



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

TERM LOAN INTEREST

1. INTRODUCTION

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

- (a) its announcement dated 16 July 2018, relating to *inter alia* the sanction of the schemes of arrangements (with modifications) proposed between Nam Cheong Dockyard Sdn Bhd ("**NCD**") and Nam Cheong International Ltd ("**NCI**") and their respective creditors ("**NCD Scheme**" and "**NCI Scheme**" respectively);
- (b) its announcement dated 3 August 2018, relating to *inter alia* the sanction of the scheme of arrangement (with modifications) proposed between the Company and its creditors ("**NCL Scheme**");
- (c) its announcement dated 28 September 2018 in relation to the implementation of the Scheme;
- (d) its announcement dated 29 June 2020 in relation to the Term Loan Interest;
- (e) its announcement dated 1 October 2020 in relation to the Company's wholly owned subsidiary, NCD's admission into the Corporate Debt Restructuring Committee of Malaysia ("**CDRC**"); and
- (f) its announcement dated 13 November 2020 in relation to the Group's Third Quarter financial results.

2. TERM LOAN INTEREST

Pursuant to the terms of the NCL Scheme, the NCD Scheme and the NCI Scheme (collectively the "**Schemes**"), the Company is required to service accrued interest on the Term Loan Facility in the following manner:

- (a) 2% per annum accrued interest payable in cash ("**Term Loan Cash Interest**") on the last day of each interest period of 6 months ("**Interest Period**"), the first Interest Period having commenced on 1 January 2018; and
- (b) 2% per annum accrued interest for each Interest Period payable on the Term Loan but settled in Shares to be allotted and issued on the last day of each consecutive 12 months period commencing from 1 January 2018 ("**Review Year**") or as soon as practicable after the Review Year ("**Term Loan Shares**").

In the intervening years oil prices continue to remain volatile, and the outlook for the oil and gas industry remains challenging. With the increasing number of COVID-19 cases worldwide, demand for oil remains indifferent and unpredictable. Consequently, oil majors continue to

adopt a cautious approach, reducing capital expenditure and driving down costs. This has resulted in tighter margins for service providers across the value chain. We continue to operate under severe cash flow constraints and regret that payment for the Term Loan Cash Interest portion for the Interest Period from 1 July 2020 to 31 December 2020 ("**6th Interest Period**") will have to be suspended.

As announced on 1 October 2020, NCD was admitted into the CDRC for assistance to mediate a debt restructuring between NCD and its financial creditors. The 1st CDRC Creditors' Meeting was held on 16 November 2020, which was followed by a series of bilateral meetings with NCD's financial creditors to present and discuss the business plan and roadmap for the company going forward. Notwithstanding the difficult operating environment, discussions are progressing, and we are optimistic that a positive outcome can be achieved.

In the interim, the Company craves the indulgence and understanding of the Term Loan Creditors. We shall revert in the near future, possibly in the second quarter of 2021, with an update of the ongoing negotiations between the financial and secured creditors and disclosure of the proposed business plan. Ensuring continuing underlying viability and operating with a strengthened balance sheet, including an ability to withstand future shocks are critical aspects. The generation of sufficient EBITDA to meet obligations as and when they fall due is a given.

In relation to the Term Loan Shares, **NOTICE IS HEREBY GIVEN** that Friday, 15 January 2021, 5:00 pm shall be the record date and time for the purpose of determining the persons who are eligible to receive the Term Loan Shares for the Interest Periods from 1 January 2020 to 30 June 2020 and from 1 July 2020 to 31 December 2020 and to be allotted and issued for the Review Year from 1 January 2020 to 31 December 2020 ("**Review Year 3**").

Further announcement(s) will be made by the Company in due course on the allotment and issuance of the Term Loan Shares for Review Year 3.

No definitive agreements in relation to any future Restructuring options have been entered into by the Group as at the date of this announcement. There can be no assurance or reasonable certainty that any discussions or any Restructuring options will materialise or be successfully concluded although we remain optimistic. In the event the Restructuring is not concluded within a timely manner, the Company/Group will have to deal with a going concern issue.

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

Trading in the Company's securities on the SGX-ST were voluntarily suspended on 28 April 2020.

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

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

Kong Wei Fung
Cheok Hui Yee
Company Secretaries

8 January 2021