



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

**RESPONSES TO QUESTIONS FROM SHAREHOLDERS IN RELATION TO THE EXTRAORDINARY
GENERAL MEETING TO BE HELD ON 31 MAY 2024**

The board of directors (the “**Board**”) of Yangzijiang Financial Holding Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wish to thank all shareholders of the Company (“**Shareholders**”) who have submitted their questions in advance of the Extraordinary General Meeting (“**EGM**”), which will be conducted at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Friday, 31 May 2024, at 3.00p.m. (Singapore time).

The Company has received the following questions from Shareholders (which have been edited for clarity) which are relevant to the resolutions to be tabled at the EGM. The Company’s responses to the Shareholders’ questions are as set out below:

Query 1: Given that the sister company of Yangzijiang Financial Holding Ltd (“YZJFH”), Yangzijiang Shipbuilding (Holdings) Ltd (“YSL”), is also in the Maritime Business, and both companies have the same controlling shareholders, is there a conflict of interest?

The Group is of the view that there is no conflict of interest between the operations of YZJFH and YSL for the following reasons:

YSL is involved in the Maritime Business only in its capacity as an operating owner, unlike YZJFH, which seeks to function as a financial investor in the Maritime Business. YSL and YZJFH operate in different capacities and roles within the Maritime Business. Further, there is currently no transaction between YSL and YZJFH in relation to the New Businesses.

Post-spinoff, YSL’s main operating model remains in shipbuilding (i.e., the construction of a broad range of commercial vessels such as containerships, oil tankers, bulk carriers, LNG vessels and other gas carriers). While it does operate a supplementary shipping business, this is relatively small compared to its shipbuilding operations. YZJFH, on the other hand, has no intention of competing in the shipbuilding segment but will focus mainly on providing Maritime Services such as finance leasing, ship agency, ship broking, as well as providing secured loan services to maritime players. It will also be owning vessels with long charter coverage, with a view of forming joint ventures and/or partnerships with third parties to run the operations.

While YSL was involved in transactions within the Maritime Services and Loan Services sectors prior to the spin-off, it has since ceased entering into new deals in these areas. Furthermore, YSL is engaged in the import and export business related directly to its own shipyards, whereas YZJFH offers these services to non-YSL clients.

Despite having the same controlling shareholders, YSL and YZJFH are separate entities with their own Boards and management teams, ensuring independent decision-making. Nevertheless, YZJFH does not rule out entering into any deals with YSL if it is in the best interests of YZJFH.

Query 2: Will the two listed Yangzijiang companies merge back into one company again? Similar to how Boustead spun out Boustead Projects, only to delist and take it back a few years later?

While we cannot comment on the activities of other companies, we can confirm there are currently no plans to merge with YSL or to privatise the Group. We remain focused on our strategic objectives and are



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committed to enhancing Shareholders' value through our existing operations and investment strategies. We are confident in our direction and the long-term benefits it will bring to our Shareholders.

Query 3: When YSL spun out YZJFH, it was intended for YZJFH to be a fund management company while YSL is a shipping / maritime company. Now that YZJFH is going back into the Maritime Business, what is the rationale of the spinoff in the first place?

The spinoff of YZJFH from YSL was strategically aimed at allowing each entity to focus on its core competencies, enhancing operational efficiencies and Shareholders' value. This allows YSL to focus on its core shipbuilding operations while enabling YZJFH to concentrate on fund management, specifically secured loan origination.

Management also took into consideration that the market prefers both of its core businesses (shipbuilding and fund management respectively) to be separated, operating as "clean entities" as there are no clear synergies from having both shipbuilding and fund management operating out of YSL.

YZJFH's entry into the maritime sector, focusing specifically on the financing and ship-owning portion of this sector, leverages the management's deep industry expertise and relationship with customers and banks in the PRC and global markets. Given the management's wealth of experience operating within the maritime industry, the Group believes it can provide a differentiated fund management offering to stakeholders with a unique value proposition.

Query 4: What is YZJFH's progress in resolving the non-performing loans up to this point? Has the collateralised asset continued to deteriorate, or has it stabilised?

The Group is committed to resolve one-third of its NPLs by the end of 2024 and all outstanding NPLs within the next three years. Its dedicated team of legal and other relevant professionals is actively working on the recovery of the outstanding NPLs. The Group's asset quality remains stable, with no significant write-offs required. The Group has also been able to record write-backs on asset valuations previously marked down and provisions made prior. The Group has adopted a conservative approach to managing these assets and has continuously monitored their development and taking appropriate measures as necessary.

Query 5: China's property market continues to face headwinds and uncertainties. Will the recent measures taken by the Chinese government to help property developers impact your earnings going forward?

It is uncertain how these measures will directly impact the Group's earnings. The measures include plans by the local State-owned enterprises on purchasing unsold residential properties, increasing infrastructure investments, promoting urbanisation, and including liquidity provisions through policy loans and special securities with the aim to stabilise the real estate market. The Group has already made the necessary provisions for potential impact on our assets, based on our management team's conservative assessment. Where recoverable amounts are received in the future, it could result in an upside to earnings.



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By Order of the Board

Ren Yuanlin
Executive Chairman and Chief Executive Officer

26 May 2024