



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

ANNOUNCEMENT

UPDATES TO THE NCL SCHEME, THE NCD SCHEME AND THE NCI SCHEME

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

- (i) its announcement dated 18 January 2018 (“**18 January 2018 Announcement**”) in relation to *inter alia* the monies in the Interest Service Reserve Accounts for the Series 003 Notes and the Series 004 Notes (“**Series 003 and Series 004 ISRAs**”);
- (ii) its announcement dated 22 January 2018 in relation to *inter alia* the approval of the scheme of arrangement proposed by the Company’s key subsidiaries, namely Nam Cheong Dockyard Sdn Bhd (“**NCD**”) and Nam Cheong International Ltd (“**NCI**”, together with NCL and NCD, the “**Nam Cheong Restructuring Group**”) (“**NCD Scheme**” and “**NCI Scheme**” respectively) and their Creditors (as defined in the NCD Scheme and NCI Scheme) at the scheme meetings held on 22 January 2018; and
- (iii) its announcement dated 24 January 2018 in relation to *inter alia* the approval of the scheme of arrangement proposed by the Company (“**NCL Scheme**”) and its Creditors (as defined in the NCL Scheme) at a scheme meeting held on 24 January 2018,

(collectively, the “**Previous Announcements**”)

Unless otherwise defined, all capitalized terms shall bear the same meaning as set out in the Previous Announcements or the NCL Scheme.

1. ENTRY INTO BFA AND BFA CORPORATE GUARANTEES

The effectiveness of the NCL Scheme, the NCD Scheme and the NCI Scheme (collectively the “**Schemes**”) is conditional upon, amongst others, the entry into bilateral facilities agreements (“**BFAs**”) between the Company’s key subsidiaries, including NCD and NCI (“**Key Subsidiaries**”), and their Creditors (“**Key Subsidiaries’ Creditors**”), to restructure existing facility agreements (“**Existing Facilities**”) between the relevant Key Subsidiaries’ Creditors and the Key Subsidiaries which are presently guaranteed by corporate guarantees (“**Corporate Guarantees for Key Subsidiaries**”) granted by the Company to these Key Subsidiaries’ Creditors. The BFAs are intended to restructure the present liability of the Key Subsidiaries to the Key Subsidiaries’ Creditors under these Existing Facilities into the secured debt and the unsecured debt.

In addition, and as a necessary component to the entry into the BFAs and the successful implementation of the Schemes, the Key Subsidiaries' obligations in relation to the secured debt under the BFAs will be supported by fresh corporate guarantees granted by the Company to the relevant Key Subsidiaries' Creditors (the "**BFA Corporate Guarantees**"). The BFA Corporate Guarantees will only come into effect upon the effectiveness of the Schemes and the fulfillment of the necessary steps to implement the Schemes (the "**Implementation Date**"). The existing Corporate Guarantees for Key Subsidiaries will be discharged pursuant to the terms of the NCL Scheme on the Implementation Date.

The Company is pleased to announce that all the BFAs have been executed. The execution of the BFAs fulfills the relevant condition precedent under the Schemes. The execution of the BFA Corporate Guarantees and the provision of other security documents and legal opinions required by the relevant Key Subsidiaries' Creditors are conditions precedent under the relevant BFAs. The Company will make a further announcement as and when all the BFA Corporate Guarantees are executed and all the other security documents and legal opinions required by the relevant Key Subsidiaries' Creditors are provided.

2. REMAINING CONDITIONS TO EFFECTIVENESS OF THE SCHEMES

Going forward, the Nam Cheong Restructuring Group will continue to work with its advisors and all relevant stakeholders towards *inter alia* the fulfillment of the remaining conditions to the effectiveness of the Schemes, which are, *inter alia*:

- (a) the approval of the SGX-ST for the listing and quotation of new shares of the Company to be issued pursuant to the restructuring ("**New Shares**") and the trading resumption proposal submitted by the Company with a view to resuming trading in its securities;
- (b) the approval of the shareholders of the Company ("**Shareholders**") at a Special General Meeting being obtained for *inter alia* the issuance of the New Shares;
- (c) the Securities Industry Council granting a waiver to the major shareholder, Tan Sri Datuk Tiong Su Kouk and his parties acting in concert from the requirement of making a general mandatory offer in connection with a proposed management incentive plan (if applicable) and the Shareholders passing a resolution to waive the making of any general mandatory offer pursuant to the Singapore code on take-overs and mergers (if applicable) This condition may be waived by the major shareholder; and
- (d) the sanction of the NCD Scheme and NCI Scheme by the High Court of Malaya, and the NCL Scheme by High Court of the Republic of Singapore respectively.

When the Schemes become effective, the Nam Cheong Restructuring Group will take steps to implement the Schemes.

As stated in the Company's 18 January 2018 Announcement, the Trustee will also be in a position to release the monies in the Series 003 Notes and Series 004 Notes ISRAs after the NCL Scheme becomes effective.

3. VOLUNTARY SCHEME PAYMENT

The Nam Cheong Restructuring Group is grateful for the continued support of its Creditors as it works towards the implementation of the Schemes. Notwithstanding that the Schemes are not yet effective, the Company wishes to announce that, as a gesture of goodwill, it will make the following payments to the Creditors from the Company's own funds and not out of the Series 003 Notes and Series 004 Notes ISRAs pursuant to the terms of Schemes:

- (a) for each Creditor that has elected the Term Loan Option (**Term Loan Creditor**), a pre-scheme payment (**Pre-Scheme Term Loan Payment**) of 2% per annum cash interest for the first Interest Period of six months (i.e. from 1 January 2018 to 30 June 2018), this being 1% on the Term Loan Offered Debt under the Term Loan Facility (**First Interest Period Interest**);
- (b) for each Creditor that has elected the Cash Out Option (**Cash Out Creditor**), a pre-scheme payment of 1% of its relevant Cash Out Offered Debt (**Pre-Scheme Cash Out Payment**).

(collectively the **Scheme Payments**).

The Scheme Payments will be made on the following conditions, which shall be deemed accepted by each Creditor upon receipt of the same:

- (a) that upon the Schemes becoming effective, the Pre-Scheme Term Loan Payment to each Term Loan Creditor shall be deemed performance of the Nam Cheong Restructuring Group's obligations in relation to the First Interest Period Interest under the relevant terms of the Schemes; and
- (b) that upon the Schemes becoming effective, the Cash Out Payment due to each Cash Out Creditor shall be reduced by the Pre-Scheme Cash Out Payment.

The Company will announce the record date and payment date for the Scheme Payments in due course.

Creditors who have queries on the Pre-Scheme Payments are advised to contact the proposed Scheme Manager at nam.cheong.scheme.sg@sg.pwc.com or at +65 8697 9217 as soon as possible.

4. GENERAL

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

Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 21 July 2017.

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

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

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

22 June 2018