



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

ENTRY INTO CONVERTIBLE BOND AGREEMENTS

Reference is made to the previous announcements of the Company dated 29 November 2021, 7 December 2021, 16 December 2021 and 24 January 2022 (the “**Previous Announcements**”). Capitalised terms in this announcement (the “**Announcement**”) shall have the same meanings as those defined in the Previous Announcements, unless otherwise defined.

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**”) refers to the Previous Announcements in relation to the proposed spin-off of its investment business via a dividend *in specie* (the “**Proposed Spin-Off**”) and the proposed listing of Yangzijiang Financial Holding Pte. Ltd. (to be converted to Yangzijiang Financial Holding Limited) (the “**Investco**”) on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) by way of an introduction (the “**Proposed Listing**”), and together with the Proposed Spin-Off, the “**Investco Restructuring**”).

The Board wishes to announce that the Company has on 2 March 2022 entered into separate subscription agreements (the “**Convertible Bond Agreements**”) with each of EDB Investments Pte. Ltd. (“**EDBI**”) and Alexandrian Worldwide Incorporated (“**AWI**”) (collectively, the “**Strategic Investors**” and each, a “**Strategic Investor**”) pursuant to which each Strategic Investor has agreed to subscribe for an aggregate principal amount of S\$25,000,000 zero coupon convertible bonds due 2023 (the “**Convertible Bonds**”).

2. INFORMATION ON THE STRATEGIC INVESTORS

- 2.1 EDBI is a company incorporated in Singapore, and is wholly-owned by the Economic Development Board of Singapore.
- 2.2 AWI was set up by the Group’s management team, and this subscription is a testament of the management team’s confidence in the underlying value of both entities.
- 2.3 As at the date of this Announcement, the Strategic Investors do not hold any shares in the capital of the Company (the “**Shares**”). Save as disclosed in paragraph 2.2 of this Announcement, the Strategic Investors have no connections with the Company, its Directors and substantial shareholders, and are not companies to whom the Company is prohibited from issuing Shares, as provided by Rule 812 of the listing manual of the SGX-ST (the “**Listing Manual**”).

3. CONVERSION SHARES

- 3.1 The Company shall satisfy its obligation under terms and conditions of the Convertible Bond Agreements to transfer and deliver Shares upon the exercise by a Strategic Investor of its conversion right by the transfer to the Strategic Investor of Shares which prior to such transfer were held by the Company as treasury shares (the “**Conversion Shares**”).
- 3.2 Assuming that the Convertible Bonds are fully converted, the number of Conversion Shares will be 37,174,720, fractional entitlements to be disregarded, approximately 0.95% of the total

prescribed in the Convertible Bond Agreement dated as of such date, of a duly authorised officer of the Company to such effect;

- (d) if required, the approval of the Shareholders of the Company for the issue, sale and delivery of the Convertible Bonds and the transfer and delivery of the treasury Shares on conversion of the Convertible Bonds, shall have been obtained not less than one (1) business day prior to the Closing Date;
- (e) on or prior to the Closing Date there shall have been delivered to the Strategic Investor copies of all consents, authorisations and approvals required by the Company in relation to the issue of the Convertible Bonds and the entry into and performance of its obligations under Convertible Bond Agreement and the Convertible Bonds (including the consents and approvals required from all lenders, if any); and
- (f) at the Closing Date there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the business, properties, operations, financial condition, results of operations or prospects of the Company or the Group as a whole which, in the reasonable opinion of the Strategic Investor, is material and adverse.

Conversion Right

The Strategic Investor shall have the option (but will not be obliged) to convert its Convertible Bonds into Shares at any time during the relevant conversion period:

- (a) *Maturity*: at any time on and after the date that is thirty (30) business days prior to the date 12 months after the issue date (the "**Maturity Date**") up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the date that is three (3) business days before the Maturity Date;
- (b) *Liquidity Event*: immediately upon and at any time after the issue of a notification in writing by the Company of any of the following events (i) the closing of the sale, lease, transfer or other disposition of all or substantially all of the Company's property and assets; (ii) the consummation of the merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of shareholding interests of the Company with at least 50% of the voting power in the Company immediately prior to such merger or consolidation continue to hold at least 50% of the voting power of the shareholding interests of the Company or the surviving or acquiring entity as a result of securities issued in such transaction); (iii) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or a group of persons, of the Company's securities, if after such closing, such person or group of persons would hold 50% or more of the outstanding voting shares of the Company (or

the surviving or acquiring entity); (iv) the completion of the acquisition of the Company and its subsidiaries by a special purpose acquisition company; or (v) the granting of an exclusive licence of all or substantially all of the Company's intellectual property to a person or a group of persons (each a "**Liquidity Event**"), up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the date that is six (6) business days prior to such Liquidity Event;

