of this Rule 15 is not applicable, an appropriate negative statement will be included in the annual report.

16. SHAREHOLDERS' APPROVAL

The participation of each Controlling Shareholder and each of his Associates in the Plan must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Award (including the actual number and the terms of the Award to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

17. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan shall abstain from voting on any Shareholders' resolution relating to the Plan.

18. TAXES

The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

19. COSTS AND EXPENSES OF THE PLAN

19.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Award Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue of Award Shares pursuant to the Release of any Awards shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company, its Directors or the Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.7 (or if applicable, any other stock exchange on which the Shares are quoted or listed).

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

22. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Committee whose decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any rule, regulation, procedure thereunder or as to any rights under the Plan).

23. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by being granted Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

24. COLLECTION, USE AND DISCLOSURE OF PERSONAL DATA

For the purposes of implementing and administering the Plan, and in order to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of the Participants, as contained in each Award Letter and/or any other notice or communication given or received pursuant to the Plan, and/or which is otherwise collected from the Participants (or their authorised representatives). By participating in the Plan, each Participant consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company (whether within or outside Singapore), and to the collection, use and further disclosure by such parties for such purposes. Each Participant also warrants that where he discloses the personal data of third parties to the Company in connection with the Plan, he has obtained the prior consent of such third parties for the Company to collect, use and disclose their personal data for the abovementioned purposes, in accordance with any applicable laws, regulations and/or guidelines. Each Participant shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Participant's breach of this warranty.

**APPENDIX C – RULES OF THE NAM CHEONG MANAGEMENT INCENTIVE
PLAN 2024**

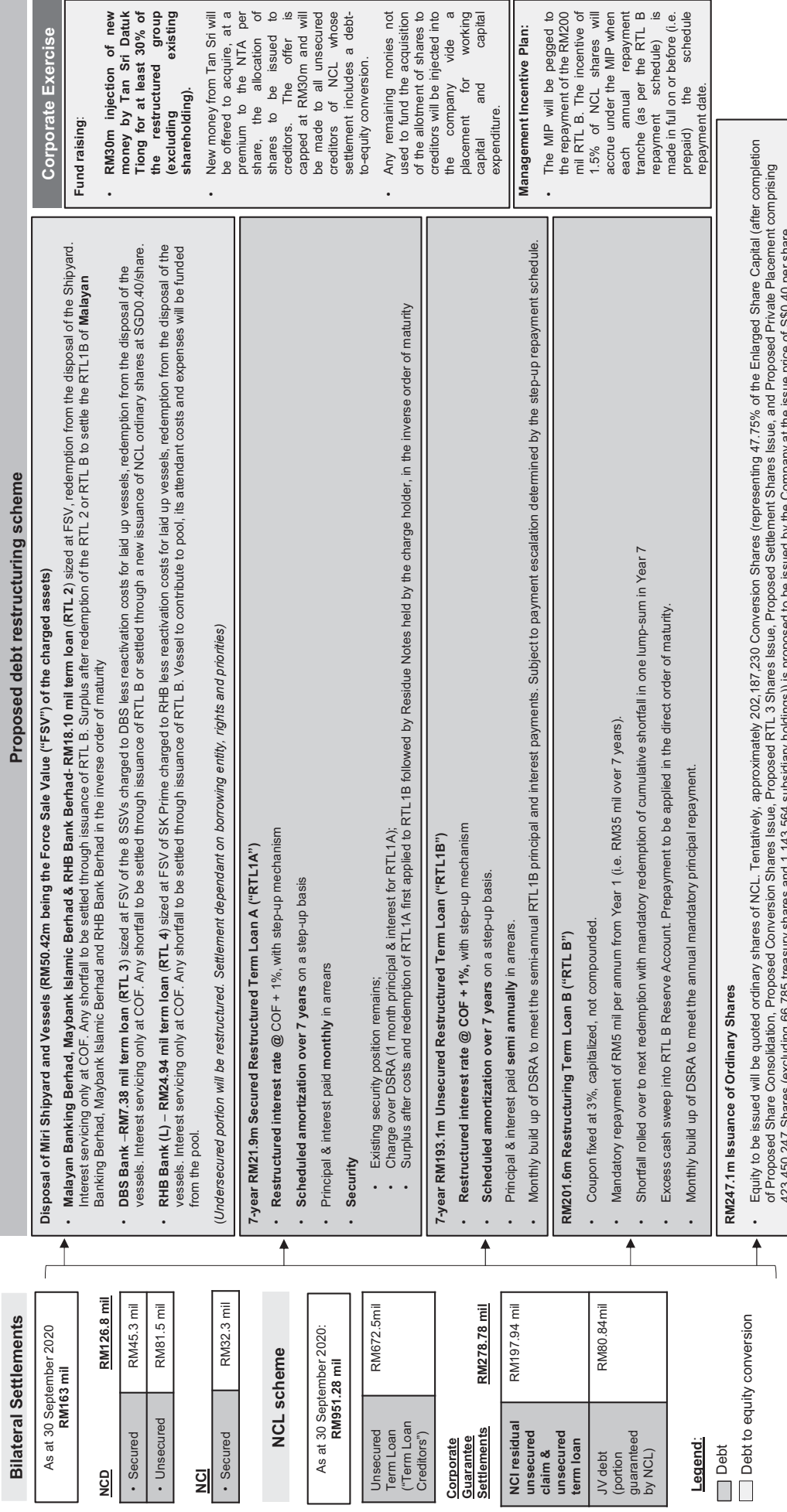
**APPENDIX 1 – SUMMARY OF THE TERMS OF THE RTL B TERMS AND THE
SCHEDULED REPAYMENT DATES OF THE RTL B**

RTL B Repayment Schedule

Repayment no.	RTL B Repayment Year	RTL B Instalment Repayment Date	Effective Interest rate	Principal (RM)	Capitalised Interest (RM)	Repayment Amount (RM)
1	1	The date falling on the last day of the 12 th calendar month from the Scheme Unconditional Date	3%	13,000,000	390,000	13,390,000
2	2	The date falling on the last day of the 24 th calendar month from the Scheme Unconditional Date	6%	13,000,000	780,000	13,780,000
3	3	The date falling on the last day of the 36 th calendar month from the Scheme Unconditional Date	9%	13,000,000	1,170,000	14,170,000
4	4	The date falling on the last day of the 48 th calendar month from the Scheme Unconditional Date	12%	28,500,000	3,420,000	31,920,000
5	5	The date falling on the last day of the 60 th calendar month from the Scheme Unconditional Date	15%	28,500,000	4,275,000	32,775,000
6	6	The date falling on the last day of the 72 nd calendar month from the Scheme Unconditional Date	18%	52,000,000	9,360,000	61,360,000
7	7	The date falling on the last day of the 84 th calendar month from the Scheme Unconditional Date	21%	52,000,000	10,920,000	62,920,000
					Total	230,315,000

APPENDIX D – OVERVIEW OF RESTRUCTURING – DEBT SETTLEMENT SCHEMATIC

Debt Settlement Schematic



Note: The Group is still undergoing negotiations with certain trade creditors to resolve their claims (if any) against certain subsidiaries of the Company. It is to be noted that these alleged claims are neither guaranteed nor are against the Company or other subsidiaries of the Group, they are not expected to be material to the restructuring of the Group's obligation and will not affect the rest of the Group as a going concern

