



## YONGNAM HOLDINGS LIMITED

(the "Company")  
(Company Registration No. 199407612N)  
(Incorporated in the Republic of Singapore on 19 October 1994)

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### PROPOSED PLACEMENT OF UP TO 104,520,000 NEW ORDINARY SHARES IN THE CAPITAL OF YONGNAM HOLDINGS LIMITED AT S\$0.076 PER PLACEMENT SHARE

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#### 1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or "**Directors**") of Yongnam Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 13 April 2021 entered into a placement agreement (the "**Placement Agreement**") with W Capital Markets Pte Ltd (the "**Placement Agent**").
- 1.2 Pursuant to the Placement Agreement, the Company has agreed to offer, by way of placement, and the Placement Agent have agreed to use its best efforts to procure subscriptions, an aggregate of up to 104,520,000 fully paid-up ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of S\$0.076 for each Placement Share (the "**Placement Price**"), amounting to an aggregate consideration of up to S\$7,943,520 (the "**Proposed Placement**").
- 1.3 The Proposed Placement is not underwritten and will be undertaken by way of an exempt offering in Singapore in accordance with Section 275 (accredited investors and certain other persons) of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus, offer document or offer information statement will be issued by the Company in connection with the Proposed Placement.

#### 2. THE PROPOSED PLACEMENT

##### 2.1 Placement Price

The Placement Price represents a discount of approximately 9.85% to the volume weighted average price for trades done on the SGX-ST on 12 April 2021, being the full market day preceding the date on which the Placement Agreement was signed.

##### 2.2 The Placement Shares

- 2.2.1 The Placement Shares represent approximately but less than 20% of the existing issued and paid-up share capital of the Company comprising 522,602,931 Shares as at the date of this announcement (excluding treasury shares) and will represent approximately 16.7% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) of 627,122,931 Shares (assuming the Placement is fully subscribed).
- 2.2.2 The Placement Shares will be delivered to the end-placées freely transferable, free and clear of any pledge, lien, charge security interest, encumbrance, claim, equitable interest or other third party right whatsoever and shall rank pari passu with the then existing Shares, save that they shall not rank for any dividend, right, allotment or other distributions, the record date for which falls prior to the Completion Date.
- 2.2.3 The Placement Shares will not be placed to any person who is a director or a substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the SGX-ST Listing Manual (the "**Listing Manual**"), save for the exceptions specified in Rule 812(3) of the Listing Manual and/or otherwise agreed to by the SGX-ST.

- 2.2.4 The Placement Shares will be allotted and issued pursuant to the general share issue mandate (the “**General Mandate**”) granted by shareholders of the Company (the “**Shareholders**”) to the Directors pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, by way of an ordinary resolution passed at the annual general meeting of the Company on 29 June 2020. The total number of Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of passing by the Shareholders of the General Mandate was 522,602,931
- 2.2.5 As at the date of this announcement, the Company has not issued any Shares under the General Mandate and no event has occurred which would result in any adjustment in the number of Shares on which the General Mandate is based. The Placement Shares represent approximately but less than 20% of the total number of issued Shares of 522,602,931 (excluding treasury shares and subsidiary holdings, if any) as at the date the General Mandate was approved. Accordingly, the proposed issue of the Placement Shares is within the limit approved by the Shareholders pursuant to the General Mandate.
- 2.2.6 The Company will apply to the SGX-ST for the admission and listing and quotation of the Placement Shares on the mainboard of the SGX-ST. The Company will make the necessary announcements once the listing and quotation notice has been obtained.

### **3. SALIENT TERMS OF THE PLACEMENT AGREEMENT**

#### **3.1 Placement Commission**

In consideration of the agreement of the Placement Agent procuring end-placers on a best efforts basis for the Placement Shares, the Company shall pay to the Placement Agent, a placement commission equal to 5.0% of the aggregate Placement Price for the aggregate number of Placement Shares for which the Placement Agent has procured the subscription for (the “**Subscribed Placement Shares**”) within 3 business days from the Completion Date (as defined below). The Placement Agent have confirmed that the commission payable by the Company to the Placement Agent in respect of the Placement Shares will not be shared with any of the end-placers of the Proposed Placement.

#### **3.2 Placement Completion**

Subject to the terms and conditions of the Placement Agreement, completion (“**Completion**”) shall take place on such date as mutually agreed between the Company and the Placement Agent (the “**Completion Date**”). On Completion, the Placement Agent shall make payment to the Company of the aggregate Placement Price of the Subscribed Placement Shares and the Company shall issue and allot the relevant number of Subscribed Placement Shares to the relevant placees.

#### **3.3 Conditions Precedent**

Completion of the Proposed Placement pursuant to the Placement Agreement is conditional upon, *inter alia*, the following conditions:

- 3.3.1 all representations and warranties and other statements of the Company herein being, at and as of the Completion Date, true and correct and the Company having performed all of its undertakings or obligations hereunder to be performed on or before the Completion Date;
- 3.3.2 approval in-principle for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended, and where such approval is subject to conditions, such conditions being acceptable to the Placement Agent and the Company, and, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before the Completion Date, they are so fulfilled; and
- 3.3.3 the transactions contemplated by the Placement Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the

Monetary Authority of Singapore and the SGX-ST)) in Singapore or other jurisdictions which is applicable to the Company or the Placement Agent.