- (c) *Voluntary Termination*: immediately upon and at any time after the occurrence of a Voluntary Termination Event (as defined below) or the issue of a notification in writing by the Company of the making of a public announcement by the Company not to proceed with the Investco Restructuring for any reason other than an Early Redemption Event (as defined below) (the "**Voluntary Termination Event**") (whichever is earlier), up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the date that is twelve (12) business days after the notification in writing by the Company in respect of a Voluntary Termination Event is given;
- (d) *Delisting Event*: immediately upon and at any time after the issue of a notification in writing by the Company of any of the following events: (i) the Shares ceasing to be listed or admitted to trading on the SGX-ST, or if applicable, at any time when the Shares are not listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in (the "**Alternative Stock Exchange**"); or (ii) the suspension of the Shares from trading on the SGX-ST, or if applicable, the Alternative Stock Exchange for a continuous period of more than ten (10) days ("**Delisting Event**") (whichever is earlier) up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the date that is twelve (12) business days after the notification in writing by the Company in respect of a Delisting Event is given; and
- (e) *Early Redemption Event*: immediately upon and at any time after the occurrence of an Early Redemption Event (as defined below) or the issue of a notification in writing by the Company of a notification by any regulatory or governmental authority to which any application has been made by the Company or its advisers for approval or waiver in connection with the Investco Restructuring, that such application has been rejected by the relevant authority (the "**Early Redemption Event**") (whichever is earlier) up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the date that is twelve (12) business days after the notification in writing by the Company in respect of an Early Redemption Event is given.

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| Mandatory Conversion | <p>The Strategic Investor shall be obliged to convert its Convertible Bonds into Shares by delivering a conversion notice and following the conversion procedures set out in the Convertible Bond Agreement, at any time during the period commencing on the issue of a notification in writing by the Company of the satisfaction of all of the following conditions: (i) receipt by the Company of all regulatory and governmental approvals in relation to the Investco Restructuring; (ii) receipt by the Company of the eligibility-to-list letter from the SGX-ST in relation to the Proposed Listing; and (iii) receipt of all corporate approvals and authorisations by the Company's board of Directors and Shareholders in relation to the Investco Restructuring (the "Mandatory Conversion Event"), up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on the date that is ten (10) business days after the notification in writing by the Company in respect of a Mandatory Conversion Event is given.</p> |
| Moratorium Undertaking | <p>The Strategic Investor acknowledges that the Investco Shares held by it immediately after completion of the Investco Restructuring (the "Strategic Investor's Investco Shares") shall be subject to a moratorium for a period of six (6) months commencing from the Admission Date.</p> |
| Conversion Shares | <p>The number of Shares to be delivered to a Strategic Investor on conversion of a Convertible Bond will be determined by dividing:</p> <p>(a) the Final Redemption Amount (which is computed by the following fraction: $A + (12\% \times A \times B)$, where "A" is the outstanding principal amount of the Convertible Bonds and "B" is the number of days from (and including) the issue date to (but excluding) the date of redemption of the Convertible Bonds, divided by 360 days), where the conversion right is exercised pursuant to (a) to (d) of "Conversion Right" above;</p> <p>(b) the Early Redemption Amount (which is computed by the following fraction: $A + (6\% \times A \times B)$, where "A" is the outstanding principal amount of the Convertible Bonds and "B" is the number of days from (and including) the issue date to (but excluding) the date of redemption of the Convertible Bonds, divided by 360 days), where the conversion right is exercised pursuant to an Early Redemption Event; or</p> <p>(c) the principal amount of the Convertible Bond to be converted where the conversion right is exercised pursuant to a Mandatory Conversion Event,</p> <p>in each case by the conversion price of S\$1.345, as adjusted from time to time (the "Conversion Price") in effect at the conversion date in respect of a Convertible Bond. The Conversion Price is calculated based on 50 Days Volume Weighted Average Price of the Company's Shares listed on SGX-ST up to (and including) the date of signing of the Convertible Bonds Agreement.</p> |
| Status | <p>The Convertible Bonds (when issued) will constitute direct, unconditional, unsubordinated and unsecured</p> |

obligations of the Company. The Convertible Bonds at all times rank *pari passu* and without any preference or priority among themselves, and the payment obligations of the Company under the Convertible Bonds shall, save for obligations which are mandatorily preferred by law, at all times rank at least equally with all of its other present and future direct, unconditional, unsubordinated and unsecured obligations.