APPENDIX D – OVERVIEW OF RESTRUCTURING – DEBT SETTLEMENT SCHEMATIC

	Outstanding In RM (mil)	RTL 2		RTL 3		RTL 4		RTL 1A		RTL 1B		RTL B		Conversion Cash (assuming all Scheme Creditors elect to cash-out)		Total value for issuance of approximately 202,187,230 Conversion Shares**		Total		
		In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)
NCD																				
Secured	45.3	18.1						21.9		5.3										45.3
Unsecured	81.5									81.5										81.5
NCI																				
Secured	32.3			7.38	24.9															32.3
NCL Scheme																				
Unsecured Term Loan ("Term Loan Creditors")	672.5									75.7	142.5			21.2	174.7	258.4				672.5
CG Settlements																				
NCI residual unsecured claim & unsecured term loan	197.94									22.3	41.9			6.3	51.4	76.1				197.9
JV debt (portion guaranteed by NCL)	80.84									9.1	17.1			2.6	21.0	31.1				80.8
Total	1,103.1	18.1		7.38	24.9			21.9		193.9	201.6			30.0	247.1	365.5				1,110.5

**APPENDIX E – PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR
YEAR ENDED 31 DECEMBER 2022**

Pro Forma Consolidated Statements of Financial Position for year ended 31 December 2022

	2022 Audited Statements of Financial Position RM'000	Adjustments RM'000	After Completion of the Proposed Share Consolidation, Proposed Capital Reorganisation, Proposed Conversion Shares Issue and the Proposed Settlement Shares Issue RM'000	Adjustments RM'000	After Completion of the Proposed Private Placement RM'000	Adjustments RM'000	After Completion of the Proposed RTL 3 Shares Issue RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	426,784		426,784		426,784		426,784
Joint ventures	3,315		3,315		3,315		3,315
Associates	5,210		5,210		5,210		5,210
	<u>435,309</u>		<u>435,309</u>		<u>435,309</u>		<u>435,309</u>
Current assets							
Inventories	13,604		13,604		13,604		13,604
Trade and other receivables	181,016		181,016		181,016		181,016
Prepayments	1,789		1,789		1,789		1,789
Fixed deposits	3,471		3,471		3,471		3,471
Cash and cash equivalents	59,394		59,394		59,394		59,394
	<u>259,274</u>		<u>259,274</u>		<u>259,274</u>		<u>259,274</u>
TOTAL ASSETS	<u>694,583</u>		<u>694,583</u>		<u>694,583</u>		<u>694,583</u>
EQUITY AND LIABILITIES							
Equity							
Share capital	3,904	8,325	12,229	7,177	19,406	297	19,703
Share premium	310,850	237,580	548,430	22,823	571,253	7,083	578,336
Treasury shares	(4,097)		(4,097)		(4,097)		(4,097)
Other reserves	287,734		287,734		287,734		287,734
Contribution surplus	–	3,865	3,865		3,865		3,865
Accumulated losses	(1,232,500)	356,837	(875,663)		(875,663)		(875,663)
	<u>(634,109)</u>		<u>(27,502)</u>		<u>2,498</u>		<u>9,878</u>
Non-controlling interest	<u>3,133</u>		<u>3,133</u>		<u>3,133</u>		<u>3,133</u>
Total equity	<u>(630,976)</u>		<u>(24,369)</u>		<u>5,631</u>		<u>13,011</u>
Non-current liabilities							
Deferred tax liabilities	6,365		6,365		6,365		6,365
Borrowings	1,097		1,097		1,097		1,097
	<u>7,462</u>		<u>7,462</u>		<u>7,462</u>		<u>7,462</u>
Current liabilities							
Borrowings*	994,799	(522,397)	472,402	(30,000)	442,402	(7,380)	435,022
Trade and other payables	271,555	(62,285)	209,270		209,270		209,270
Current Tax Payable	3,618		3,618		3,618		3,618
Provisions	48,125	(21,925)	26,200		26,200		26,200
	<u>1,318,097</u>		<u>711,490</u>		<u>681,490</u>		<u>674,110</u>
Total liabilities	<u>1,325,559</u>		<u>718,952</u>		<u>688,952</u>		<u>681,572</u>
TOTAL EQUITY AND LIABILITIES	<u>694,583</u>		<u>694,583</u>		<u>694,583</u>		<u>694,583</u>

* Borrowings comprised bank loan and term loan as well as lease liability amounted to RM0.8 million. Including Provisions, total restructured debt after completion of proposed private placement is amounted to RM467.8 million (being Borrowings of RM442.4 million less lease liability of RM0.8 million plus Provisions of RM26.2 million)

**APPENDIX E – PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR
YEAR ENDED 31 DECEMBER 2022**

Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2022

	2022 Audited Consolidated Statements of Profit or Loss	Adjustments	After Completion of the Proposed Share Consolidation, Proposed Capital Reduction, Proposed Conversion Shares Issue and the Proposed Settlement Shares Issue	Adjustments	After Completion of the Proposed Private Placement	Adjustments	After Completion of the Proposed RTL 3 Shares Issue
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	365,721		365,721		365,721		365,721
Cost of Sales	(265,028)		(265,028)		(265,028)		(265,028)
	100,693		100,693		100,693		100,693
Other Income	63,465	340,527	403,992		403,992		403,992
Administrative expenses	(38,319)		(38,319)		(38,319)		(38,319)
Impairment losses on trade and other receivables reversed	889		889		889		889
Other operating expenses	(20,733)	(2,625)	(23,358)		(23,358)		(23,358)
Finance costs	(25,950)	18,935	(7,015)		(7,015)		(7,015)
Share of results of associates, net of tax	4,528		4,528		4,528		4,528
Share of results of joint ventures, net of tax	1,361		1,361		1,361		1,361
Profit before taxation	85,934		442,771		442,771		442,771
Taxation	(17,994)		(17,994)		(17,994)		(17,994)
Profit for the year	67,940		424,777		424,777		424,777
Profit attributable to:							
Owners of the Company	65,730		422,567		422,567		422,567
Non-controlling interests	2,210		2,210		2,210		2,210
	67,940		424,777		424,777		424,777

**APPENDIX E – PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR
YEAR ENDED 31 DECEMBER 2022**

Pro Forma Consolidated Statements of Cash Flows for the financial year ended 31 December 2022

	2022 Audited Consolidated Statements of Cash Flow RM'000	Adjustments RM'000	After Completion of the Proposed Share Consolidation, Proposed Capital Reduction, Proposed Conversion Shares Issue and the Proposed Settlement Shares Issue RM'000	Adjustments RM'000	After Completion of the Proposed Private Placement RM'000	Adjustments RM'000	After Completion of the Proposed RTL 3 Shares Issue RM'000
Cash Flows from Operating Activities							
Profit before taxation	85,934	356,837	442,771		442,771		442,771
Adjustments for:							
Depreciation of property, plant and equipment	29,014		29,014		29,014		29,014
Gain on lease termination	(446)		(446)		(446)		(446)
Gain on waiver of debts	(16,223)	(340,527)	(356,750)		(356,750)		(356,750)
Reversal of Impairment losses on other investments	(277)		(277)		(277)		(277)
Impairment losses on trade and other receivables (reversed)/ made	(889)		(889)		(889)		(889)
Interest expense	25,950	(18,935)	7,015		7,015		7,015
Interest income	(641)		(641)		(641)		(641)
(Gain)/Loss on disposal of property, plant and equipment	(44,380)		(44,380)		(44,380)		(44,380)
Share of post-tax results of equity-accounted joint ventures	(1,361)		(1,361)		(1,361)		(1,361)
Share of post-tax results of equity-accounted joint associates	(4,528)		(4,528)		(4,528)		(4,528)
Restructuring expenses	–	(2,625)	(2,625)		(2,625)		(2,625)
Bad debts written off	92		92		92		92
Project deposit written off	241		241		241		241
Operating profit before working capital changes	72,486		72,486		72,486		72,486
Changes in inventories	(15,580)		(15,580)		(15,580)		(15,580)
Changes in trade and other receivables	28,795		28,795		28,795		28,795
Changes in prepayments	3,392		3,392		3,392		3,392
Changes in trade and other payables	(9,132)		(9,132)		(9,132)		(9,132)
Cash generated from operations	79,961		79,961		79,961		79,961
Interest paid	(6,208)		(6,208)		(6,208)		(6,208)
Income taxes paid	(12,756)		(12,756)		(12,756)		(12,756)
Net cash generated from operating activities	60,997		60,997		60,997		60,997

