



YONGNAM HOLDINGS LIMITED

(the “**Company**”)

(Company Registration No. 199407612N)

(Incorporated in the Republic of Singapore on 19 October 1994)

THE PROPOSED PLACEMENT OF AN AGGREGATE OF UP TO 47,500,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “**PLACEMENT SHARES**”) COMPRISING A PRIVATE PLACEMENT VIA A PLACEMENT AGENT AT S\$0.255 FOR EACH PLACEMENT SHARE (THE “**ISSUE PRICE**”)

1. BACKGROUND

The board of directors (the “**Board**”) of Yongnam Holdings Limited (the “**Company**”) wishes to announce that the Company had on 5 October 2017 entered into a placement agreement (the “**Placement Agreement**”) with CIMB Securities (Singapore) Pte. Ltd. (the “**Placement Agent**”) as the placement agent.

Pursuant to the Placement Agreement, the Company has agreed to offer, by way of a private placement, and the Placement Agent, has agreed, on a best efforts basis, to procure subscriptions for an aggregate of up to 47,500,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”), at an issue price of S\$0.255 for each Placement Share (the “**Issue Price**”), amounting to an aggregate consideration of up to S\$12,112,500 (the “**Proposed Placement**”).

The net proceeds from the Proposed Placement, after deducting the placement commission and other estimated fees and expenses (including professional fees and expenses) incurred or to be incurred by the Company in connection with the Proposed Placement, will amount to approximately S\$11,850,000.

As at the date hereof, the existing issued share capital of the Company is S\$129,667,317.06 divided into 475,102,931 ordinary shares in the issued and paid-up capital of the Company (“**Shares**”). There are no treasury shares held by the Company. Assuming that the Placement Shares are fully subscribed, the Placement Shares to be issued represent approximately 10.0% of the existing issued and paid-up share capital of the Company of 475,102,931 ordinary shares as at the date of this announcement (excluding treasury shares).

Immediately following the Proposed Placement and assuming that no further Shares are issued prior thereto, the issued and paid-up share capital of the Company will increase to S\$141,517,567 divided into 522,602,931 Shares (the “**Enlarged Share Base**”) pursuant to the Proposed Placement. The Placement Shares to be issued represent 9.09% of the Enlarged Share Base immediately following the completion of the Proposed Placement assuming that all of the Placement Shares are allotted and issued.

2. SHARE ISSUE MANDATE

The shareholders of the Company (the “**Shareholders**”) had, at the annual general meeting of the Company held on 26 April 2017, approved a general share issue mandate by way of an ordinary resolution (the “**Share Issue Mandate**”). The Placement Shares will be allotted and issued pursuant to the Share Issue Mandate. As such, no circular will be issued by the Company in connection with the Proposed Placement.

The total number of ordinary shares (excluding treasury shares) in the capital of the Company as at the time of passing of the resolution approving the Share Issue Mandate was 475,102,931. As at the date of this announcement, the Company has not issued any Shares under the Share Issue Mandate, and no event has occurred which would result in any adjustment in the number of Shares on which the Share Issue Mandate is based. The proposed allotment and issuance of up to 47,500,000 Placement Shares will fall within the limits of the Share Issue Mandate.

3. ADDITIONAL LISTING APPLICATION

The Company will apply to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the admission of the Placement Shares to the Mainboard of the SGX-ST and for the listing and quotation of the Placement Shares on the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

4. THE PROPOSED PLACEMENT

4.1 The Issue Price

In accordance with and subject to the terms and conditions of the Placement Agreement, the Company agrees to allot and issue the Placement Shares, and the Placement Agent has agreed to, on a best efforts basis, procure subscribers for up to 47,500,000 Placement Shares at the Issue Price for each Placement Share.

The Issue Price was arrived at, pursuant to discussions with the Placement Agent, taking into account, among others, the prevailing market price of the Shares, and represents a discount of approximately 6.01% to S\$0.2713, which is the volume weighted average price per Share based on trades done on the SGX-ST on 5 October 2017 (being the market day on which the Placement Agreement was signed).

4.2 The Placement Agreement

The Company entered into the Placement Agreement with the Placement Agent pursuant to which the Placement Agent has agreed, on a best efforts basis, to procure subscribers for the Placement Shares at the Issue Price for each Placement Share.

The Placement Shares will not be offered for sale to, nor will subscriptions be procured from, nor will any invitation be made for subscription for or sale of the Placement Shares to, any person who is a director or substantial shareholder of the Company or other persons specified in Rule 812(1) of the Listing Manual, save for the exceptions specified in Rule 812(3) or unless such subscription is otherwise agreed to by the SGX-ST.