Redemption

- (a) *Maturity*: Unless previously redeemed or converted and cancelled as provided in the Convertible Bond Agreement, the Company will redeem each Convertible Bond at the Final Redemption Amount on the Maturity Date;
- (b) *Redemption Upon Notification of Liquidity Event*: Unless previously redeemed or converted and cancelled as provided in the Convertible Bond Agreement, the Company will redeem each Convertible Bond at the Final Redemption Amount on the date falling one (1) business day prior to the date of the Liquidity Event;
- (c) *Redemption Upon Notification of Voluntary Termination Event*: Unless previously redeemed or converted and cancelled as provided in the Convertible Bond Agreement, the Company will redeem each Convertible Bond at the Final Redemption Amount on the date fifteen (15) business days after the notification in writing by the Company in respect of a Voluntary Termination Event is given;
- (d) *Redemption Upon Notification of Delisting Event*: Unless previously redeemed or converted and cancelled as provided in the Convertible Bond Agreement, the Company will redeem each Convertible Bond at the Final Redemption Amount on the date fifteen (15) business days after the notification in writing by the Company in respect of a Delisting Event is given;
- (e) *Redemption Upon Notification of Early Redemption Event*: Unless previously redeemed or converted and cancelled as provided in the Convertible Bond Agreement, the Company will redeem each Convertible Bond at the Early Redemption Amount on the date fifteen (15) business days after the notification in writing by the Company in respect of an Early Redemption Event is given.

Adjustment to Conversion Price

The Conversion Price shall be subject to adjustments in the event of, *inter alia*, consolidation, subdivision, redesignation or reclassification, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price, modification of rights of conversion, etc. and other offers to Shareholders.

Modification

To the extent required by the SGX-ST from time to time, any material modification to the terms of the Convertible Bonds which is for the benefit of the Strategic Investor

but is materially prejudicial to the interests of the Shareholders of the Company shall not be effected without the prior approval of the Shareholders of the Company at a general meeting of the Shareholders, unless such modification is made pursuant to the terms of the Convertible Bonds.

5. RATIONALE AND USE OF ASSETS

- 5.1 The rationale for the entry into the Convertible Bond Agreements is to introduce strategic investors for both the Company and the Investco, given that the Convertible Bonds will be mandatorily converted into listed shares of the Company upon a Mandatory Conversion Event. The Strategic Investors also agree to moratorise their allotted Investco Shares for a period of six months, bringing confidence and stability to Investco Shares post listing. The Company will use the net proceeds from the issue of the Convertible Bonds for general corporate and working capital purposes.
- 5.2 The Group will utilise its holdings of treasury shares for the conversion of Convertible Bonds, preventing dilution of the interests of minority shareholders.
- 5.3 Pending the deployment of the net proceeds from time to time for the abovementioned intended purpose, such proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit in the interest of the Company.
- 5.4 The Company will make periodic announcements on the utilisation of the proceeds as and when the funds from the issue of the Convertible Bonds are disbursed or utilised.

6. FINANCIAL EFFECTS OF THE CONVERTIBLE BOND AND CONVERSION SHARES

Bases and Assumptions

- 6.1 For the purposes of illustration only, the *pro forma* financial effects of the Convertible Bonds and the Conversion Shares taken as a whole are set out below. The *pro forma* financial effects have been prepared on the relevant assumptions set out below and based on the unaudited consolidated financial statements of the Company for FY2021 and do not necessarily reflect the actual future financial position and performance of the Company in the event that the Convertible Bonds are fully disbursed and fully converted.
- 6.2 Assuming that the Convertible Bonds are fully disbursed and fully converted on 31 December 2021 and based on the Company's unaudited consolidated financial statements of the Company for FY2021, the *pro forma* financial effects of the Convertible Bonds on the net asset value and earnings per share of the Company for FY2021 are as follows:

| | Before Issuance of Convertible Bonds and Conversion | After Issuance of Convertible Bonds and Conversion |
|---------------------------------------|---|---|
| Net Asset Value per Share (RMB cents) | 915.62 (based on 3,923,414,500 Shares as at 31 December 2021, excluding treasury shares) | 912.98 (based on 3,960,589,220 Shares after the delivery of 37,174,720 Conversion Shares, excluding treasury shares) |
| Profits per Share (RMB cents) | 95.79 (based on weighted average number of ordinary shares of 3,861,049,966 shares for FY2021) | 95.79 (based on 3,960,589,220 Shares after the delivery of 37,174,720 Conversion Shares, excluding treasury shares) |

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Convertible Bond Agreements (other than their direct or indirect financial interest in the Company).

8. DOCUMENTS FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of each of the Convertible Bond Agreements is available for inspection at the current registered office of the Company in Singapore at 80 Robinson Road, #02-00 Singapore 068898 during normal business hours for a period of three (3) months from the date of this Announcement.

Shareholders who wish to inspect the documents at the registered office of the Company are required to send an email request to yangzijiang.sg@yzjship.com (Attention: Yangzijiang Team) to make an appointment in advance. The Company will arrange a date when each Shareholder can come to the registered office to inspect accordingly. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

9. FURTHER ANNOUNCEMENTS AND CAUTIONARY STATEMENT

The Company will announce any material developments on the issuance of the Convertible Bonds as and when appropriate.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company as there is no certainty or assurance as at the date of this announcement that the issuance of the Convertible Bonds will be successful or that the requisite approvals for the issuance of the Convertible Bonds will be obtained. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Ren Letian
Executive Chairman and Chief Executive Officer

4 March 2022