**APPENDIX E – PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS FOR
YEAR ENDED 31 DECEMBER 2022**

	2022 Audited Consolidated Statements of Cash Flow	Adjustments	After Completion of the Proposed Share Consolidation, Proposed Capital Reduction, Proposed Conversion Shares Issue and the Proposed Settlement	Adjustments	After Completion of the Proposed Private Placement	Adjustments	After Completion of the Proposed RTL 3 Shares Issue
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flow from Investing Activities							
Repayment from/(Advances to) associates	8,734		8,734		8,734		8,734
Advances to joint ventures	(9,248)		(9,248)		(9,248)		(9,248)
Interest received	641		641		641		641
Proceed from disposal of property, plant and equipment	77,833		77,833		77,833		77,833
Purchase of property, plant and equipment	(93,539)		(93,539)		(93,539)		(93,539)
Net cash used in investing activities	(15,579)		(15,579)		(15,579)		(15,579)
Cash flow from Financing Activities							
Repayment of borrowings	(3,964)		(3,964)	(30,000)	(33,964)		(33,964)
Repayment of lease liabilities	(7,663)		(7,663)		(7,663)		(7,663)
Fixed deposits pledged as security for bank facilities	(2,384)		(2,384)		(2,384)		(2,384)
Proceeds from private placement	–		–	30,000	30,000		30,000
Net cash used in investing activities	(14,011)		(14,011)		(14,011)		(14,011)
Net increase in cash and cash equivalents	31,407		31,407		31,407		31,407
Cash and cash equivalents at beginning of the year	26,416		26,416		26,416		26,416
Effect of foreign exchange fluctuations on cash and cash equivalents	(487)		(487)		(487)		(487)
Cash and cash equivalents at end of the year	57,336		57,336		57,336		57,336

APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR FY2022



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INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION ON NAM CHEONG LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 December 2023

The Board of Directors
Nam Cheong Limited (the “Company”)
80, Robinson Road
#02-00
Singapore 068898

Report on the Compilation of Unaudited Pro Forma Consolidated Financial Information

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma consolidated financial information of Nam Cheong Limited and its subsidiaries (the “Group”) prepared by the management. The unaudited pro forma consolidated financial information of the Group consists of the unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2022, and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Group for the financial year ended 31 December 2022, and related notes as set out in Appendix A in this letter. The basis of preparation of which the management has compiled the unaudited pro forma consolidated financial information are described in Note 2.

The unaudited pro forma consolidated financial information has been compiled by the management and directors to illustrate the impact of the “Proposed debt restructuring scheme” (“significant events”) set out in Appendix B on:

- (i) the unaudited pro forma financial position of the Group as at 31 December 2022 as if the significant events had taken place on 31 December 2022; and
- (ii) the unaudited pro forma financial performance and unaudited pro forma cash flows of the Group for the financial year ended 31 December 2022 as if the significant events had taken place on 31 December 2022.

As part of this process, information about the Group’s financial position, financial performance and cash flows have been extracted by the management and directors from the Group’s audited consolidated financial statements for the financial year ended 31 December 2022.

Management’s and Directors’ Responsibility for the Pro forma Consolidated Financial Information

Management and directors are responsible for compiling the pro forma consolidated financial information on the basis as described in Note 2.

Chartered Accountants of Singapore

Foo Kon Tan LLP (UEN: T10LL0002B) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005.



APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR FY2022



Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Singapore Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors’ Responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, by the management based on the basis of preparation set out in Note 2.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (“SSAE”) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the unaudited pro forma consolidated financial information based on the basis of preparation set out in Note 2.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of unaudited pro forma consolidated financial information included in the circular to be submitted to SGX-ST is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

Chartered Accountants of Singapore

Foo Kon Tan LLP (UEN: T10LL0002B) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005.



**APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
INFORMATION FOR FY2022**



Auditors’ Responsibilities (Cont’d)

The procedures selected depend on the auditors’ judgement, having regard to the auditors’ understanding on the nature of the Group, the event or transaction in respect of which the unaudited pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma consolidated financial information.

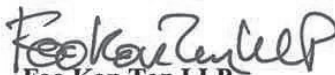
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the unaudited pro forma consolidated financial information has been properly compiled, in all material respects, based on the basis of preparation set out in Note 2.

Restriction of Use and Distribution

Our work in connection with the unaudited pro forma consolidated financial information has been undertaken solely for the purpose of inclusion in the Circular of the Company to be issued in relation to the significant events and is not intended to be used or relied on for any other purpose.


Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore

Chartered Accountants of Singapore

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APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR FY2022

Appendix A

**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

The unaudited pro forma consolidated statement of financial position as set out below have been prepared for illustrative purposes only to show the effect on the audited consolidated statement of financial position of the NCL Group as at 31 December 2022 and also based on the assumptions that the following events had been effected on that date. The pro forma should be read in conjunction with the notes accompanying the unaudited pro forma consolidated statements of financial position of the Group.

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	426,784	426,784	426,784	426,784	426,784
Joint ventures	3,315	3,315	3,315	3,315	3,315
Associates	5,210	5,210	5,210	5,210	5,210
	<u>435,309</u>	<u>435,309</u>	<u>435,309</u>	<u>435,309</u>	<u>435,309</u>
CURRENT ASSETS					
Inventories	13,604	13,604	13,604	13,604	13,604
Trade and other receivables	181,016	181,016	181,016	181,016	181,016
Prepayments	1,789	1,789	1,789	1,789	1,789
Fixed deposits	3,471	3,471	3,471	3,471	3,471
Cash and cash equivalents	59,394	59,394	59,394	59,394	59,394
	<u>259,274</u>	<u>259,274</u>	<u>259,274</u>	<u>259,274</u>	<u>259,274</u>
Total Assets	<u>694,583</u>	<u>694,583</u>	<u>694,583</u>	<u>694,583</u>	<u>694,583</u>

APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR FY2022

Appendix A

**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)**

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
EQUITY					
Share capital	3,904	39	12,229	19,406	19,703
Share premium	310,850	310,850	548,430	571,253	578,336
Treasury shares	(4,097)	(4,097)	(4,097)	(4,097)	(4,097)
Other reserves	287,734	287,734	287,734	287,734	287,734
Contributed Surplus	-	3,865	3,865	3,865	3,865
Accumulated losses	(1,232,500)	(1,232,500)	(875,663)	(875,663)	(875,663)
Equity attributable to owners of the Parent	(634,109)	(634,109)	(27,502)	2,498	9,878
Non-controlling interests	3,133	3,133	3,133	3,133	3,133
Total Equity	(630,976)	(630,976)	(24,369)	5,631	13,011
NON-CURRENT LIABILITIES					
Deferred tax liabilities	6,365	6,365	6,365	6,365	6,365
Bank borrowings	1,097	1,097	1,097	1,097	1,097
	7,462	7,462	7,462	7,462	7,462

APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR FY2022

Appendix A

**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)**

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
CURRENT LIABILITIES					
Borrowings	994,799	994,799	472,402	442,402	435,022
Trade and other payables	271,555	271,555	209,270	209,270	209,270
Current tax payable	3,618	3,618	3,618	3,618	3,618
Provisions	48,125	48,125	26,200	26,200	26,200
	<u>1,318,097</u>	<u>1,318,097</u>	<u>711,490</u>	<u>681,490</u>	<u>674,110</u>
Total Liabilities	<u>1,325,559</u>	<u>1,325,559</u>	<u>718,952</u>	<u>688,952</u>	<u>681,572</u>
Total Equity and Liabilities	<u>694,583</u>	<u>694,583</u>	<u>694,583</u>	<u>694,583</u>	<u>694,583</u>

APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR FY2022

Appendix A

**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2022**

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income as set out below have been prepared for illustrative purposes only to show the effect on the audited consolidated statement of profit or loss and other comprehensive income of the NCL Group as at 31 December 2022 and also based on the assumptions that the following events had been effected on that date. The pro forma should be read in conjunction with the notes accompanying the unaudited pro forma consolidated statements of profit or loss and other comprehensive income of the Group.

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
Revenue	365,721	365,721	365,721	365,721	365,721
Cost of Sales	(265,028)	(265,028)	(265,028)	(265,028)	(265,028)
Gross profit	100,693	100,693	100,693	100,693	100,693
Other income	63,465	63,465	403,992	403,992	403,992
Administrative expenses	(38,319)	(38,319)	(38,319)	(38,319)	(38,319)
Impairment losses on trade and other receivables reversed	889	889	889	889	889
Other operating expenses	(20,733)	(20,733)	(23,358)	(23,358)	(23,358)
Finance costs	(25,950)	(25,950)	(7,015)	(7,015)	(7,015)
Share of results of associates, net of tax	4,528	4,528	4,528	4,528	4,528
Share of results of joint ventures, net of tax	1,361	1,361	1,361	1,361	1,361
Profit before taxation	85,934	85,934	442,771	442,771	442,771
Taxation	(17,994)	(17,994)	(17,994)	(17,994)	(17,994)
Profit for the year	67,940	67,940	424,777	424,777	424,777

APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR FY2022

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**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2022 (CONT'D)**

	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
NCL Group Level 31 December 2022 RM'000	(24,640)	(24,640)	(24,640)	(24,640)
	(24,640)	(24,640)	(24,640)	(24,640)
	43,300	400,137	400,137	400,137
	65,730	422,567	422,567	422,567
	2,210	2,210	2,210	2,210
	67,940	424,777	424,777	424,777
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation loss on consolidation	(24,640)	(24,640)	(24,640)	(24,640)
Other comprehensive loss for the year, net of tax of nil	(24,640)	(24,640)	(24,640)	(24,640)
Total comprehensive income for the year	43,300	400,137	400,137	400,137
Profit attributable to:				
Owners of the Company	65,730	422,567	422,567	422,567
Non-controlling interests	2,210	2,210	2,210	2,210
	67,940	424,777	424,777	424,777

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PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2022 (CONT'D)**

NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
41,090	41,090	397,927	397,927	397,927
2,210	2,210	2,210	2,210	2,210
<u>43,300</u>	<u>43,300</u>	<u>400,137</u>	<u>400,137</u>	<u>400,137</u>
0.008	0.826	1.443	1.010	0.998

Total comprehensive income attributable to:

Owners of the Company
Non-controlling interests

Earnings per share

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**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS AS AT 31 DECEMBER 2022**

The unaudited pro forma consolidated statement of cash flows as set out below have been prepared for illustrative purposes only to show the effect on the audited consolidated statement of cash flows of the NCL Group as at 31 December 2022 and also based on the assumptions that the following events had been effected on that date. The pro forma should be read in conjunction with the notes accompanying the unaudited pro forma consolidated statements of cash flows of the Group.

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
Cash Flows from Operating Activities					
Profit before taxation	85,934	85,934	442,771	442,771	442,771
Adjustments for:					
Depreciation of property, plant and equipment	29,014	29,014	29,014	29,014	29,014
Gain on lease termination	(446)	(446)	(446)	(446)	(446)
Gain on waiver of debts	(16,223)	(16,223)	(356,750)	(356,750)	(356,750)
Reversal of impairment losses on other investments	(277)	(277)	(277)	(277)	(277)
Impairment losses on trade and other receivables reversed	(889)	(889)	(889)	(889)	(889)
Interest expenses	25,950	25,950	7,015	7,015	7,015
Interest income	(641)	(641)	(641)	(641)	(641)
Gain on disposal of property, plant and equipment	(44,380)	(44,380)	(44,380)	(44,380)	(44,380)

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**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS AS AT 31 DECEMBER 2022 (CONT'D)**

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
Cash Flows from Operating Activities					
Share of post-tax results of equity accounted joint ventures	(1,361)	(1,361)	(1,361)	(1,361)	(1,361)
Share of post-tax results of equity accounted associates	(4,528)	(4,528)	(4,528)	(4,528)	(4,528)
Restructuring expenses	-	-	2,625	2,625	2,625
Bad debts written off	92	92	92	92	92
Project deposit written off	241	241	241	241	241
Operating profit before working capital changes	72,486	72,486	72,486	72,486	72,486
Changes in inventories	(15,580)	(15,580)	(15,580)	(15,580)	(15,580)
Changes in trade and other receivables	28,795	28,795	28,795	28,795	28,795
Changes in prepayments	3,392	3,392	3,392	3,392	3,392
Changes in trade and other payables	(9,132)	(9,132)	(9,132)	(9,132)	(9,132)
Cash generated from operations	79,961	79,961	79,961	79,961	79,961
Interest paid	(6,208)	(6,208)	(6,208)	(6,208)	(6,208)
Income taxes paid	(12,756)	(12,756)	(12,756)	(12,756)	(12,756)
Net cash generated from operating activities	60,997	60,997	60,997	60,997	60,997

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**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS AS AT 31 DECEMBER 2022 (CONT'D)**

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
Cash Flows from Investing Activities					
Repayment from associates	8,734	8,734	8,734	8,734	8,734
Advances to joint ventures	(9,248)	(9,248)	(9,248)	(9,248)	(9,248)
Interest received	641	641	641	641	641
Proceeds from disposal of property, plant and equipment	77,833	77,833	77,833	77,833	77,833
Purchase of property, plant and equipment	(93,539)	(93,539)	(93,539)	(93,539)	(93,539)
Net cash used in investing activities	<u>(15,579)</u>	<u>(15,579)</u>	<u>(15,579)</u>	<u>(15,579)</u>	<u>(15,579)</u>
Cash Flows from Financing Activities					
Repayment of borrowings	(3,964)	(3,964)	(3,964)	(3,964)	(3,964)
Repayment of lease liabilities	(7,663)	(7,663)	(7,663)	(7,663)	(7,663)
Fixed deposits pledged as security for bank facilities	(2,384)	(2,384)	(2,384)	(2,384)	(2,384)
Proceeds from private placement	-	-	-	30,000	30,000
Net cash used in financing activities	<u>(14,011)</u>	<u>(14,011)</u>	<u>(14,011)</u>	<u>(14,011)</u>	<u>(14,011)</u>

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**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS AS AT 31 DECEMBER 2022 (CONT'D)**

	NCL Group Level 31 December 2022 RM'000	Pro forma I After Proposed Share Consolidation and Proposed Capital Reorganisation RM'000	Pro forma II After (I) and Proposed Conversion Shares Issue and Proposed Settlement Shares Issue RM'000	Pro forma III After (II) and Proposed Private Placement RM'000	Pro forma IV After (III) and Proposed RTL 3 Shares Issue RM'000
Net increase in cash and cash equivalents	31,407	31,407	31,407	31,407	31,407
Cash and cash equivalents at beginning of the year	26,416	26,416	26,416	26,416	26,416
Effect of foreign exchange fluctuation on cash and cash equivalents	(487)	(487)	(487)	(487)	(487)
Cash and cash equivalents at end of the year	57,336	57,336	57,336	57,336	57,336

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**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

1. General Information

Nam Cheong Limited (the “Company”) was incorporated as a limited liability company and domiciled in Bermuda. The Company’s shares are publicly traded on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at 80, Robinson Road #02-00 Singapore 068898.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are those of shipbuilding and vessel chartering.