The Placement Shares, when issued and delivered, shall be free from all claims, charges, liens and other encumbrances and shall rank *pari passu* in all respects with the existing issued Shares at the time of issue except for any dividends, rights, distributions, allotments or other entitlements, the record date of which falls before the date of issue of the Placement Shares.

4.3 Conditions Precedent

Completion of the issue and allotment of the 47,500,000 Placement Shares pursuant to the Placement Agreement is conditional upon the satisfaction by the Company or waiver by the Placement Agent of, among others, the following conditions (“**Conditions**”) on or before the Completion Date (as defined below):

- (a) in-principle approval 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 (as defined below), they are so fulfilled;

- (b) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore (including without limitation, the SGX-ST, the Monetary Authority of Singapore and/or the Securities Industry Council) which is applicable to the Company or the Placement Agent;
- (c) the Company having the full authority for the allotment and issuance of the Placement Shares and such authority being in full force and effect and not having been revoked, cancelled, terminated or varied on the Completion Date (as defined below);
- (d) all representations, warranties and undertakings of the Company under the Placement Agreement remaining true and correct in all respects as at the Completion Date and the Company having performed all of its obligations under the Placement Agreement to be performed on or before the Completion Date (as defined below); and
- (e) there not having occurred, in the opinion of the Placement Agent, any material adverse change, or any development likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is likely to be materially adverse in the context of the Placement or is likely to prejudice materially the success of the Placement or dealings in the Placement Shares in the secondary market.

4.4 Completion

Completion under the Placement Agreement ("**Completion**") shall take place on the date falling three (3) market days after the date on which the last in time of the Conditions to the Completion is satisfied or such other date as the Company and Placement Agent may agree in writing, but in any event being a date no later than the Cut-off Date (as defined below) ("**Completion Date**"). The "Cut-off Date" shall mean a date not more than 30 days after the date of the Placement Agreement or such other date as the Company and Placement Agent may agree in writing.

5. RATIONALE OF THE PROPOSED PLACEMENT AND USE OF PROCEEDS

The Board is of the view that the Proposed Placement is beneficial to the Company and its subsidiaries (the "**Group**") as it will support future growth of the Group and augment its working capital.

Based on the Issue Price of S\$0.255 per Placement Share and assuming all of the 47,500,000 Placement Shares will be taken up in full, the Proposed Placement will allow the Company to raise net cash proceeds (after deducting estimated expenses of approximately S\$262,500) of approximately S\$11,850,000 (the "**Net Proceeds**").

The Company intends to utilise 100% of the Net Proceeds for general working capital purposes.

Pending the deployment of the Net Proceeds for the purposes mentioned above, such Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Board may, in its absolute discretion, deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the net proceeds from the Proposed Placement as and when such funds are materially disbursed, and whether the use of Net Proceeds is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the utilisation of such Net Proceeds in the Company's interim and full-year financial statements and annual report(s). Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the relevant announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. **FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT**

The financial effects of the Proposed Placement are presented strictly for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the completion of the Proposed Placement.

The financial effects of the Proposed Placement on the Group are prepared based on the audited accounts of the Group for the financial year ended 31 December 2016 and the following assumptions:

- (i) for purposes of computing the effect of the Proposed Placement on the net tangible asset ("NTA") per Share of the Group, it is assumed that the Proposed Placement had been completed on 31 December 2016; and
- (ii) for purposes of computing the effect of the Proposed Placement on the equity per Share ("EPS") of the Group, it is assumed that the Proposed Placement had been completed on 1 January 2017.

	Before completion of the Proposed Placement	After completion of the Proposed Placement
Issued share capital (S\$)	129,667,317	141,517,567
Number of Shares	475,102,931	522,602,931
NTA (Singapore cents)	62.94	59.49
Loss attributable to the Shareholders (S\$'000)	(31,637)	(31,637)
EPS ⁽¹⁾ (Singapore cents)	(7.99)	(7.13)

Note:

- (1) Based on 395,919,000 weighted average number of shares before the Proposed Placement and 443,419,000 weighted average number of shares after the Proposed Placement.

7. **NO PROSPECTUS OR OFFER INFORMATION STATEMENT TO BE ISSUED**

The Proposed Placement will be undertaken pursuant to Section 272B, Section 274, and Section 275 of the SFA. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Placement.

8. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement, other than through their shareholdings in the Company.

9. DOCUMENTS FOR INSPECTION

The Placement Agreement may be inspected at the registered office of the Company at 51 Tuas South Street 5, Singapore 637644 during normal business hours for a period of three (3) months commencing from the date of this announcement.

10. 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 the 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 the announcement in its proper form and context.

11. TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. The Proposed Placement is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Placement will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors should exercise caution when trading in Shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

By Order of the Board
YONGNAM HOLDINGS LIMITED

SEOW SOON YONG
Chief Executive Officer
5 October 2017