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

REPAYMENT OF TERM LOAN

1. INTRODUCTION

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

(a) its announcement dated 16 July 2018 in relation to, amongst other things, the sanction of the schemes of arrangements (with modifications) proposed between Nam Cheong Dockyard Sdn Bhd ("**NCD**") and Nam Cheong International Ltd ("**NCI**") and their respective creditors ("**NCD Scheme**" and "**NCI Scheme**" respectively);

(b) its circular to Shareholders dated 27 July 2018 relating to, amongst other things, the issuance of the Term Loan Shares ("**Circular**");

(c) its announcement dated 3 August 2018 in relation to, amongst other things, the sanction of the scheme of arrangements (with modifications) proposed between the Company and its creditors ("**NCL Scheme**", collectively with the NCD Scheme and the NCI Scheme, the "**Schemes**");

(d) the offer information statement dated 3 September 2018 relating to the Rights Issue ("**Offer Information Statement**");

(e) its announcement dated 28 September 2018 in relation to the implementation of the Schemes;

(f) its announcement dated 1 October 2020 in relation to NCD's admission into the Corporate Debt Restructuring Committee ("**CDRC**") of Malaysia;

(g) its announcement dated 8 January 2021 in relation to the Term Loan Interest;

(h) its announcement dated 4 February 2021 in relation to updates on the issuance of non-sustainable debt shares and term loan shares;

(i) its announcement dated 25 June 2021 in relation to the suspension of repayment of Term Loan Principal due on 30 June 2021 and Term Loan Cash Interest for the 7th Interest Period;

(j) its announcement dated 24 December 2021 in relation to the suspension of repayment of Term Loan Principal due on 31 December 2021 and Term Loan Interest for the 8th Interest Period;

(k) its announcement dated 25 May 2022 in relation to the updates on restructuring; and

(l) its announcement dated 24 June 2022 in relation to suspension of repayment of Term Loan Principal due on 30 June 2022 and Term Loan Cash Interest for the 9th Interest Period.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Circular and the Offer Information Statement.

2. REPAYMENT OF TERM LOAN PRINCIPAL AND INTEREST

Pursuant to the terms of the Schemes, the Company is required to repay the principal and service accrued interest on the Term Loan Facility in the following manner:

(a) repay the principal outstanding under the Term Loan Facility ("**Term Loan Principal**") in 8 half-yearly instalments commencing from Review Year 4 in the following percentages on the last day of the Interest Period. The fourth repayment shall fall on 31 December 2022:
   i. Review Year 4 – 10%;
   ii. Review Year 5 – 20%;
   iii. Review Year 6 – 30%; and
   iv. Review Year 7 – 40%.

(b) 2% per annum accrued interest payable in cash ("**Term Loan Cash Interest**") on the last day of each Interest Period, with the first Interest Period having commenced on 1 January 2018; and

(c) 2% per annum accrued interest for each Interest Period payable by way of the Term Loan Shares to be allotted and issued on the last day of each Review Year, or as soon as practicable after the Review Year.

Global oil prices which have been on a downward trend since its peak in first half of 2022, remain volatile and subject to geopolitical tension. Oil majors remain cautious with capital expenditure and costs continue to be rationalised, resulting in prolonged tight margins earned by service providers in the oil and gas industry across the value chain, including the Group. Daily charter rates remain low and business costs have been escalating amid the current inflationary environment. Offshore Support Vessel ("**OSV**") owners and operators across the oil and gas industry are encountering these continuous adverse circumstances, which was correspondingly highlighted by the Malaysia OSV Owners' Association in the news recently.[1] As a result, the Company continues to experience cash constraints and this has in turn affected the Company's ability to honour its commitments. Consequently, we regret that repayment of Term Loan Principal due on 31 December 2022 and Term Loan Cash Interest portion for the Interest Period from 1 July 2022 to 31 December 2022 ("**10th Interest Period**") will have to be suspended.

As announced on 1 October 2020, NCD was admitted into the CDRC for assistance to mediate a debt restructuring between NCD and its financial institution ("**FI**") creditors. Since November 2020, NCD has been engaging actively with both its financial creditors and trade creditors. After its admission into the CDRC process, NCD, together with its advisors, has prepared an initial debt restructuring proposal for review by the CDRC.

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

As announced on 25 May 2022, after further rounds of negotiations, the Group had reached an in-principle agreement with all its FI creditors for the proposed restructuring ("**Restructuring**") and has engaged legal advisors to assist with the definitive agreements to be entered into with the FI Creditors. The second drafts of the definitive agreements have been exchanged with the legal advisors to the FI Creditors, and they are expected to respond with their comments and proposed amendments before the end of 2022. The Group is working closely with all parties to ensure the process can be completed in an expedient manner.

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

[1] *OSV players hope for better charter rates – The Edge Markets, September 15, 2022*

In relation to the Term Loan Shares, **NOTICE IS HEREBY GIVEN** that Friday, 30 December 2022, 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 2022 to 30 June 2022 and from 1 July 2022 to 31 December 2022 and to be allotted and issued for the Review Year from 1 January 2022 to 31 December 2022 ("**Review Year 5**"). 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 5.

Any further material developments relating to the Restructuring will be disseminated at the appropriate juncture by the Company and the Board via SGXNET in compliance with the listing rules of the Singapore Exchange Securities Trading Limited. There is no assurance or reasonable certainty that any Restructuring options will be successfully concluded, although we are hopeful that the Group can achieve a viable solution going forward. In the event the Restructuring is not concluded within a timely manner, the Company / Group will continue to be faced with a going concern issue.

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

23 December 2022