



## YONGNAM HOLDINGS LIMITED

Co. Reg. No. 199407612N

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### PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION, PROPOSED SHARE PURCHASE MANDATE AND PROPOSED ADOPTION OF THE YONGNAM PERFORMANCE SHARE PLAN

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#### AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Pursuant to rule 704(2) of the listing manual of the Singapore Exchange Securities Trading Limited (**SGX-ST**), the board of directors of Yongnam Holdings Limited (the **Company**) wishes to announce that the Company is proposing to amend its Memorandum of Association (**Memorandum**) and Articles of Association (**Articles**) to incorporate as appropriate, changes effected under the Companies (Amendment) Act 2004, the Companies (Amendment) Act 2005 and the prevailing rules of the SGX-ST as set out in its listing manual.

The proposed amendments to the Memorandum and Articles are subject to the approval of the shareholders of the Company (**Shareholders**) by special resolution at an extraordinary general meeting (**EGM**) to be convened.

In connection therewith, the Company will in due course, be dispatching to all Shareholders a circular containing *inter alia*, details of the proposed amendments to the Memorandum and Articles, the proposed adoption of a share purchase mandate and the proposed adoption of the Yongnam Performance Share Plan (further details set out below) (**Circular**).

Pursuant to rule 729 of the listing manual of the SGX-ST, the Company has sought the approval of, and received on clearance from the SGX-ST on 15 March 2011 in respect of the Circular.

Please note however that clearance of the Circular by the SGX-ST does not imply that the Companies Act (Cap.50) and any amendments thereof, or any other statutory requirements have been complied with. Please note further that the SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in the Circular.

#### PROPOSED SHARE PURCHASE MANDATE

The board of directors of the Company wishes to announce that the Company is proposing to adopt a share purchase mandate.

A share buyback at the appropriate price level is one of the ways through which return on equity may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements, in an expedient and cost efficient manner. Share purchases or acquisitions also allow control over the Company's share structure and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per share and/or net tangible assets per share of the Company.

The proposed adoption of the share purchase mandate is subject to the approval of the Shareholders by ordinary resolution at an EGM to be convened. In connection therewith, the Company will in due course, be dispatching the Circular to all Shareholders.

If approved by the Shareholders at the EGM, the share purchase mandate will take effect from the date of the EGM until the date when the next annual general meeting of the Company is held or is required by law to be held (whereupon it will lapse unless renewed), or the date on which the share purchase mandate is undertaken to the fullest extent authorised, whichever is earlier.

The total number of shares which may be purchased or acquired pursuant to the proposed share purchase mandate shall not exceed ten per cent of the issued shares of the Company as at the date the resolution authorizing the share purchase mandate is passed.

#### PROPOSED ADOPTION OF THE YONGNAM PERFORMANCE SHARE PLAN

Pursuant to rule 869(1) of the listing manual of the SGX-ST, the board of directors of the Company wishes to announce that the Company is proposing to adopt a share plan to be known as the “Yongnam Performance Share Plan” (the **Plan**) that will enable employees of the Company, its subsidiaries and associated companies to participate in the equity of the Company pursuant to the grant of contingent awards of fully paid ordinary shares in the capital of the Company (**Shares**) under the Plan.

The adoption of the Plan is consistent with the continuing efforts of the Company’s existing share option scheme in rewarding, retaining and motivating employees to achieve superior performance standards and afford the Company greater flexibility to align the interests of employees with those of the Shareholders. The Plan will further strengthen the Company’s competitiveness in attracting and retaining superior local and foreign talent.

The Plan is centred on the accomplishment of specific pre-determined performance objectives and service conditions, which are the prerequisites for the award of fully paid Shares. This reward structure allows the Company to target specific performance objectives and incentivise the participants to put in their best efforts to achieve these targets.

The Company also hopes that through the implementation of the Plan, it will be able to remain an attractive and competitive employer. The proposed Plan will operate to attract new capable employees with outstanding performance standards and expertise that will boost the long-term growth, development and profitability of the Company.

The proposed adoption of the Plan is subject to the approval of the Shareholders by ordinary resolution at an EGM to be convened. In connection therewith, the Company will in due course, be dispatching the Circular to all Shareholders.

An application has also been made for the listing and quotation of the Shares to be issued pursuant to the Plan on the SGX-ST.

Pursuant to rule 869(4) of the listing manual of the SGX-ST, the board of directors of the Company wishes to announce that the SGX-ST had on 15 March 2011 granted approval in-principle for the listing and quotation of the new Shares to be issued pursuant to the Plan. The approval in-principle is subject to Shareholders’ approval for the Plan and the Company’s compliance with the SGX-ST’s listing requirements and guidelines.

The SGX-ST’s in-principle approval is not to be taken as an indication of the merits of the Plan, the new Shares, the Company and/or its subsidiaries.

**BY ORDER OF THE BOARD**

**SEOW SOON YONG**  
Chief Executive Officer

Date: 16 March 2011