

**CIRCULAR DATED 16 MAY 2024**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Circular is issued by Yangzijiang Financial Holding Ltd. (the “**Company**”). **If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.**

If you have sold or transferred all your shares in the capital of the Company, you should immediately inform the purchaser or transferee or bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of EGM and the attached Proxy Form) may be accessed at SGXNET or the Company’s corporate website at <https://www.yzjfin.com>.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.



## **YANGZIJIANG FINANCIAL HOLDING LTD.**

(Incorporated in Singapore on 14 December 2021)  
(Company Registration No. 202143180K)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

#### **THE PROPOSED DIVERSIFICATION OF BUSINESS**

#### **IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	28 May 2024 at 3 p.m.
Date and time of EGM	:	31 May 2024 at 3 p.m.
Place of EGM	:	Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

### **General**

- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
  - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “Audit and Risk Committee” or “ARC”** : The Audit and Risk Committee of the Company and as at the Latest Practicable Date, comprising Mr. Chua Kim Leng (Chairman), Mr. Yee Kee Shian, Leon and Mr. Chew Sutat
- “Board”** : The board of Directors of the Company as at the Latest Practicable Date
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 16 May 2024
- “Company”** : Yangzijiang Financial Holding Ltd.
- “Companies Act”** : The Companies Act 1967 of Singapore, as amended, modified and/or supplemented from time to time

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## DEFINITIONS

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<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"><li>(a) holds directly or indirectly fifteen per cent. (15%) or more of the nominal amount of all voting shares in the Company. Notwithstanding, the SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or</li><li>(b) in fact exercises control over the Company</li></ul>
<b>“CPF”</b>	:	The Central Provident Fund
<b>“CPF Agent Banks”</b>	:	Agent banks approved by CPF
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be convened on 31 May 2024 at 3 p.m.
<b>“EPS”</b>	:	Earnings per share
<b>“ESG”</b>	:	Environmental, Social, and Governance
<b>“Existing Core Business”</b>	:	The following businesses of the Company as at the Latest Practicable Date: <ul style="list-style-type: none"><li>(a) the investment management business;</li><li>(b) the fund management business; and</li><li>(c) the wealth management business,</li></ul> as further elaborated in section 2.1 of this Circular
<b>“FY2024”</b>	:	Financial year ending 31 December 2024
<b>“GEM Asset”</b>	:	GEM Asset Management Pte. Ltd., a Singapore-based capital markets services (CMS)-licensed fund management company and wholly-owned subsidiary of the Company
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“HFTP”</b>	:	Hainan Free Trade Port (海南自由贸易港)

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## DEFINITIONS

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<b>“Import and Export Business”</b>	:	The business of importing and exporting, with a focus on the importing and exporting of shipping equipment, material and/or components including advanced materials, specialised equipment, and other components that improve the ESG performance of vessels, as further elaborated in section 2.2(d) of this Circular
<b>“Latest Practicable Date”</b>	:	6 May 2024, being the latest practicable date prior to the date of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended, modified and/or supplemented from time to time
<b>“Loan Services”</b>	:	The business of providing loans, which include pre-delivery loans and secured loans to companies in the shipping industry, as further elaborated in section 2.2(b) of this Circular
<b>“Maritime Business”</b>	:	The business of:  (a) investing in maritime assets for the purpose of leasing, chartering and/or sale; and  (b) providing financing for shipping companies,  as further elaborated in section 2.2(c) of this Circular
<b>“Maritime Services”</b>	:	The business of providing maritime services, which include finance leases, operating leases, ship agency and shipbroking services, as further elaborated in section 2.2(a) of this Circular
<b>“New Businesses”</b>	:	The following businesses:  (a) the Maritime Services;  (b) the Loan Services;  (c) the Maritime Business; and  (d) the Import and Export Business,  as further elaborated in section 2.2 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“PRC”</b>	:	The People’s Republic of China

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## DEFINITIONS

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<b>“Proposed Diversification”</b>	:	The diversification and expansion of the Group’s Existing Core Business to include the New Businesses, as further elaborated in section 2 of this Circular
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as set out in this Circular
<b>“Relevant Intermediary”</b>	:	(a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;  (b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or  (c) the CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation
<b>“Securities Account”</b>	:	The securities account(s) maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
<b>“SFA”</b>	:	The Securities and Futures Act 2001 of Singapore, as amended, modified and/or supplemented from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“SGXNET”</b>	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
<b>“Shareholders”</b>	:	Persons (not being Depositors) who are registered as members, whose names are entered in the register of members of the Company, and Depositors who have shares entered against their names in the Depository Register, except that where CDP is the registered holder, the term <b>“Shareholders”</b> shall, where the context admits, mean Depositors whose Securities Accounts are credited with Shares
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company

