



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

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## UPDATES TO THE NCD SCHEME AND THE NCI SCHEME

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### 1. INTRODUCTION

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 16 November 2017 in relation to the approval by the High Court of Malaya of the application by the Company’s key subsidiaries, Nam Cheong Dockyard Sdn Bhd (“**NCD**”) as well as Nam Cheong International Ltd (“**NCI**”) of their respective schemes of arrangement proposed between their respective creditors and NCD or NCI (as applicable) (the “**NCD Scheme**” and “**NCI Scheme**” respectively) to convene the requisite meeting of creditors to approve the NCD Scheme and the NCI Scheme; and
- (ii) its announcement dated 22 January 2018 in relation to *inter alia* the approval of the NCD Scheme and NCI Scheme by the NCD and NCI’s Scheme Creditors (as defined in the NCD Scheme and NCI Scheme)

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

Unless otherwise defined, terms used in the Previous Announcements shall have the same meaning when used herein.

### 2. ENHANCEMENTS TO THE NCD SCHEME AND NCI SCHEME

The Company wishes to announce that NCD and NCI have proposed additional enhancements and improvements to the NCD Scheme and NCI Scheme, as detailed below. The capitalised terms used in Paragraphs A and B below which are not defined in this announcement or the Previous Announcements are as defined in the NCD Scheme and the NCI Scheme.

#### A. ENHANCEMENTS ANNOUNCED DURING THE COURT CONVENED MEETINGS

During the Court Convened Meetings for the NCD Scheme and the NCI Scheme held on 22 January 2018, the following enhancements were announced:

<b>No.</b>	<b>Enhancement/Clarification</b>	<b>Explanation</b>
(a)	Cash Sweep Mechanism	The cash sweep mechanism was to be brought forward from the fourth year to the third year.

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		Corresponding changes to the Scheme Documents of the NCD Scheme and the NCI Scheme were made.
(b)	Restriction of Change of Control of NCL	It will be an event of termination of the NCD Scheme or the NCI Scheme should the Major Shareholder cease to be the largest shareholder of NCL. This enhancement has been improved such that Tan Sri Tiong will remain as the single largest shareholder of NCL for the entire duration of the NCD Scheme and the NCI Scheme, with certain conditions.
(c)	Bilateral Facilities Agreements becoming Unconditional as Condition to Effectiveness of the NCD Scheme and NCI Scheme	As one of the conditions to the effectiveness of the NCD Scheme and the NCI Scheme, each of the Bilateral Facilities Agreements would have to become unconditional in accordance with its terms.  Corresponding changes to the Scheme Documents of the NCD Scheme and the NCI Scheme were made.

**B. FURTHER ENHANCEMENTS AND CLARIFICATION TO THE NCD SCHEME AND THE NCI SCHEME**

After the Court Convened Meetings, and at the request of some of the Scheme Creditors, NCD and NCI propose additional enhancements and clarifications as set out below:

<b>No.</b>	<b>Enhancement/Clarification</b>	<b>Explanation</b>
(a)	Timeline for NCL to issue the Non-Sustainable Debt Shares	A timeline of 21 Business Days will now be included for NCL to issue the Non-Sustainable Debt Shares from the completion of the disposal of the Secured Assets or the Maturity Date (as the case may be). Previously, the Scheme Documents of the NCD Scheme and the NCI Scheme had not expressly provided a timeline for the issuance.  Corresponding changes to the Scheme Documents of the NCD Scheme and the NCI Scheme were made.  This provides the Scheme Creditors with certainty in terms of the timing for the issuance of the Non-Sustainable Debt Shares.
(b)	Convening of Meeting of Scheme Creditors	A single Scheme Creditor of NCD or NCI (as applicable) is now allowed to request that NCD or NCI convenes meetings of Scheme Creditors where NCD or NCI has defaulted in any of its payment obligations towards such Scheme Creditor under the Scheme, and such default remains unremedied for a period of 21 days of

