

# **YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

Company Registration No: 200517636Z  
(Incorporated in the Republic of Singapore)  
(the “Company”)

## **MINUTES OF ANNUAL GENERAL MEETING**

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Date and time : Thursday, 30 April 2020 at 3.00 p.m.

Place : 16 Raffles Quay, #41-02 Hong Leong Building, Singapore 048581  
(held by way of electronic means through a live webcast)

Present : Please see attendance list attached hereto.

In Attendance : Please see attendance list attached hereto.

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### **SPECIAL NOTE ON CONDUCT OF THE MEETING**

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “Order”) gazetted on 13 April 2020, the Meeting was convened by way of electronic means to transact the businesses set out in the Notice of the Meeting.

The Company had restricted attendance in-person at the venue of the AGM due to the current COVID-19 restriction orders in Singapore. Two pre-selected shareholders have been arranged to engage with the chairman of the meeting and to ensure compliance with the quorum requirement under the Company’s Constitution.

Shareholders had participated the AGM by: -

- (i) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream through their mobile phones, tablets or computers which they have sent the completed pre-registration forms to the Company;
- (ii) submitting questions in advance of the AGM; and
- (iii) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM.

### **CHAIRMAN**

Mr Teo Yi-dar (“Mr Teo”), the Lead Independent Director of the Company was invited to preside over the Meeting on behalf of Mr Ren Yuanlin, the Executive Chairman of the Company.

### **QUORUM**

The Company Secretary confirmed that a quorum was present and Mr Teo declared the Meeting opened.

## **INTRODUCTION**

Mr Teo introduced the Directors, key management personnel of the Company and relevant parties present at the Meeting, attending in person and via live webcast.

Before proceeding to the business of the AGM, Mr Teo invited Mr Ren Letian, Chief Executive Officer of the Company (“CEO”) to make a presentation on the Group’s business outlook and performance review for the financial year ended 31 December 2019. After the conclusion of CEO’s presentation, Mr Teo proceeded with the agenda of the Meeting.

## **NOTICE OF MEETING**

The Notice dated 7 April 2020 convening the Meeting, having been in the hands of members for the requisite period, with the concurrence of the Meeting, was taken as read.

Mr Teo informed the Meeting that all resolutions tabled will be put to vote by proxy only. In his capacity as Chairman of the Meeting, he had been appointed as proxy by the shareholders and he will be voting in accordance with their instructions. He added that he would be proposing all the resolutions as Chairman of the Meeting and two pre-selected shareholders, Mr Goh Guan Siong (“Mr Goh”) and Mr Zhao Jin Cheng (“Mr Zhao”), attending the Meeting via live webcast would be seconding the proposed resolutions to be transacted at the Meeting.

## **ORDINARY BUSINESS:**

### **RESOLUTION 1:**

#### **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 AND DIRECTORS’ STATEMENT TOGETHER WITH THE INDEPENDENT AUDITOR’S REPORT**

Mr Teo proposed and Mr Goh seconded the following motion:

“THAT the Audited Financial Statements for the year ended 31 December 2019 and the Directors’ Statement together with Independent Auditors’ Report thereon, be and are hereby received and adopted.”

Mr Teo informed the Meeting that the Company had received questions submitted in advance by shareholders relating to the resolutions to be tabled at the AGM. He invited Ms Reyna Mei (“Reyna”) of the Company’s investor relations team who went on to facilitate the Q&A session to address the substantial and relevant questions, details of which were set out in Appendix I.

After the Q&A session, Mr Teo continued with the agenda of the Meeting.

### **RESOLUTION 2:**

#### **DECLARATION AND PAYMENT OF TAX EXEMPT (ONE-TIER) FINAL DIVIDEND**

Mr Teo proposed and Mr Zhao seconded the following motion:

“THAT the payment of a tax exempt (one-tier) final dividend of S\$0.045 per ordinary share in respect of the financial year ended 31 December 2019 be and is hereby approved.”

**RESOLUTION 3:  
PAYMENT OF DIRECTORS' FEES TO NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2019**

Mr Teo proposed and Mr Goh seconded the following motion:

“THAT approval be and is hereby given for the payment of S\$136,500 as Directors' fees in respect for the financial year ended 31 December 2019.”

**TO NOTE THE RETIREMENT OF MR REN YUANLIN**

The next item on the Agenda was to note the retirement of Mr Ren Yuanlin (“Mr Ren”) as the Executive Chairman of the Company.

Mr Ren retired by rotation pursuant to Regulation 94 of the Company's Constitution and has decided not to seek for re-election. On behalf of the Board, Mr Teo would like to record its gratitude and appreciation to Mr Ren for his many years of leadership and invaluable contribution to the Group.

