



YANGZIJIANG FINANCIAL HOLDING LTD.
(Company Registration No. 202143180K)
(Incorporated in the Republic of Singapore on 14 December 2021)

COMPLETION OF THE ACQUISITION OF 100% OF THE ISSUED AND FULLY PAID-UP ORDINARY SHARES IN THE CAPITAL OF GEM ASSET MANAGEMENT PTE. LTD.

CLSA Singapore Pte Ltd is the Issue Manager for the listing of Yangzijiang Financial Holding Ltd. on the Mainboard of the Singapore Securities Exchange Trading Limited by way of an introduction.

1. INTRODUCTION

The board of directors (the “**Board**”) of Yangzijiang Financial Holding Ltd. (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 28 April 2022, entered into sale and purchase agreements (the “**SPAs**”) with Newyard Worldwide Holdings Ltd (a company controlled by the Company’s Executive Chairman, Mr. Ren Yuanlin), Mr. Toe Teow Heng (the Company’s Executive Director and Chief Executive Officer) and Ascenta Investments Limited (collectively, the “**Vendors**”), who are the current shareholders of GEM Asset Management Pte. Ltd. (“**GEM**”), for the acquisition of 2,500,000 ordinary shares (the “**Sale Shares**”) that are held by the Vendors. The Sale Shares represent 100% of the issued and paid-up share capital of GEM (the “**GEM Acquisition**”). Mr. Toe Teow Heng, Newyard Worldwide Holdings Ltd and Ascenta Investments Limited hold 30%, 30% and 40% of the share capital of GEM respectively.

The GEM Acquisition constitutes a “non-disclosable transaction” under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited. While the GEM Acquisition (insofar as it relates to the acquisition of the Sale Shares from Mr. Toe Teow Heng and Newyard Worldwide Holdings Ltd) is an interested person transaction under Chapter 9 of the Listing Manual, the value of the transaction is less than 3% of the Group’s latest audited tangible net assets.

2. INFORMATION ON GEM

GEM is a capital markets services-licensed fund management company incorporated in Singapore.

As at 30 June 2021, the book value and the net tangible asset value of the Sale Shares is S\$786,814. There is no open market value for the Sale Shares as they are not publicly traded. The net losses before tax attributable to the Sale Shares is S\$56,498, based on GEM’s results for the financial year ended 30 June 2021.

3. PRINCIPAL TERMS OF THE SPAs

The salient terms of the draft sale and purchase agreements are as follows:

Sale and Purchase of the Sale Shares

The Vendors shall sell and transfer the proportion of the sale shares held by him or it free from all encumbrances and together with all rights, benefits and entitlements now or hereinafter attaching to the sale shares including without limitation all rights, dividends and/or other distributions which may be declared. Each Vendor shall also covenant with the Company that it has now and at all times up to and at completion shall have full power and the right to sell and transfer the legal and beneficial

title in the shares that is registered under his or its name with the Accounting and Corporate Regulatory Authority (ACRA).

Conditions Precedent for the GEM Acquisition

The conditions precedent for the GEM Acquisition are as follows:

- (a) the receipt of all consents and approvals required under any and all applicable laws or from any governmental agency, regulatory or third party required for the sale and transfer of the sale shares, including consents and approvals to be obtained by the Vendors from the Monetary Authority of Singapore (“**MAS**”) (to the extent required under the Capital Markets Services (CMS) licence and applicable laws);
- (b) the total amount of cash in the bank accounts of GEM, net of liabilities as at completion date, should not be less than S\$2,100,000;
- (c) the representations and warranties of the Vendors under the sale and purchase agreements being true and accurate in all material aspects and not misleading in any respect at completion; and
- (d) the representations and warranties of the Company under the sale and purchase agreements being true and accurate in all material aspects and not misleading in any respect at completion.

In-principle approval from MAS for the GEM Acquisition was obtained on 17 March 2022.

Consideration

The aggregate consideration for the GEM Acquisition is S\$3,300,000, to be satisfied in cash (the “**Consideration**”). The consideration that will be paid to Newyard Worldwide Holdings Ltd and Mr. Toe Teow Heng for their stake in GEM is S\$840,000 each, which is based on a discount of approximately 33.33% from the equity value range of GEM between S\$3,825,000 and S\$4,038,000 as at 30 November 2021, on a controlling, non-marketable basis of GEM. The equity value range of GEM was determined by FSC Valuers Pte. Ltd. (the “**Valuer**”), an independent valuer jointly appointed by the Company and the shareholders of GEM. The consideration payable to Ascenta Investments Limited (which is wholly-owned by Mr. Xu Fan, who is an independent third party), is S\$1,620,000. The higher consideration payable to Ascenta Investments Limited was reached after arm’s length negotiations between Mr. Xu Fan and the Company.

The source of funding for the GEM Acquisition is the Company’s internal sources of funds. The GEM Acquisition is conducted on an arm’s length, willing-buyer willing-seller basis, will be on normal commercial terms and is not prejudicial to the interests of the Group and its minority shareholders, as: (i) the provisions of the SPAs do not unduly favour any party to the GEM Acquisition, because the terms of the sale and purchase agreements are terms which a party would obtain if the transaction were on an arm’s length basis and on terms no less favourable to the Company than terms available from independent third parties, and the terms will be consistent with the usual business practice for a similar sale and purchase of shares in a private company, and (ii) the portion of the Consideration payable to Newyard Worldwide Holdings Ltd and Mr. Toe Teow Heng is based on a discount from the valuation of GEM as determined by the Valuer, which is independent of the Vendors and the Company.

The Audit and Risk Committee of the Company, having reviewed and carefully considered the terms of the GEM Acquisition, is of the view that the terms of the GEM Acquisition are on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders, and has accordingly approved the entry of the Company into the GEM Acquisition.

4. COMPLETION OF ACQUISITION

With the transfer of the Sale Shares from the Vendors to the Company, the Board is pleased to announce that the GEM Acquisition has been completed on 28 April 2022. GEM is now a wholly-owned subsidiary of the Company. The Company’s Executive Director and Chief Executive Officer,

Mr. Toe Teow Heng, has also been appointed as a non-executive director of GEM with effect from 28 April 2022. The GEM Acquisition will enable the Group to enter into the fund/wealth management business to generate recurring fee-based income from managing third party investment funds and the provision of wealth management services.

5. GENERAL

Save as disclosed in this announcement, none of the Directors, substantial shareholders or controlling shareholders of the Company has any interest in the GEM Acquisition.

By Order of the Board

Toe Teow Heng
Executive Director and CEO

28 April 2022