

**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 200517636Z)

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**PLACEMENT OF 137,000,000 ORDINARY SHARES IN THE CAPITAL OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD. AT THE PLACEMENT PRICE OF S\$1.53 PER SHARE**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**” or the “**Directors**”) of Yangzijiang Shipbuilding (Holdings) Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a placing agreement dated 30 August 2017 (the “**Placing Agreement**”) with J.P. Morgan (S.E.A.) Limited (the “**Placement Agent**”), pursuant to which the Company has agreed to offer, by way of placement, and the Placement Agent has agreed to procure subscribers, or failing which the Placement Agent shall subscribe, for 137,000,000 ordinary shares in the capital of the Company (the “**Placement Shares**”) by way of a private placement (the “**Placement**”) to institutional investors and other investors in accordance with Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”).

Pursuant to the Placing Agreement, and for the sole purpose of expediting the delivery of the Placement Shares to the subscribers, the Company has requested Yangzi International Holdings Limited (British Virgin Islands Company No. 1895876), a company incorporated in the British Virgin Islands and having its registered office at Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands (the “**Lender**”), and the Lender has agreed, to lend 137,000,000 ordinary shares in the capital of the Company (“**Shares**”) for sale to subscribers (the “**Loan**”). The Lender is beneficially owned by the YZJ Settlement (the “**YZJ Trust**”); Julius Baer Trust Company (Singapore) Limited is the trustee of the YZJ Trust. The Executive Chairman of the Company, Mr. Ren Yuanlin, is deemed interested in the YZJ Trust.

The Company will be making an additional listing application to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation of 137,000,000 new ordinary shares in the capital of the Company (“**New Shares**”) on the Mainboard of the SGX-ST (the “**Application**”). Upon obtaining the approval in-principle of the SGX-ST for the listing and quotation of the New Shares, the Company will allot and issue to the Lender the New Shares as full and final settlement of the Loan.

**2. TERMS OF THE PLACEMENT**

**2.1. Placement Price**

The Placement Shares will be placed out at a price of S\$1.53 per Placement Share (the “**Placement Price**”). The Placement Price represents a discount of approximately 4.07% to the volume weighted average price of S\$1.5949 for trades done in respect of the Shares on the SGX-ST for the full market day of 29 August 2017 (being the market day immediately preceding the date the Placing Agreement was signed).

**2.2. Placement Shares**

Pursuant to the Placement and subsequent to the allotment and issue of the New Shares, the existing issued and paid-up share capital of the Company (excluding treasury shares) as at the date hereof (the “**Existing Share Capital**”) will increase from 3,831,838,000 Shares to 3,968,838,000 Shares. The Placement Shares represent approximately 3.6% of the Existing Share Capital, and approximately 3.5% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares).

The Placement Shares shall be delivered free from all charges, pledges, liens, mortgages, security interests and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the Shares existing at the time of transfer, except that the Placement Shares will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the transfer of the Placement Shares.

### 2.3. Share Lending Arrangement

In connection with the Loan, the Company had on 30 August 2017 entered into a share lending agreement with the Lender (the “**Share Lending Agreement**”).

The Company shall, after the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the New Shares, issue and allot to the Lender such number of New Shares equivalent to the number of Shares loaned by the Lender, in full and final settlement of the Loan, upon the terms and subject to the conditions of the Share Lending Agreement.

The New Shares will be allotted and issued pursuant to the general mandate (the “**General Mandate**”) granted by shareholders of the Company (the “**Shareholders**”) 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 28 April 2017, which authorises the Directors to issue Shares, whether by way of rights, bonus or otherwise, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of Shares to be issued pursuant to such authority shall not exceed 50% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing Shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares), as calculated in accordance with the terms set out in such ordinary resolution.

The Loan may be terminated by the Lender at any time if the Shares loaned by the Lender are used for any purpose other than the sole purpose of expediting the delivery of the Shares to the subscribers pursuant to the Placement.

Save for a nominal consideration of S\$1.00 paid to the Lender by the Borrower, no direct or indirect financial benefit has been or will be derived by the Lender pursuant to the Loan.

### 2.4. Settlement Date

6 September 2017 shall be the settlement date (the “**Settlement Date**”), on which the Placement Agent shall deliver to the Company the gross proceeds raised from the Placement less the Placement Agent’s commission, against delivery of the Placement Shares.

### 2.5. Conditions Precedent

The obligations of the Company and the Lender under the Placing Agreement are conditional upon, amongst others:

- (a) the Share Lending Agreement having been duly executed by the Lender and being in full force and effect and not having been breached by the Lender, and the Loan thereunder not having been terminated by the Lender; and
- (b) the transactions contemplated by the Placing Agreement (including but not limited to the allotment, issue and subscription of the Placement Shares) or the Share Lending Agreement not being prohibited by any statute, order, rule, regulation, or directive promulgated or issued after the date of the Placing Agreement by any Singapore or other regulatory or governmental authority or agency having jurisdiction over the Company, the Lender, the Placement Agent, or the transactions contemplated by the Placing Agreement.