2. Basis of Preparation

The unaudited pro forma consolidated financial information for the year ended 31 December 2022 has been compiled based on the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the financial year ended 31 December 2022, as extracted from the audited consolidated financial statements of the Group for the financial year ended 31 December 2022, and pro forma adjustments as set out in Note 3.

The audited consolidated financial statements of the Group for the financial year ended 31 December 2022 was prepared by the Directors in accordance with International Financial Reporting Standards (“IFRSs”) and audited by Foo Kon Tan LLP, in accordance with the International Standards on Auditing (“ISAs”). The auditor’s report on these consolidated financial statements was a disclaimer of opinion.

The unaudited pro forma consolidated financial information of NCL Group has been prepared in a manner consistent with both the format of the financial statements and the accounting policies of NCL as disclosed in the NCL’s audited consolidated financial statements for the financial year ended 31 December 2022, which have been prepared by the Directors in accordance with IFRS.

The unaudited pro forma consolidated financial information is prepared for illustrative purposes only. It is prepared based on certain assumptions and after making certain adjustments to show what the unaudited pro forma consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the financial year ended 31 December 2022 would have been had the “Proposed debt restructuring scheme” set out in Appendix B been taken place on 31 December 2022.

The unaudited pro forma consolidated financial information, because of its hypothetical nature, is not necessary indicative of the effect on the financial position, financial performance and cash flows of the Group that would have been attained had the “Proposed debt restructuring scheme” been taken place on 31 December 2022 or at any future date.

**APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
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**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

3. Pro Forma Adjustments

The following pro forma adjustments have been made to the audited consolidated statement of financial position as at 31 December 2022, and the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows for the financial year ended 31 December 2022 in arriving at the unaudited pro forma financial information:

(a) the Proposed Share Consolidation

The Group is proposing to undertake the proposed share consolidation as part of its restructuring plan. On 5 October 2023, the Company announced that it is proposing to, *inter alia*, seek shareholders’ approval to undertake a proposed share consolidation. As at the Latest Practicable Date (“LPD”), the Company has an authorised share capital of HK\$12,000,000 divided into 12,000,000 existing shares with par value of HK\$0.001 each, of which 7,957,181,299 shares (excluding 6,678,597 treasury shares and 114,356,460 subsidiary holdings) have been issued and fully paid-up.

For illustrative purposes only, the pro forma effects of the proposed share consolidation are presented based on the following parameters:

- (i) Every one hundred (100) existing shares to be consolidated into one (1) consolidated share;
- (ii) Every consolidated share will rank *pari passu* in all respect with each other; and
- (iii) Every consolidated share will be traded in board lots of hundred (100) consolidated shares on SGX-ST.

(b) The Proposed Capital Reorganisation

Under the laws of Bermuda, shares of a Bermuda company may not be issued for an amount less than the par value of the shares. Following the completion of the proposed share consolidation, the authorised share capital of HK\$12,000,000 divided into 120,000,000 existing shares with par value of HK\$0.10 each, of which 79,571,812 shares (excluding 66,786 treasury shares and 1,143,565 subsidiary holdings) would be issued and fully paid-up.

**APPENDIX F – INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE
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3. Pro Forma Adjustments (Cont’d)

(b) The Proposed Capital Reorganisation (Cont’d)

The proposed capital reorganisation would involve:

- (i) capital reduction by cancellation of any fraction of a Share post-share consolidation in the issued share capital of the Company arising from the share consolidation and reduction of the issued and paid-up shares of the Company from HK\$8,078,216 divided into 79,571,812 shares (plus 66,786 treasury shares and 1,143,565 subsidiary holdings) of HK\$0.10 each, to HK\$80,782 divided into 79,571,812 consolidated shares (plus 66,786 treasury shares and 1,143,565 subsidiary holdings) of par value HK\$0.001 each, by cancelling the paid-up capital of the Company to the extent of HK\$7,997,434 in aggregate on the shares with a par value of HK\$0.10.
- (ii) all of the authorised but unissued shares with a par value of HK\$0.10 each in the share capital of the Company be cancelled, and the authorised share capital of the Company of HK\$12,000,000 be diminished by such amount representing the amount of shares so cancelled.

Upon the proposed capital reorganisation taking effect:

- (i) the par value of each issued and unissued share will be reduced from HK\$0.10 to HK\$0.001;
- (ii) the issued and paid-up share capital will be HK\$80,782 divided into 79,571,812 consolidated shares (plus 66,786 treasury shares and 1,143,565 subsidiary holdings) of par value HK\$0.001 each;
- (iii) the number of issued consolidated shares will remain unchanged at 79,571,812 consolidated shares (excluding 66,786 treasury shares and 1,143,565 subsidiary holdings); and
- (iv) following the authorised capital diminution, the authorised share capital will be increased to HK\$4,000,000 divided into 4,000,000,000 consolidated shares with a par value of HK\$0.001 each.
- (v) the credit arising from the capital reduction in the sum of HK\$7,997,434 (equivalent to RM3,865,151) shall be credited to the contributed surplus account of the Company.

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3. Pro Forma Adjustments (Cont'd)

(c) The Proposed Conversion Shares Issue

The proposed scheme was approved by the scheme creditors at the scheme meeting and has been sanctioned by the Malaysia Court. Under the proposed scheme, scheme creditors were entitled to elect to (i) receive cash payment instead of conversion shares, or (ii) receive the conversion shares. Scheme creditors who exercised the option to be paid in cash shall receive conversion cash. The conversion cash will be limited to up to RM30 million and shall be funded by the proceeds from the Proposed Private Placement which shall be discussed in Note 3(f). In the event where the conversion cash is insufficient to repay an outstanding debt of the scheme creditors, the remaining balance of such debt will be settled through issuance of conversion shares.

The proposed conversion shares issue entails issuance of 202,187,230 conversion shares to the scheme creditors at an issue price of S\$0.40 per conversion share.

The issuance of 202,187,230 new NCL Shares arising from the conversion share issue at issue price of S\$0.40 per conversion share which give raise to an increase in the issued share capital and share premium of amounting RM11,561,915 and RM235,582,927 respectively.

(d) The Proposed RTL 3 Shares Issue

The proposed RTL 3 share issue is when the disposal proceeds of the RTL 3 secured assets are insufficient to fully repay the RTL 3 debt, the RTL 3 creditors will be entitled to receive Tranche 2 RTL B, or ordinary shares of the Company, in full settlement of the unpaid balance.

The proposed RTL 3 shares issue entails issuance of 5,201,593 RTL 3 shares to the RTL 3 creditors at an issue price of S\$0.40 per RTL 3 share.