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## DEFINITIONS

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“SRS”	:	The Supplementary Retirement Scheme
“SRS Operators”	:	Agent banks included under the SRS
“Substantial Shareholder”	:	A person who has an interest or interests in one (1) or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5.0%) of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
“YSL”	:	Yangzijiang Shipbuilding (Holdings) Ltd.

### Currencies, units and others

“S\$”, “SGD” or “\$” and “cents”	:	Singapore Dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“%” or “per cent.”	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The term “**subsidiary**” shall have the meaning ascribed to it under Section 5 of the Companies Act.

Words importing the singular number shall include the plural number where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the SFA or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the Listing Manual or the SFA or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day or date in this Circular is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

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## LETTER TO SHAREHOLDERS

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### **YANGZIJIANG FINANCIAL HOLDING LTD.**

(Incorporated in Singapore on 14 December 2021)  
(Company Registration No. 202143180K)

#### **Board of Directors:**

**Ren Yuanlin** (Executive Chairman and Chief Executive Officer)  
**Chew Sutat** (Lead Independent Non-Executive Director)  
**Chua Kim Leng** (Independent Non-Executive Director)  
**Yee Kee Shian, Leon** (Independent Non-Executive Director)

#### **Registered Office:**

9 Raffles Place #26-01  
Republic Plaza  
Singapore 048619

16 May 2024

To: The Shareholders of Yangzijiang Financial Holding Ltd.

Dear Sir/Madam

#### **PROPOSED DIVERSIFICATION**

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##### **1. INTRODUCTION**

###### **1.1 EGM**

The Directors are convening the EGM to be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on 31 May 2024 at 3 p.m. to seek Shareholders' approval in relation to the proposed diversification and expansion of the Group's Existing Core Business to include the New Businesses (the "**Proposed Diversification**"), as further elaborated in section 2.2 of this Circular.

The Proposed Diversification is set out as an ordinary resolution in the Notice of the EGM accompanying this Circular.

###### **1.2 Circular to Shareholders**

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Diversification. Shareholders' approval will be sought at the EGM, notice of which is set out on pages N-1 to N-4 of this Circular.

The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

Shareholders are advised to read the "Risk factors" set out in section 2.6 of this Circular carefully in relation to the risks associated with the New Businesses. Shareholders who are in any doubt as to the action they should take, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser(s).



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## LETTER TO SHAREHOLDERS

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### 1.3 Legal adviser

The Company has appointed Shook Lin & Bok LLP as its legal adviser in respect of the Proposed Diversification.

## 2. THE PROPOSED DIVERSIFICATION

### 2.1 Existing Core Business of the Group

The current core business of the Group (the “**Existing Core Business**”) comprises the following:

- (a) the investment management business comprising (i) debt investment (at amortised costs) which is fixed interest debt investment via entrusted loan structure arrangements in the PRC, (ii) microfinancing which provides microfinancing loans in Jiangsu Province in the PRC, (iii) direct investments which are investments in both public and private companies, as well as deploying funds into various situations in the PRC and Singapore and (iv) fund investments which are the investments as limited partnership or co-general partnership into funds managed by GEM Asset or third-party fund manager in the PRC and Singapore;
- (b) the fund management business, which manages funds pooled by proprietary capital and third-party funds in Singapore; and
- (c) the wealth management business, which provides wealth management services such as family offices in Singapore.

### 2.2 Information regarding the Proposed Diversification

Upon obtaining the approval of Shareholders for the Proposed Diversification at the EGM, the Group intends to expand its Existing Core Business to include the New Businesses as set out below, as and when appropriate opportunities arise.

The New Businesses are part of the maritime industry, an industry which the Group is well-versed in given that its management team has extensive experience in this industry as outlined in section 2.5 of the Circular.

The Group established its Maritime Fund in August 2022 and has recently increased its fund size to USD600 million due to the growing maritime industry. Prior to the decision to undertake the New Businesses, the Group had conducted due diligence on the New Businesses by considering the following:

#### Market Analysis

A study on the market trends, which includes the size, growth potential, competition, regulatory environment, and customer demographics, to understand the supply and demand in each of the New Businesses.