In addition, the obligations of the Placement Agent under the Placing Agreement are further conditional upon the performance by the Company of its obligations under the Placing Agreement and also upon, amongst others:

- (i) the Share Lending Agreement having been duly executed by the Company and being in full force and effect and not having been breached by the Company, and the Loan thereunder not having been terminated by the Company; and

- (ii) the delivery of lock-up letters on or prior to the date of the Placing Agreement by the Lender, Mr. Ren Yuanlin (Executive Chairman of the Company), Lido Point Investments Ltd. and Mr. Wang Dong (Deputy General Manager of the Company and substantial Shareholder), substantially in the form as prescribed in the Placing Agreement and addressed to the Placement Agent.

### **3. USE OF PROCEEDS**

The aggregate gross proceeds from the Placement and the net cash proceeds thereof (after deducting, commissions, fees and expenses relating thereto) will be approximately S\$209,610,000 and S\$208,817,508 respectively. The Company intends to use up to 50% of the net proceeds to fund new investments and business expansion through acquisitions, joint ventures and/or strategic alliances as and when opportunities arise, with the remainder to be used for working capital and general corporate purposes of the Group, including the repayment of bank borrowings and loans.

The Company will make periodic announcements on the use of the net proceeds as and when they are materially disbursed, and provide a status report on the same in the Company's annual report. The Company will disclose a breakdown with specific details on the use of the net proceeds for working capital in such announcements and annual reports.

Pending the deployment of the net proceeds, such 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 Directors may, in their absolute discretion, deem fit from time to time.

### **4. FINANCIAL EFFECTS OF THE PLACEMENT**

The pro forma financial effects of the Placement set out below are based on the audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2016 and subject to the following assumptions:

- (a) the Placement Shares are fully placed out; and
- (b) the aggregate net proceeds from the Placement amounts to approximately S\$208,817,508, which is equivalent to RMB 1,018,319,457 based on the exchange rate of S\$1: RMB 4.8766.

The pro forma financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Placement.

#### **4.1. Net Tangible Assets**

Assuming that the Placement had been completed on 31 December 2016, the effect of the Placement on the Group's net tangible assets ("NTA") per share as at 31 December 2016 ("FY2016") will be as follows:

	<b>Before the Placement</b>	<b>After the Placement</b>
NTA of the Group attributable to Shareholders (RMB'000)	22,684,060	23,702,379
Number of shares ('000)	3,831,838	3,968,838
<b>NTA per share (RMB cents)</b>	<b>592.0</b>	<b>597.2</b>

#### 4.2. Earnings Per Share

Assuming that the Placement had been completed on 1 January 2016, the effect of the Placement on the Group's earnings per share ("EPS") for FY2016 will be as follows:

	Before the Placement	After the Placement
Net profit attributable to Shareholders (RMB'000)	1,752,432	1,752,432
Weighted average number of shares ('000)	3,831,838	3,968,838
<b>EPS (RMB cents)</b>	<b>45.7</b>	<b>44.2</b>

#### 4.3. Gearing

Assuming that the Placement had been completed on 31 December 2016, the effect of the Placement on the Group's gearing for FY2016 will be as follows:

	Before the Placement	After the Placement
Net debt / (cash) (RMB'000)	(1,081,034)	(2,099,353)
Total capital (RMB'000)	22,118,075	22,118,075
<b>Gearing (times)</b>	<b>Net Cash</b>	<b>Net Cash</b>

**Note:** Gearing is determined based on net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents and restricted cash. Total capital is calculated as total equity plus net debt.

#### 5. NO PROSPECTUS OR OFFER INFORMATION STATEMENT TO BE ISSUED

The Placement will be undertaken by way of a private placement to institutional investors and other investors in Singapore and elsewhere in accordance with Sections 274 and 275 of the SFA (the "Placement").

#### 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the New Shares which will be issued and allotted to the Lender (pursuant to full and final settlement of the Loan):

- (a) the Placement Shares will not be issued to any person who is a Director or a substantial Shareholder of the Company or any person who falls within the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST; and
- (b) none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Placement, other than through their respective shareholdings in the Company.

#### 7. INSPECTION OF DOCUMENTS

A copy of the Placing Agreement and Share Lending Agreement is available for inspection for Shareholders during normal business hours at the registered address of the Company at 80 Robinson Road, #02-00, Singapore 068898 for three (3) months from the date of this announcement.

**8. 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 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.

**9. CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

**By Order of the Board**

Ren Yuanlin  
Executive Chairman

31 August 2017

**IMPORTANT NOTICE**

NOTHING IN THIS ANNOUNCEMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION OF ANY OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF, THE SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THE INVESTMENT COMPANY ACT. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE U.S. STATE SECURITIES LAWS. ACCORDINGLY, THE SECURITIES MAY BE OFFERED AND SOLD ONLY (I) IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) WHO ARE ALSO "QUALIFIED PURCHASERS" (AS DEFINED IN SECTION 2(A)(51) UNDER THE INVESTMENT COMPANY ACT, PURSUANT TO APPLICABLE EXEMPTIONS UNDER THE SECURITIES ACT (INCLUDING WITHOUT LIMITATION SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT), AND (ii) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN COMPLIANCE WITH REGULATION S AND ANY APPLICABLE LAWS OF THE JURISDICTIONS WHERE THOSE OFFERS AND SALES OCCUR.