The RTL 3 secured assets are four safety standby vessel which are charged to the RTL 3 creditor, DBS Bank Ltd. The total amount outstanding to the RTL 3 creditor is RM7.38 million.

The issuance of 5,201,593 new NCL Shares arising from the RTL 3 shares issue at issue price of S\$0.40 per conversion share which give raise to an increase in the issued share capital and share premium of amounting RM297,449 and RM7,082,363 respectively.

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THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

3. Pro Forma Adjustments (Cont'd)

(e) The Proposed Settlement Shares Issue

The Company appointed Sage 3 Capital Sdn. Bhd. as the financial advisor to conceptualise, advise and implement an appropriate strategy to archive a resolution of the Group’s liabilities. Upon successful completion of the restructuring, the Company may at its option issue settlement shares as part settlement of the success fee payable.

The proposed settlement shares issue entails issuance of 10,981,923 settlement shares at an issue price of S\$0.0697 per settlement share.

The issuance of 10,981,923 new NCL Shares arising from the settlement share issue at issue price of S\$0.0697 per settlement share which give raise to an increase in the issued share capital and share premium of amounting RM627,992 and RM1,997,008 respectively.

(f) The Proposed Private Placement

On 28 April 2023, the Company announced that it entered into the placement agreement with one of its Director in relation to the proposed private placement. Pursuant to the placement agreement, the Company shall issue 125,507,689 placement shares.

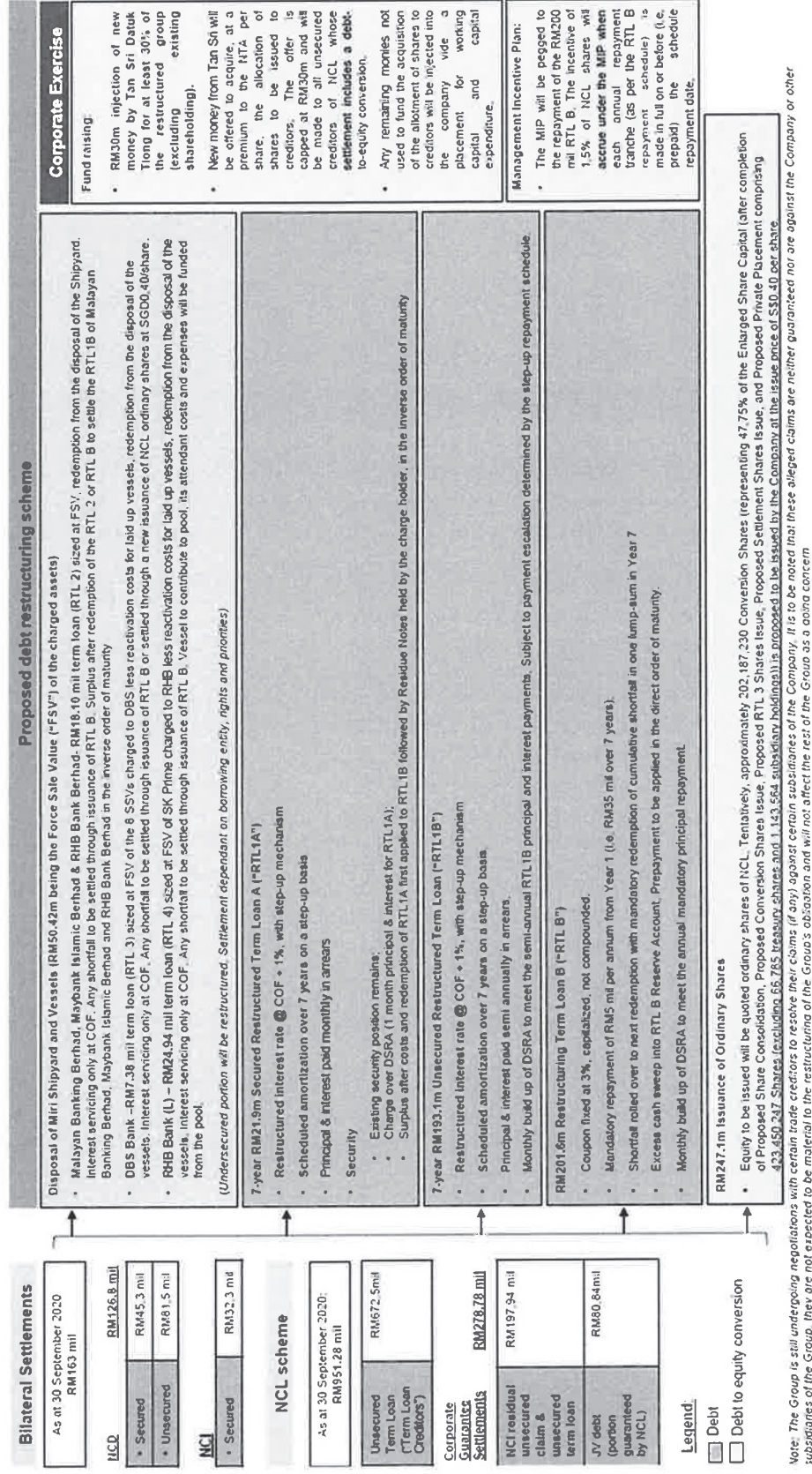
The proposed private placement entails issuance of 125,507,689 placement shares at an issue price of S\$0.0697 per settlement share.

The issuance of 125,507,689 new NCL Shares arising from the private placement at issue price of S\$0.0697 per private placement share which give raise to an increase in the issued share capital and share premium of amounting RM7,177,057 and RM22,822,943 respectively.

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Appendix B

NAM CHEONG LIMITED AND ITS SUBSIDIARIES OVERVIEW OF RESTRUCTURING DEBT SETTLEMENT SCHEMATIC



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Appendix B

**NAM CHEONG LIMITED AND ITS SUBSIDIARIES
OVERVIEW OF RESTRUCTURING DEBT SETTLEMENT SCHEMATIC (CONT'D)**

	Outstanding In RM (mil)	RTL 2		RTL 3		RTL 4		RTL 1A		RTL 1B		RTL B		Conversion Cash (assuming all Scheme Creditors elect to cash-out)		Total value for issuance of approximat ely 202,187,230 Conversion Shares		Forgiveness		Total		
		In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	In RM (mil)	
NCD																						
Secured	45.3	18.1						21.9	5.3													45.3
Unsecured	81.5								81.5													81.5
NCI																						
Secured	32.3				7.38		24.9															32.3
NCL Scheme																						
Unsecured Term Loan ("Term Loan Creditors")	672.5								75.7	142.5	21.2	258.4	174.7									672.5
CG Settlements																						
NCI residual unsecured claim & unsecured term loan	197.94								22.3	41.9	6.3	76.1	51.4									197.9
JV debt (portion guaranteed by NCL)	80.84								9.1	17.1	2.6	31.1	21.0									80.8
Total	1,103.1	18.1		7.38	24.9	21.9	183.9	201.8	365.5	247.1	1,110.5											

NOTICE OF SPECIAL GENERAL MEETING

NAM CHEONG LIMITED

(Incorporated in Bermuda)
(Company Registration No. 25458)

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 7 February 2024 issued by the Company to its Shareholders (the “Circular”).