Mr Ren has accepted the Board's invitation to take on the role of Honorary Chairman at the Group, to continue providing guidance to the Board and the management team. Mr Teo invited Mr Ren to say a few words to the shareholders.

Mr Ren summarised the achievements of Yangzijiang over the past 13 years since its IPO into 3 main aspects: firstly, the Group size has increased substantially and currently ranked as one of the top 3 shipyards in China; secondly, it has achieved major technology breakthrough and increased in capacity to produce high-tech ships; and thirdly, it has achieved substantial profits over the years and the Group has recorded a total profit before tax of approximately RMB50 billion since its IPO.

Mr Ren shared with the Meeting the 3 main reasons on his retirement as the Executive Chairman of the Company. First is considering his age factor; he has seen the new management team led by Mr Ren Letian and Mr Song Shuming exhibiting maturity and leadership to be able to bring Yangzijiang to the next level. Secondly, during his few months of absence in 2019, Mr Ren Letian and the management team have proved that they are able to secure new orders, deliver vessels on time and made several remarkable achievements. That has given him great reassurance to pass the helm to Mr Ren Letian. Lastly, he would like to take a step back to leverage on his vast experience to guide the management team on the investment segment to create more returns to the stakeholders of the Company.

Mr Ren also shared his personal view that after the COVID-19, the global economic structure will be changed and will affect the shipbuilding industry in China. The industry will evolve with significant structural changes in favour of clean-energy vessels.

He shared that the Company have consistently delivered sizable profits every year since its listing in Singapore in 2007 despite market volatilities, and it gives him great satisfaction that shareholders have been rewarded with the annual dividends. He commented that in view of the COVID-19 pandemic and global economic environment, the Board's recommendation of a final dividend of S\$0.045 for FY2019 is reasonable and well within the dividend policy. He assured the shareholders that the Board remains committed to sharing the value created and returning to shareholders.

He concluded by saying that he was happy to see the maturity of the younger generation of management, led by Mr Ren Letian and that gave him great confidence to step back gradually to a more advisory role and let the new generation of leaders take larger responsibilities and bring Yangzijiang's business to a new height.

On behalf of the Board, Mr Teo expressed warmest welcome to Mr Ren on his new role as Honorary Chairman at the Group and look forward to his continuous guidance to the Board and management team.

**RESOLUTION 4:  
RE-ELECTION OF MR XU WEN JIONG AS DIRECTOR**

Mr Xu Wen Jiong who was retiring under Article 94 of the Company's Constitution, had signified his consent to continue in office and being eligible, he has offered himself for re-election.

Upon re-election as a Director of the Company, Mr Xu Wen Jiong will remain as the Non-Executive Non-Independent Director, the Member of the Audit Committee, Nominating Committee and Remuneration Committee.

The following motion was duly proposed by Mr Teo and seconded by Mr Zhao:

"THAT Mr Xu Wen Jiong be re-elected as Director of the Company pursuant to Article 94 of the Constitution of the Company."

**RESOLUTION 5:  
RE-APPOINTMENT OF AUDITORS**

The retiring auditors, Messrs PricewaterhouseCoopers LLP, had expressed their willingness to continue in office.

The following motion was duly proposed by Mr Teo and seconded by Mr Goh:

"THAT Messrs PricewaterhouseCoopers LLP be and are hereby re-appointed as the auditors of the Company until the conclusion of the next annual general meeting at a remuneration to be agreed upon between the directors and the auditors."

**SPECIAL BUSINESS:**

**RESOLUTION 6:  
AUTHORITY TO ALLOT AND ISSUE SHARES**

The following motion was duly proposed by Mr Teo and seconded by Mr Zhao:

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue ordinary shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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; and

- (b) issue Shares in pursuance of any Instruments made or granted by the Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

- (1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares shall be based on the issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time such authority was conferred, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities or the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and
- (b) any subsequent consolidation or subdivision of the Shares,

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.”

**RESOLUTION 7:  
RENEWAL OF SHARE PURCHASE MANDATE**

The following motion was duly proposed by Mr Teo and seconded by Mr Goh:

“THAT:

(a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) market purchase(s) on the SGX-ST (“**Market Purchase**”); and/or
- (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (“**Off-Market Purchase**”);

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”),

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held; or
- (ii) the date by which the next annual general meeting of the Company is required by law to be held; or
- (iii) the date on which the purchases or acquisitions of the Shares pursuant to Share Purchase Mandate are carried out to the full extent mandated.

