



Yangzijiang Financial Holding Ltd.

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Singapore 048619

(Co. Reg. No. 202143180K)

MEDIA RELEASE – FOR IMMEDIATE RELEASE

Yangzijiang Financial’s Maritime Fund Invests in 2 Chemical and Product Tankers, Co-Charterers 8 MR Tankers

- **Invested in chemical/product tankers RT Star, with subscribed amount of US\$19.5 million, and OM Shanghai, with subscribed amount of US\$12.6 million**
- **Entered co-charter agreement for 8 eco MR product/chemical tankers for a period of less than a year for each vessel**
- **Maritime Fund has closed a total of 12 deals, committed an amount of US\$178.8 million and invested US\$82.8 million**

Singapore, 20 July, 2023 – Yangzijiang Financial Holding Ltd. (“Yangzijiang Financial”, together with its subsidiaries, the **“Group”**) a Singapore-incorporated financial company engaged in the businesses of investment management, and the provision of wealth management and fund management services, is pleased to announce Yangzijiang Maritime Private Equity Fund #2 (the **“Fund”**), a sub-fund being managed by Yangzijiang Financial’s wholly owned subsidiary GEM Asset Management Pte Ltd, has invested in two chemical and product tanker projects, and entered into agreement to co-charter for eight eco medium range (**“MR”**) chemical and product tankers.

The demand for crude oil tankers is expected to increase by 6.5% in 2023, while demand for product tankers is expected to grow by 9.1%. The overall demand outlook for 2024 and 2025 is also positive, with total tanker deadweight tonnage (**“DWT”**) demand projected to increase by 4.9%.

The combination of strong demand and tight supply is likely to support tanker charter rates in the coming years. Tanker owners are likely to benefit from this positive market outlook, as they will be able to command higher charter rates for their vessels.



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Tanker Investments

The Fund has invested in two chemical and product tankers namely (a) RT Star, with a subscribed investment amount of US\$19.5 million; and (b) OM Shanghai, with a subscribed investment amount of US\$12.64 million. RT Star is a 26,199-DWT stainless steel chemical and product tanker that transports IMO 2¹ cargoes. The Fund co-owns this vessel together with a Shanghai-based tanker specialist owner/operator. OM Shanghai is a 19,999 DWT stainless steel chemical and product tanker that also carries IMO 2 cargoes. The Fund co-owns the vessel together with a Singapore-based owner/operator. Both tankers can use Very Low Sulfur Intermediate Fuel Oil (“VLS IFO”).

Chemical tankers are specialised vessels designed to transport various types of chemicals in bulk, including liquid chemicals, gases, and other hazardous or specialised cargoes. They are complex vessels, with most having multiple segregated tanks. Chemical tankers are typically IMO 1 or 2 graded, and can have corrosion-resistant, stainless-steel tanks.

Handy product tankers are defined as those between 25,000 DWT and 39,999 DWT in size and having coated cargo tanks. Handy product tankers are generally used on short and medium-haul voyages to transport either clean or dirty oil products. The smaller dimensions of Handy vessels provide significant trading flexibility in terms of the number and types of ports to which the vessels can call. The principal trade routes for Handy vessels are intra-regional trades in Europe and Asia.

Tanker Co-Chartering Agreement

Additionally, the Fund has entered into a co-chartering agreement for eight eco MR chemical and product tankers with an experienced international tanker charterer (the Charterer) for a period of less than a year for each vessel. Using VLS IFO according to IMO 2020 fuel requirements, each MR tanker has a capacity of 49,999 DWT and carries IMO 2 cargoes.

¹ International Maritime Organization



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The chemical and product tanker is in anticipation of an improved market for the sector in 2024 and 2025. This move is an optimistic bet on the future of the MR tanker market, which has consistently delivered good returns to owners since 2022.

The Fund together with the Charterer plan to secure time charters for the 1st time charter trip of the charter period, and hedge against weak summer months by entering into forward freight agreements. This will aid in protecting the Fund's earnings and ensure that it benefits from the expected improvement in MR tanker charter rates.