NOTICE IS HEREBY GIVEN that a Special General Meeting (“SGM”) of Nam Cheong Limited (“Company”) will be held at Furama RiverFront Hotel, Venus Ballroom I (Level 3), 405 Havelock Road, Singapore 169633 on Thursday, 29 February 2024 at 3.00 p.m., Singapore time, for the purpose of considering and, if thought fit, passing with or without modification(s), the following resolution(s):

ORDINARY RESOLUTION 1: THE PROPOSED SHARE CONSOLIDATION

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) with effect from the date to be determined by the Directors of the Company, being the effective date of the Proposed Share Consolidation, every 100 existing issued and unissued ordinary shares with a par value of HK\$0.001 each in the share capital of the Company be consolidated into one (1) share with a par value of HK\$0.1 each in the share capital of the Company, resulting in an authorised capital of HK\$12,000,000 divided into 120,000,000 ordinary shares with a par value of HK\$0.1 each and an issued capital of HK\$8,078,216.356 divided into 80,782,163.56 ordinary shares with a par value of HK\$0.1 each in the share capital of the Company;
- (B) all fractional entitlements to the Shares pursuant to the Share Consolidation shall be cancelled pursuant to the Capital Reduction;
- (C) the Directors be and are hereby authorised to fix the Share Consolidation Record Date and the Effective Trading Date in their absolute discretion; and
- (D) the Directors (or any one of them) be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which they in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this resolution and to exercise such discretion in connection with, relating to or arising from the Proposed Share Consolidation and/or matters contemplated herein, with such modifications thereto (if any) as they or he may from time to time consider necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Consolidation.

SPECIAL RESOLUTION: THE PROPOSED CAPITAL REORGANISATION

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and Ordinary Resolution 15, approval be and is hereby given that with effect from such date as the Directors of the Company may determine (“**Proposed Capital Reorganisation Effective Date**”):

- (A) any fractional Share in the issued share capital of the Company arising from the Share Consolidation be cancelled and the issued and paid-up shares of the Company be reduced from HK\$8,078,216 divided into 79,571,812.99 Shares (plus 66,785.97 treasury shares and 1,143,564.60 subsidiary holdings) of HK\$0.10 each, to HK\$80,782 divided into 79,571,812 Consolidated Shares (plus 66,785 treasury shares and 1,143,564 subsidiary holdings) of

NOTICE OF SPECIAL GENERAL MEETING

par value HK\$0.001 each, by cancelling the paid-up capital of the Company to the extent of HK\$7,997,434.195 in aggregate on the Shares post-Share Consolidation with a par value of HK\$0.10 in issue on the Proposed Capital Reorganisation Effective Date such that each issued Share post-Share Consolidation with a par value of HK\$0.10 shall be treated as one (1) fully paid Consolidated Share with a par value of HK\$0.001 as at the Proposed Capital Reorganisation Effective Date and any liability of the holder of such Consolidated Shares to make any further contribution to the share capital of the Company on each such Share shall be treated as satisfied (“**Capital Reduction**”);

- (B) subject to and upon the Capital Reduction taking effect, all of the authorised but unissued Shares post-Share Consolidation with a par value of HK\$0.10 each in the share capital of the Company be cancelled, and the authorised share capital of the Company of HK\$12,000,000 be diminished by such amount representing the amount of Shares so cancelled (“**Authorised Capital Diminution**”) and forthwith upon the Authorised Capital Diminution, the authorised share capital of the Company be increased to HK\$4,000,000 by the creation of such number of Shares with a par value of HK\$0.001 each as shall represent the difference between 4,000,000,000 Shares with a par value of HK\$0.001 each and the number of Shares with a par value of HK\$0.001 in issue after the Capital Reduction (“**Authorised Capital Increase**”);
- (C) subject to and forthwith upon the Capital Reduction taking effect, the credit arising from the Capital Reduction in the sum of HK\$7,997,434.195 shall be credited to the contributed surplus account of the Company (“**Crediting of Contributed Surplus**”) and together with the Capital Reduction, the Authorised Capital Diminution and the Authorised Capital Increase, the “**Proposed Capital Reorganisation**”);
- (D) the Directors of the Company be and are hereby authorised to utilise any credit balance in the contributed surplus account of the Company in such manner as may be determined by the Directors in accordance with the Bye-laws and all applicable laws, including but not limited to offsetting against the accumulated losses of the Company; and
- (E) any Director be and is hereby authorised to do all such acts and things and execute and deliver all such documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Proposed Capital Reorganisation.

ORDINARY RESOLUTION 2: THE PROPOSED CONVERSION SHARES ISSUE

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) the Directors or any of them be and are hereby authorised to allot and issue up to 202,187,230 Conversion Shares at an issue price of S\$0.40 per Conversion Share, subject to and in accordance with the terms and conditions of the Proposed Scheme, to entitled Scheme Creditors, credited as fully paid up, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing Shares, pursuant to the NCL Debt Redemption under the Proposed Scheme; and
- (B) the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

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ORDINARY RESOLUTION 3: THE PROPOSED RTL 3 SHARES ISSUE

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) the Directors or any of them be and are hereby authorised to allot and issue up to 5,201,593 RTL 3 Shares at an issue price of S\$0.40 per RTL 3 Share to the RTL 3 Creditor, credited as fully paid up, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing Shares; and
- (B) the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

ORDINARY RESOLUTION 4: THE PROPOSED SETTLEMENT SHARES ISSUE

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) the Directors or any of them be and are hereby authorised to allot and issue up to 10,981,923 Settlement Shares at an issue price of S\$0.0697 per Settlement Share to Sage 3, credited as fully paid up, free from all liens, charges and other encumbrances and ranking *pari passu* in all respects with the then existing Shares; and
- (B) the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

ORDINARY RESOLUTION 5: THE PROPOSED PRIVATE PLACEMENT AS AN INTERESTED PERSON TRANSACTION

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10 and Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) pursuant to Rules 805 and 812 of the Listing Manual, the Directors (excluding TST) be and hereby authorised to allot and issue up to 125,507,689 Placement Shares at a Placement Price of S\$0.0697 per Placement Share to TST, as an interested person transaction in accordance with Rule 906(1)(a) of the Listing Manual, on the terms and conditions specified in the Placement Agreement; and
- (B) the Directors (excluding TST) or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

Note:

- (1) TST and his Associates shall abstain from voting on Ordinary Resolution 5. The Company will disregard any votes cast on Ordinary Resolution 5 by TST and his Associates in accordance with Rules 804 and 812 of the Listing Manual.

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ORDINARY RESOLUTION 6: THE PROPOSED WHITEWASH RESOLUTION

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10 and Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) subject to the satisfaction of all the SIC Conditions, the Independent Shareholders hereby, unconditionally and irrevocably waive their rights to receive a mandatory general for the Company under Rule 14 of the Code from TST and his Concert Parties in respect of all or any part of the Shares held by such Independent Shareholders, in the event that the placement of shares to TST pursuant to the Proposed Private Placement results in TST and/or his Concert Parties incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code; and
- (B) the Directors (excluding TST) or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

ORDINARY RESOLUTION 7: THE PROPOSED TERMINATION OF THE 2018 PLAN

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10 and Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) the existing 2018 Plan adopted on 20 August 2018 be and is hereby terminated, provided that such termination shall be without prejudice to the rights of holders of awards granted and outstanding under the 2018 Plan as at the date of its termination; and
- (B) the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

ORDINARY RESOLUTION 8: THE PROPOSED ADOPTION OF THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given that:

- (A) a new share scheme to be known as the “Nam Cheong Management Incentive Plan 2024”, the details and rules of which are set out in the Circular, under which awards (“Awards”) of fully-paid Shares will be granted, in consideration for their performance and contribution to the Company, to selected employees of the Company, including directors of the Company, Controlling Shareholders and their Associates, and other selected participants, be and is hereby established and adopted;
- (B) the Board of Directors of the Company be and is hereby authorised to:
 - (i) implement and administer the 2024 Plan;