(c) in this Resolution:

“**Maximum Limit**” means that number of issued Ordinary Shares representing 10% of the total number of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding any Ordinary Shares held in treasury and subsidiary holdings as at that date);

“**Maximum Price**”, in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed: -

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase, 120% of Average Closing Price (as defined hereinafter), pursuant to an equal access scheme;

“**Average Closing Price**” means the average of the closing market prices of a Share for the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five (5) Market Days;

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

## RESULTS OF THE POLL

ICH Singapore Holdings Pte. Ltd. had been appointed as the Scrutineers for the Meeting to verify the results of poll count.

The results of the poll duly verified by the Scrutineers were presented at the Meeting as follows: -

Resolutions number and details	Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
Ordinary Business					
<b>Resolution 1:</b> Adoption of the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Independent Auditors' Report thereon	3,079,269,951	3,078,933,451	99.99	336,500	0.01
<b>Resolution 2:</b> Declaration of Final Dividend of S\$0.045 per Ordinary Share	3,080,737,031	3,080,737,031	100.00	0	0.00

Resolutions number and details	Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
<b>Resolution 3:</b> Proposed Directors' Fees of S\$136,500 for the financial year ended 31 December 2019	3,080,415,910	3,080,415,910	100.00	0	0.00
<b>Resolution 4:</b> Re-election of Mr Xu Wen Jiong as Director of the Company	3,080,426,910	2,012,919,883	65.35	1,067,507,027	34.65
<b>Resolution 5:</b> Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors	3,080,437,010	3,072,675,427	99.75	7,761,583	0.25
Special Business					
<b>Resolution 6:</b> Authority to allot and issue shares	3,080,385,010	2,212,463,005	71.82	867,922,005	28.18
<b>Resolution 7:</b> Renewal of Share Purchase Mandate	3,080,262,107	3,044,606,520	98.84	35,655,587	1.16

Based on the results of the poll, Mr Teo, as the Chairman of the Meeting declared that all the resolutions tabled at the Meeting were carried.



## **CONCLUSION**

There being no other business, the Meeting was closed at 4.30 p.m. with a vote of thanks to the Chair.

Confirmed as True Record of Proceedings

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**Teo Yi-dar**  
Chairman of the Meeting



**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

(Company Registration No. 200517636Z)  
(Incorporated in the Republic of Singapore on 21 December 2005)

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS AT  
ANNUAL GENERAL MEETING HELD ON 30 APRIL 2020**

**Question 1: What specific impact does the COVID-19 situation have on Yangzijiang?  
Specifically -**

- Have there been any order cancellation or order deferment (how many)
  - Have there been any payment delay or request for late payment from customer
  - Have there been any delay in taking delivery due to travel restriction
  - Have there been any disruption in the supply of engine, equipment or raw materials
- And how has YZJ addressed these issues?**

**Response:** The CEO, Mr Ren Letian informed the shareholders that there was only cancellation order for one oil tanker in 1Q2020, for which Group had received a total of USD12 million from the original buyer, and that oil tanker had been resold to a new buyer. All the other orders due for delivery have been delivered according to schedule.

The Company has not experienced any delay in payment or request for late payment from customers.

Despite the travel restriction and extended lockdown period as required by the Chinese government after the Chinese New Year, overseas shipowners are allowed to come to the shipyard directly from the airport to take delivery. The Group has also utilized cloud-based technologies to facilitate the exchange of paperwork for vessel deliveries, thereby solving the problem of travel restriction.

Most of the Group's important equipment and raw materials are purchased from factories in Japan and Korea and there have not been any issues on the supply. The Group does not purchase materials from USA factories and the construction and delivery of vessels is progressing on schedule

He concluded that the Group's order book remains healthy and will work closely with its customers to weather this challenging time together, to minimize any potential negative impact on its financial performance as much as possible.

**Question 2: How will COVID-19 affect the demand for new ships and the price?**

**Response:** Mr Ren Letian informed the shareholders that COVID-19 does affect the Company's new shipbuilding orders. Many potential opportunities and discussions on new models were on hold due to travel restrictions arising from the coronavirus outbreak. The shipowners were unable to travel or meet each other to finalise the negotiation, even though there has been discussion via video conferencing. In such circumstances, the Group will continue to stay in contact with the shipowners and wait for the right time to meet with the shipowners.

Mr Ren believes that there is still a global demand for new ships and the market will recover after COVID-19. The Group's operational and design capabilities have placed us in an advantageous position in view of the increasing demand for high-tech and clean energy vessels.

