



NAM CHEONG LIMITED
(Incorporated in Bermuda)
(Company Registration Number 25458)

TERMINATION OF CONTRACT

Nam Cheong Limited (**Company**, and together with its subsidiaries, the **Group**) has received a notice of cancellation dated 1 December 2016 ("Cancellation Notice") from Petra Offshore Limited ("POL"), a wholly owned subsidiary of Perdana Petroleum Berhad in relation to the sale of one unit of Accommodation Work Barge, Hull No. 317 ("Vessel") entered into on 23 June 2014 ("Contract") between POL and Nam Cheong International Ltd ("NCIL"), a wholly owned subsidiary of the Company.

NCIL had responded to POL by a letter dated 2 December 2016 ("Reply") by stating that the Vessel had been completed in accordance with the terms of the Contract, and despite numerous notices issued to POL after the first Notice of Readiness was issued on 26 October 2016, POL had failed to respond or state their position in respect of the Vessel prior to the Cancellation Notice. The Reply asserts that POL is in breach of the terms of the Contract, including Clauses 8 and 12 of the Contract by failing to respond to the list of closing documents provided to them, as well as the failure to have their representatives present at the shipyard to inspect and work out any punch list, as required under the Contract prior to taking delivery of the Vessel.

The Group's position is that the cancellation is devoid of legal basis, and in fact POL is in breach of the Contract. By reason of the wrongful cancellation by POL, and in view of the breach of the terms of the Contract by POL, the Group treats the Contract as terminated and the deposit paid is accordingly forfeited. Further, all rights are reserved to claim damages against POL as may be legally advised.

The termination of the Contract is expected to have an impact to the earnings of the Group for the financial year ending 31 December 2016, the extent of which cannot be conclusively ascertained at this juncture as it will depend on the outcome of any legal action against POL.

BY ORDER OF THE BOARD
NAM CHEONG LIMITED

Tan Sri Datuk Tiong Su Kouk
Executive Chairman

2 December 2016