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- (ii) to modify and/or amend the Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2024 Plan and do all such acts and enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2024 Plan;
 - (iii) to offer and grant Awards in accordance with the provisions of the 2024 Plan and to allot and issue from time to time such number of fully-paid Award Shares as may be required to be issued pursuant to the Vesting of the Awards under the 2024 Plan provided always that the aggregate number of Shares to be issued pursuant to the Plan and any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the total issued Shares (excluding treasury shares and subsidiary holdings) from time to time and provided also that subject to such adjustments as may be made to the 2024 Plan as a result of any variation in the capital structure of the Company; and
 - (iv) subject to the same being allowed by law, to apply any Shares purchased under the share buyback mandate of the Company towards the satisfaction of Awards granted under the 2024 Plan, provided that the aggregate number of Shares to be applied pursuant to the vesting of Awards granted or to be granted under the 2024 Plan, when added to all Shares, options or awards granted under any other share option scheme, performance share plan or share incentive scheme of the Company then in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time;
- (C) the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

ORDINARY RESOLUTION 9: THE PROPOSED PARTICIPATION BY TAN SRI DATUK TIONG SU KOUK, A CONTROLLING SHAREHOLDER, IN THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given for the participation of Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024.

ORDINARY RESOLUTION 10: THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TAN SRI DATUK TIONG SU KOUK, A CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13, and Ordinary Resolution 14 approval be and is hereby given:

- (A) to grant Awards comprising up to 4,669,621 Award Shares over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 14.3 of the Circular to Tan Sri Datuk Tiong Su Kouk, a Controlling Shareholder, by the Committee administering the Nam Cheong Management Incentive Plan 2024, the terms of which are set out in the Circular, be and is hereby approved;
- (B) that the Directors of the Company or any of them be and are hereby authorised to allot and issue Shares, or transfer existing Shares procured by the Company, upon the Release of the Share Awards over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 14.3 of the Circular; and

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- (C) that the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

ORDINARY RESOLUTION 11: THE PROPOSED PARTICIPATION BY TIONG CHIONG SOON, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, IN THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 12, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given for the participation of Tiong Chiong Soon, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024.

ORDINARY RESOLUTION 12: THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TIONG CHIONG SOON, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 13, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given:

- (A) to grant Awards comprising up to 4,669,621 Award Shares over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 15.3 of the Circular to Tiong Chiong Soon, an Associate of the Controlling Shareholder, by the Committee administering the Nam Cheong Management Incentive Plan 2024, the terms of which are set out in the Circular, be and is hereby approved;
- (B) that the Directors of the Company or any of them be and are hereby authorised to allot and issue Shares, or transfer existing Shares procured by the Company, upon the Release of the Share Awards over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 15.3 of the Circular; and
- (C) that the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

ORDINARY RESOLUTION 13: THE PROPOSED PARTICIPATION BY TIONG CHIONG HIIUNG, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, IN THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 14 and the Special Resolution approval be and is hereby given for the participation of Tiong Chiong Hiiung, an Associate of the Controlling Shareholder, in the Nam Cheong Management Incentive Plan 2024.

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ORDINARY RESOLUTION 14: THE PROPOSED GRANT OF AWARDS COMPRISING UP TO 4,669,621 AWARD SHARES TO TIONG CHIONG HIIUNG, AN ASSOCIATE OF THE CONTROLLING SHAREHOLDER, UNDER THE NAM CHEONG MANAGEMENT INCENTIVE PLAN 2024

That subject to and contingent upon (a) the Proposed Scheme coming into effect; and (b) the passing of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3, Ordinary Resolution 4, Ordinary Resolution 5, Ordinary Resolution 6, Ordinary Resolution 7, Ordinary Resolution 8, Ordinary Resolution 9, Ordinary Resolution 10, Ordinary Resolution 11, Ordinary Resolution 12, Ordinary Resolution 13 and the Special Resolution approval be and is hereby given:

- (A) to grant Awards comprising up to 4,669,621 Award Shares over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 16.3 of the Circular to Tiong Chiong Hiiung, an Associate of the Controlling Shareholder, by the Committee administering the Nam Cheong Management Incentive Plan 2024, the terms of which are set out in the Circular;
- (B) that the Directors of the Company or any of them be and are hereby authorised to allot and issue Shares, or transfer existing Shares procured by the Company, upon the Release of the Share Awards over RTL B Repayment Year 1 to RTL B Repayment Year 7 as set out in Section 16.3 of the Circular; and
- (C) that the Directors or any of them be and are hereby authorised to complete and do all such acts and things including, without limitation, executing all such documents and approving any amendments, alterations or modifications to any documents as they or he may consider necessary, desirable or expedient for the purposes of or in connection with and to give full effect to this resolution.

BY ORDER OF THE BOARD

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

7 February 2024

Notes:

- (i) Unless The Central Depository (Pte) Limited (“**CDP**”) specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed as CDP’s proxies to vote on behalf of CDP at the SGM each of the Depositors who are individuals and whose names are shown in CDP’s records as a time not earlier than forty-eight (48) hours prior to the time of the SGM. Therefore, such Depositors who are individuals can attend and vote at the SGM without the lodgement of any Depositor Proxy Form (as defined below).
- (ii) Such a Depositor registered and holding Shares through CDP who is an individual but is unable to attend the SGM personally and wishes to appoint a nominee to attend and vote on his/her behalf as CDP’s proxy must complete, sign and return the proxy form which is despatched together with this Circular to Depositors (“**Depositor Proxy Form**”) completed by CDP in accordance with the instructions printed thereon and deposit the duly completed Depositor Proxy Form at the office of the Company’s Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712, not less than forty-eight (48) hours before the time appointed for holding the SGM. Similarly, a Depositor which is a corporation and which wishes to attend the SGM must submit the Depositor Proxy Form for the appointment of nominees(s) to attend and vote at the SGM on its behalf as CDP’s proxy.
- (iii) If a Shareholder (who is not a Depositor) is unable to attend the SGM and wishes to appoint a proxy to attend and vote at the SGM in his/her stead, then he/she should complete and sign the proxy form despatched to Shareholders who are not Depositors (“**Shareholder Proxy Form**”) and deposit the duly completed Shareholder Proxy Form at the office of the Company’s Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712, not less than forty-eight (48) hours before the time appointed for holding the SGM. Such proxy need not be a member of the Company.
- (iv) To be effective, the Depositor Proxy Form or the Shareholder Proxy Form must be deposited by a Depositor or a Shareholder (as the case may be) at the office of the Company’s Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street #19-08 Prudential Tower Singapore 049712, not less than forty-eight (48) hours before the time appointed for holding the SGM in accordance with the instructions stated herein.
- (v) The completion and return of the Depositor Proxy Form or the Shareholder Proxy Form by a Depositor or a Shareholder, as the case may be, will not prevent such Depositor or Shareholder, as the case may be, from attending and voting in person at the SGM if he/she wishes to do so, in place of his/her/its nominee or proxy, as the case may be.

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- (vi) The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the SGM, as certified by the CDP to the Company.
- (vii) A Depositor shall not be regarded as a member of the Company entitled to attend the SGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time fixed for holding the SGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a Depositor or a Shareholder of the Company (i) consents to the collection, use and disclosure of the Depositor's or a Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Depositor or a Shareholder discloses the personal data of the Depositor's or a Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Depositor or a Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Depositor or a Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Depositor's or a Shareholder's breach of warranty.