<u>No.</u>	<u>Enhancement/Clarification</u>	<u>Explanation</u>
		<p>the Scheme Creditor giving notice to NCD or NCI.</p> <p>This is an enhancement as the Scheme Documents for both the NCD Scheme and the NCI Scheme previously provided that NCD or NCI (as applicable) would only convene a meeting of Scheme Creditors at the request of at least 2 Scheme Creditors who have participation in the Term Loan Facility holding not less than 30% principal amount of the Term Loan Facility.</p> <p>The Scheme Creditor may also convene the meeting at the cost and expense of NCD/NCI if NCD/NCI fails to do so.</p> <p>This benefits the Scheme Creditors by giving the Scheme Creditors more control in respect of the convening of the meetings of the Scheme Creditors.</p>
(c)	Deletion of Authority to Execute Documents on Behalf of Scheme Creditors	<p>The provision which allows NCD/NCI to execute documents to give effect to the relevant NCD Scheme or NCI Scheme on behalf of Scheme Creditors has been deleted.</p> <p>This benefits the Scheme Creditors as they may be reluctant for NCD/NCI to execute documents on their behalf.</p>
(d)	Events of Termination of Scheme	<p>Further events of termination were built into the NCD Scheme and the NCI Scheme, including:</p> <ol style="list-style-type: none"> <li>1. Cross default;</li> <li>2. The change of control of the Major Shareholder; and</li> <li>3. Unlawfulness.</li> </ol> <p>Further clarification was made as to the consequences of termination of the NCD Scheme and the NCI Scheme, namely that all outstanding amounts of the Bilateral Facilities Unsecured Debt of NCD/NCI then remaining owing and unpaid will become immediately due and payable to the Scheme Creditors of NCD/NCI.</p> <p>This is for the benefit of the Scheme Creditors in allowing certainty if there is a need to terminate the NCD Scheme or the NCI Scheme for default.</p>
(e)	Miscellaneous	<p>Minor clarifications were made in the Scheme Documents of NCD and NCI to clarify certain matters such as:</p> <ol style="list-style-type: none"> <li>1. The refund or return of the cash interest on the Term Loan Facility or the Excess Cash Out Payment by way of set-off;</li> </ol>

<u>No.</u>	<u>Enhancement/Clarification</u>	<u>Explanation</u>
		<ol style="list-style-type: none"> <li>2. The repayment of the Scheme Creditors by NCL (instead of by NCD/NCI) under Paragraph 6.2.7 of the Explanatory Statement of the NCD and NCI Scheme Documents;</li> <li>3. The deletion of the reference to Other Recovery under Paragraph 5.3.5 (i) of the Explanatory Statement and Schedule A of the Scheme of Arrangement of the NCD and NCI Scheme Documents; and</li> <li>4. Amendment of the notice clauses to provide as to when the notices are deemed served and received.</li> </ol> <p>This gives clarity to the Scheme Creditors' rights.</p>
(f)	<p>Amendments to the Treatment of the Bilateral Facilities Secured Debt as dealt with under the Bilateral Facilities Agreements</p>	<p>Amendments have been made to the Scheme Documents of NCD and NCI to reflect the current terms of the executed Bilateral Facilities Agreements in relation to the Bilateral Facilities Secured Debt, which falls outside the NCD Scheme and the NCI Scheme.</p> <p>These amendments include:</p> <ol style="list-style-type: none"> <li>1. The provision of corporate guarantees by NCL to secure the repayment of the Bilateral Facilities Secured Debt; and</li> <li>2. The adjustment of the Bilateral Facilities Secured Debt in the event of the non-disposal of a Secured Asset for certain Scheme Creditors;</li> <li>3. The inclusion of references in the Scheme Documents of NCD and NCI to the Additional RHB Facility provided to NCI to reflect the current arrangements under the relevant Bilateral Facility Agreement; and</li> <li>4. Clarifying that the NCD Scheme and NCI Schemes are conditional on the entry of the bilateral facilities agreements with the relevant NCL Key Subsidiary as specified in the NCD Scheme and the NCI Scheme, as applicable.</li> </ol> <p>Minor consequential amendments were also made within the Scheme Documents of NCD and NCI to reflect the changes above.</p> <p>These amendments, which were made so that the Scheme Documents of NCD and NCI gave an accurate overview of the background of the NCD Scheme and NCI Scheme, will not affect the Bilateral Facilities Unsecured Debt which falls</p>

<u>No.</u>	<u>Enhancement/Clarification</u>	<u>Explanation</u>
		within the relevant NCD Scheme and NCI Scheme.

### 3. FILING FOR COURT SANCTION OF THE NCD AND NCI SCHEME

The Company wishes to announce that on 6 July 2018, NCD and NCI have filed an application with the High Court of Malaya seeking, amongst others, and order that:

- (i) the NCD Scheme, with all the enhancements as set out above, be confirmed and sanction by the High Court of Malaya so as to be binding on NCD and the Scheme Creditors (as defined in the NCD Scheme); and
- (ii) the NCI Scheme, with all the enhancements as set out above, be confirmed and sanction by the High Court of Malaya so as to be binding on NCI and the Scheme Creditors (as defined in the NCI Scheme);

(the “**Application**”).

The Application, which is fixed for hearing on 12 July 2018, is intended to preserve the assets of NCD and NCI as well as to put in place a holistic and effective restructuring of the debt of the Company, NCD and NCI (collectively, the “**Nam Cheong Restructuring Group**”). The Application, if granted, will enable the Nam Cheong Restructuring Group to take a further step towards the effectiveness of the scheme of arrangement proposed between the Company and its Creditors, the NCD Scheme and the NCI Scheme.

Subsequent to the filing to the Application by NCD and NCI, the Company will similarly file an application with the High Court of the Republic of Singapore for the sanction of the NCL Scheme shortly.

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

11 July 2018