**Question 3: On the Group's investment business, have you noticed any late payment in interest or principal due to the cash crunch caused by the COVID-19 situation in China?**

**Response:** The Executive Chairman, Mr Ren Yuanlin informed the shareholders that COVID-19 did cause significant impact on businesses in China. Management noticed that more small-medium enterprises have difficulty repaying their outstanding loans. Since the second half of 2019, the Group's risk management strategy has been focusing on capital preservation, and has given more weight to safer projects such as projects from government, government associated companies and listed companies which have stronger financial background.

**Question 4: On Mitsui and its joint-venture with Yangzijiang, YAMIC – The first part is, what is Mitsui's view and strategy on YAMIC, in other words, what does YAMIC mean to Mitsui, strategically? The second part is, can you provide some details on the staff strength and their experience, expertise of the Japanese team from Mitsui that is working at YZJ?**

**Response:** Mr Song Shuming, Deputy General Manager of the Group and new proposed director of the Company informed the shareholders that firstly, Mitsui has a long-term cooperative shipowner customer group and a global ship marketing network. There is a demand for new shipbuilding every year. Now, YAMIC is the only shipyard investment by Mitsui in the world. In future, YAMIC will make efforts to improve competitiveness and to be one of the main factories for placing orders by Mitsui. He cited an example that Mitsui has a business plan to provide LNG to potential Chinese customers, which will require LNG transportation vessels. Therefore, YAMIC will have more opportunities to participate in these clean energy vessels. Relevant design is in progress.

Secondly, Mitsui E&S Shipbuilding ("MES") has announced in early April 2020 that it will close its Chiba shipyard in Japan in March 2021. YAMIC shall become MES's main construction base for commercial vessels. Also, YAMIC is the only overseas shipyard of MES in the world. MES will provide comprehensive support for the development of YAMIC.

Thirdly, YAMIC currently has 8 Japanese senior managers from Mitsui which have been appointed since last year. They are COO Tamura, CFO Nebashi, Marketing GM Assistant Nakao, Tech. Dept. Director Tokunaga, QC Director Matsuo, Production Dept. Director Yamamoto & Sakai, Financial Dept. Director Shiozaki. Another two Japanese staff will be appointed according to the needs.

Facing the severe challenge brought by the epidemic this year, all members of YAMIC will strive to maintain a steady start of 2020. Taking new orders as the top priority and being the pilot and explorer for the continuous growth of YZJ group's shipbuilding business, YAMIC will continue to work hard to achieve the goal of "To be the first and most competitive shipyard for our customers in the field of medium sized clean energy ships, liquid cargo vessels and bulk carriers."

Lastly, he thanked all shareholders' concerns for YAMIC and wished all shareholders stay healthy during COVID-19.

**Question 5: On the investment business, specifically, on the allowance on debt investments -According to page 60 of the annual report, as of 31 Dec 2019, the allowance for impairment loss of debt investments was RMB1.47 billion. This was almost 10% of the net amortised debt investment carrying value of RMB14.43 billion. There are three parts to this question:**

- (a) Why does the company need to make so much provision on the investment?**
- (b) Are there proper controls and safeguards set in place by management to ensure proper management of counter-party risk?**
- (c) What is the possibility of recovery from the impairment allowance?**

**Response:** The CFO, Ms Liu Hua replied as follows:

- (a) The Group makes provision on the investment according to international financial reporting standards. As shown on page 137 of the annual report, the Company assesses the risk according to the risk profile in four categories and make the provision accordingly. The Company also takes into consideration the historical performance of similar projects such as the financial conditions of the borrower, the macroeconomic condition and perceived macro risks, and consider the worst-case scenario when the Group decides on the amount of the provision. The Group remains prudent in financial management and accounting practice.
- (b) The investment process and risk management structure have been reviewed and strengthened over the past 10 years. During due diligence process, the investment team will review the financial position and the credit record of the borrowers. The parameters the Group takes into consideration are the cash position, current ratio, cash on hand to make interest payments, the annual free cash flow on average and the creditworthiness of the borrowing entities and their securities.

After that, the investment team will prepare a detailed report for the investment committee to review and seek approval. Once a project is approved, the performance and repayment are monitored and reviewed on a weekly basis. In addition, there is a strict accountability system to every responsible team member, and their own interest is aligned with the safety and performance of the project.

- (c) From an accounting perspective, the provision shown in the annual report is a cumulative number, reflecting the in and out of the investment projects over time. So, as long as the investment business exists, there would not be a full recovery to the P/L. The sum of the unutilised provisions over the years could be written back when the entire investment portfolio is wind up and we have a concrete take on the realised return.

~~ End ~~