#### Industry Analysis

An evaluation of the dynamics of each of the New Businesses, which includes supply chain, key players, pricing strategies, and technological advancements.

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## LETTER TO SHAREHOLDERS

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### Financial Analysis

An evaluation of the financial implications and returns of entering the New Businesses, which includes cost structures, revenue forecasts, potential return on investments, and funding requirements.

### Strategic Fit

An assessment of the New Businesses' alignment with the Company's overall strategy, goals, and core competencies.

### Regulatory Analysis

An investigation of the relevant legal and regulatory requirements governing the New Businesses, including but not limited to permits, licences, and industry regulations, both domestically and internationally.

### Risk Analysis

An assessment of potential risks and uncertainties associated with the New Businesses, which includes market risks, operational risks, financial risks, regulatory risks, and reputational risks, and risk mitigation strategies.

### Customer Analysis

An understanding of the target customer base for each of the New Businesses.

### Exit Strategy

In the event that the New Businesses (whether in whole or in part) do not yield the expected financial results, the Company analysed the possible exit methods such as through divestment, restructuring, or discontinuation.

The details of the New Businesses are as follows:

(a) **Maritime Services**

It is intended for the Group to provide tailored maritime services which include finance leases, operating leases, ship agency and shipbroking services.

Finance leases comprise the following two (2) separate leasing models:

- (i) direct finance leases which by way of an example, refers to the Group acquiring ownership of a vessel in accordance with a lessee's specific requirements and choice of shipyard. According to the finance leasing agreement, the lessee pays the Group periodic lease payments. During the lease term, the ownership of the vessel belongs to the Group. After the expiration of the lease term, and upon full lease payment and fulfilment of the obligations by the lessee under the finance leasing agreement, the ownership of the vessel is transferred to the lessee; and

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## LETTER TO SHAREHOLDERS

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- (ii) sale-and-leasebacks which refer to the Group purchasing a vessel from the lessee and immediately thereafter, the Group leases the same vessel to the lessee for periodic lease payments by the lessee to the Group.

The accounting treatment for the finance leases is envisaged to be as follows:

- Interest Income: Interest income arising from the finance leases will be recognised using the effective interest method.
- Lessor – Finance Leases: Leases where the Group transfers substantially all risks and rewards incidental to ownership of the leased assets to the lessees are classified as finance leases. The leased asset is derecognised, and the present value of the lease receivable is recognised on the balance sheet under “trade and other receivables”. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

An operating lease refers to the Group granting the right to use a vessel to a lessee for a specified period and in return for periodic lease payments by the lessee to the Group. The accounting treatment for the operating leases is envisaged to be as follows:

- Charter Income: Income from time charter, which is an operating lease in nature, is recognised on a straight-line basis over the period of the charter.
- Lessor – Operating Leases: Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.
- Property, Plant, and Equipment – Vessels: Vessels are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate their depreciable amount over the estimated useful lives. The Group assesses impairment of vessels when indicators of impairment exist. If the carrying amount of a vessel exceeds its recoverable amount, an impairment loss is recognised.

Ship agency and shipbroking services are proposed to be provided by the Group to shipbuilders incidental to the conduct of the Group’s finance leases business by leveraging on the Group’s extensive network and substantial experience in the maritime industry. Ship agency and shipbroking services include identifying market opportunities for shipbuilders, recommending shipbuilders to interested purchasers, advising interested purchasers on vessel types, specifications and capabilities, providing market information to shipbuilders and interested purchasers, liaising with and serving as the channel of communication between shipbuilders and interested purchasers, negotiating the terms of shipbuilding agreements, as well as resolving issues that arise during the execution of shipbuilding agreements. In the case of shipbroking services, the Group may receive a commission which is typically 1% of the shipbuilding price from the shipbuilder upon successful facilitation of the conclusion of a shipbuilding transaction, and in the case of ship agency services, the Group may charge a commission for newbuilding ranging from 1.5% to 3% of shipbuilding contract value and for ship repairing or equipment up to 5% of contract value for ship repairing or equipment.

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## LETTER TO SHAREHOLDERS

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### (b) Loan Services

As at 31 December 2023, 40.1% of the Company's assets are in cash and yield enhancement products. Given the strong liquidity of the Company, it is intended for the Group to provide loan services which include the provision of pre-delivery loans and secured loans to companies in the shipping industry.