MR tankers refer to those between 40,000 DWT and 54,999 DWT in size, and have coated cargo tanks of a total cubic carrying capacity of 30,000-40,000 metric tons of gasoline and gas oil. MR tankers are utilised on short, medium and long-haul voyages transporting either clean or dirty oil products. The principal trade routes for MR vessels are intra-regional trades in Asia, the Middle East, Europe and Americas, trades from Europe to the West Atlantic, from the US Gulf to Latin America and Europe, and from the Middle East to Africa and Europe.

Core Strategy

The tanker project investments and co-chartering agreement are in keeping with the core strategies of the Fund, which has closed a total of 12 deals as at the date of this press release. To date, the Fund has committed US\$178.8 million in funding and has invested a sum of US\$82.8 million.

The Fund is well-positioned in the investing, financing/leasing, managing and chartering of maritime assets – including vessels – with a global geographical focus. It targets eco-friendly, sustainable, and energy-efficient maritime assets, in line with environmental, sustainability and governance principles. The Fund is focused on vessels in the gas sector, including those transporting liquefied natural gas, liquefied petroleum gas, liquefied ethane gas, methanol, hydrogen, ammonia and carbon dioxide. The Fund will also, from time to time, invest in other sectors, including renewable power projects and eco-design vessels.



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AUM and IRR Targets

The Fund targets to have assets under management (“AUM”) of US\$600 million. The Fund has secured capital commitments of US\$500 million, of which US\$200 million is committed by the Group. The Fund is working with other investors to secure the remaining US\$100 million to hit the Fund’s AUM target.

Aiming to achieve an internal rate of return (“IRR”) of 10% to 18% for its portfolio, the Fund has established a comprehensive risk management framework to minimise liquidity, concentration and principal erosion risks. As of 30 June 2023, the Fund’s portfolio had achieved an IRR of 16.4% and a year-to-date return on equity of 17.7%.

Outlook and Opportunities

As the global economy recovers from the lingering effects of the COVID-19 pandemic, the limited supply of vessels and increasingly stringent environmental regulations in the shipping industry will continue to support newbuilding and second-hand investments.

In the meantime, although the most common mode of acquisition financing for ships has been the use of debt and equity, ship leasing has grown to become an important alternative over the past decade. With the global ship leasing market projected to expand at a significant pace over the next five years, the Fund is strategically placed to offer an attractive, tailor-made leasing product, as well as develop as a highly sought-after financing partner, for both shipping and oil-service companies.

This business could further enhance the strong ties that have been built with shipowners and commercial investors in the ship leasing sector over the decades.

Mr Vincent Toe, the Chief Executive Officer of Yangzijiang Financial, added: ***“The Group is uniquely positioned to manage the Maritime Fund, which is guided by Chairman Ren Yuanlin, who has 40 years of experience in investments in the maritime sector, and is the single largest shareholder of the largest non-state-owned shipyard in China. The Fund aims to achieve capital appreciation, as well as generate steady income and returns through investments in***



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a variety of maritime assets that include both debt and equity projects. It also hopes to develop as an alternative and stable source of capital for the shipping industry. Chairman Ren Yuanlin and former members of Yangzijiang Shipbuilding (Holdings) Ltd., who are now part of the Group, have established a track record of generating above-market returns under Yangzijiang Shipbuilding (Holdings) Ltd. With capital commitments of US\$500 million, we are well on our way to achieving our goal of transitioning Yangzijiang Financial into a full-fledged asset manager.”

- End Of Press Release -

Company Profile

Yangzijiang Financial Holding Ltd. is a Singapore-incorporated company whose principal businesses comprise the following: (i) investment management, which seeks capital appreciation and investment income from investments in both public and private companies, funds and debt investments; (ii) provision of wealth management services for advisory income, and (iii) fund management to generate recurring fee-based income from the management of third-party investment funds.



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For more information, please visit the website at: www.yzifin.com

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