- 3.4 The Placement Agent may, and upon such terms as it thinks fit, waive compliance with any of the conditions contained in the Placement Agreement.
- 3.5 If any of the conditions contained in the Placement Agreement has not been satisfied or and Completion does not occur on or before 15 May 2021, the Company or Placement Agent may terminate this Agreement with effect from such date and the parties shall (except for any liability accruing before or in relation to such termination) be under no further liability or obligation arising out of the Placement Agreement.

#### **4. RATIONALE OF THE PROPOSED PLACEMENT AND USE OF PROCEEDS**

##### **4.1 Rationale**

The Board is of the view that the Proposed Placement is beneficial to the Company and its subsidiaries (the “Group”) as it will augment its working capital which includes meeting its project expense and other operating expenses of the Group. Further, the Proposed Placement is part of the Group’s on-going and prudent balance sheet management to strengthen its financial position, enlarge its capital base and further enhance the financial flexibility of the Group.

##### **4.2 Use of Proceeds**

- 4.2.1 The estimated net proceeds from the Proposed Placement, after deducting estimated fees and expenses (including listing and application fees, the commission payable to the Placement Agent, professional fees and other miscellaneous expenses of approximately S\$440,000), is approximately S\$7,503,000 (the “Net Proceeds”). The Company intends to apply such Net Proceeds in the following estimated proportions:

<b>Proposed use of Net Proceeds</b>	<b>% of Net Proceeds from the Proposed Placement</b>
General working capital	100

- 4.2.2 Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company may, in its absolute discretion, deem fit from time to time.
- 4.2.3 The Company will announce the use of the Net Proceeds as and when the Net Proceeds are materially disbursed and whether such use of the Net Proceeds is in accordance with the stated use and the percentage allocated. Where there is any material deviation from the stated use, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the Net Proceeds in its annual report. Further, where the Net Proceeds are used for working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in the Company’s announcements on the use of proceeds and in the annual report.
- 4.2.4 The Directors are of the opinion that: (a) taking into consideration the present bank facilities available to the Group, the Group’s internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements, and the Proposed Placement is being undertaken for the aforesaid reasons and the intended use of proceeds; and (b) after taking into consideration the present bank facilities available to the Group and the Net Proceeds arising from the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

#### **5. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT**

- 5.1 The pro forma financial effects of the Proposed Placement on the Group are set forth below and have been computed based on the latest unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020 (“FY2020”). The financial effects of the Proposed Placement are based on the following assumptions:

- 5.1.1 the Placement Shares are fully subscribed for;
- 5.1.2 the estimated fees and expenses (including the commission payable to the Placement Agent) incurred by the Company in connection with the Proposed Placement is approximately S\$440,000;
- 5.1.3 the financial effect on the net asset value (“NAV”) per Share is computed based on the assumption that the Proposed Placement was completed on 31 December 2020; and
- 5.1.4 the financial effect on the earnings per Share (“EPS”) is computed based on the assumption that the Proposed Placement was completed on 1 January 2020.
- 5.2 The pro forma financial effects of the Proposed Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual financial position of the Group after Completion.

### 5.3 Share Capital

The Placement Shares represent approximately 20% of the existing issued and paid-up share capital of the Company of S\$141,445,276 comprising 522,602,931 Shares as at the date of this announcement (excluding treasury shares). On the assumption that all the Placement Shares are fully subscribed for, assuming that no further Shares are issued prior thereto, and SGX-ST Approval is obtained, the Proposed Placement Shares will represent approximately 16.7% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) of 627,122,931 Shares.

### 5.4 NAV

	Before Proposed Placement	After the Proposed Placement
NAV attributable to the shareholders of the Company (S\$'000)	138,957	146,461
Number of Shares (excluding treasury shares)	522,602,931	627,122,931
NAV per Share attributable to the shareholders of the Company (Singapore cents)	26.59	23.35

### 5.5 Earnings per Share

	Before Proposed Placement	After the Proposed Placement
Net earnings after tax attributable to the shareholders of the Company (S\$'000)	(60,529)	(60,529)
Weighted average number of Shares	522,602,931	627,122,931
Earnings per Share (Singapore cents)	(11.58)	(9.65)

## 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 6.1 The Proposed Placement will not result in the transfer of a controlling interest in the Company when completed without the prior approval of the Shareholders in a general meeting pursuant to Rule 803 of the Listing Manual.
- 6.2 To the best of the Company’s knowledge, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement (other than through their respective direct and indirect shareholdings and/or directorships in the Company), except that the Placement Agent may elect to place the Placement Shares to substantial shareholders as permitted under Rule 812(3) of the Listing Manual.

## **7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement. The Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of each of the Placement Agreement will be available for inspection during normal business hours at the registered office of the Company at 51 Tuas South Street 5, Singapore 637644 for a period of three (3) months commencing from the date of this announcement. Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact Ms Cyndi Lee at 6849 4327 prior to making any visits to arrange for a suitable time slot for the inspection.

## **9. FURTHER ANNOUNCEMENTS**

The Company will continue to keep Shareholders updated and release announcements relating to the Proposed Placement (including any material developments and progress made) as may be appropriate from time to time.

## **10. CAUTIONARY STATEMENT**

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, inter alia, the conditions precedent set out above, and accordingly, should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

**SEOW SOON YONG**  
Chief Executive Officer

13 April 2021

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Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Placement Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).