Pre-delivery loans provide customers with the required funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. Pre-delivery loans will be extended solely to finance the purchase of vessels under the Group's finance lease transactions.

Secured loans will be offered to customers to satisfy their working capital needs and/or finance their purchase of shipping vessels or assets. The Group will determine the loan amount, interest rate, maturity period and use of funds primarily based on the customers' creditworthiness, repayment capabilities as well as financing needs. Such loans are secured by the customers' vessels or assets.

The accounting treatment for the Loan Services is envisaged to be as follows:

- Interest Income: Interest income arising from loan receivables is recognised using the effective interest method.
- Financial assets at amortised cost: Debt instruments associated with loan receivables are measured at amortised cost. Expected credit losses are assessed on a forward-looking basis, with impairment recognition dependent on changes in credit risk. The Group utilises a three-stage approach for impairment assessment, distinguishing between 12-month expected credit losses and lifetime expected credit losses based on the change in credit risk since initial recognition.

### (c) Maritime Business

The Company will be investing in the Maritime Business on its own or by forming a joint-venture with operating partner(s) to acquire new or existing shipping vessels and in particular, vessels with long charter coverage. The Company aims to hold at least 20% of the shareholding interests in the entities which will hold these vessels. The exact shareholding interests will be determined on a case-by-case basis, and are subject to negotiation with the operating partner(s).

In this way, the operating partner(s) and/or third-party management company could provide technical, commercial, administrative and financial management services to manage the vessels. Charter-hire generated from the charter of the acquired vessels held by the joint venture entities may be chartered to charterers operating from various countries, and the vessels will operate internationally. The assets acquired principally for the co-investment purpose are intended to be held for trading in the short term, and for sale in the long term. It is expected that dividend income will be received from the joint venture entities in the short term, and the proceeds from the disposal of assets at fair value will be distributed to the Company in the long term. For the avoidance of doubt, pursuant to Paragraph 2.6 of Practice Note 10.1 of the Listing Manual, a disposal of an issuer's business (or a substantial part of its business) will usually not be considered to be in the ordinary course of business.

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## LETTER TO SHAREHOLDERS

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As at the date of this Circular, the Group holds two (2) shipping vessels under its wholly-owned subsidiaries, Onyx River Shipping Limited, and Rhein River Shipping Limited, both of which were incorporated in December 2023. The total investment size of these two (2) shipping vessels is US\$20.75 million, an amount which is immaterial to the Group's revenue contribution. Through its wholly-owned subsidiary, the Group entered into agreements with the non-related parties to acquire these two (2) shipping vessels at the purchase prices of US\$14.38 million and US\$16 million respectively. The total amount that the Group intends to invest in these two projects via share subscription is US\$20.75 million in aggregate. As at 31 December 2023 audited figures, out of the aggregate investment of US\$20.75 million (equivalent to approximately S\$27,330,000<sup>1</sup>) in these two (2) shipping vessels, the Group has invested US\$8 million (equivalent to approximately S\$10,537,000<sup>2</sup>), and it has been recognised by the Group as follows: (i) a vessel value of S\$18,941,000; (ii) working capital receivable of S\$2,112,000; (iii) non-controlling interests of S\$10,537,000; and (iv) administrative expenses of S\$21,000. This resulted in an impact on the Company's net assets of S\$10,516,000 and a net loss of S\$21,000 as at 31 December 2023.

The Group holds investments in the Maritime Business, which can be classified as investments in associated companies and joint ventures, depending on the contractual arrangements. The accounting treatment for the Maritime Business is envisaged to be as follows:

- **Dividend Income:** Dividend income arising from investments in associated companies and joint ventures is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend payments will flow to the Group, and the amount of the dividend payments can be reliably measured.
- **Associated Companies and Joint Ventures:** Associated companies are entities over which the Group has significant influence, generally accompanied by a shareholding giving rise to voting rights of 20% and above. Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for using the equity method of accounting less impairment losses, if any. This method initially recognises investments at cost, and adjustments are made thereafter to recognise the Group's share of post-acquisition profits or losses of the investee in profit or loss. Dividends received from associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments.

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1 Based on the exchange rate of US\$1.00 = S\$1.3171 applied in the Group Financial Statements.

2 *Ibid.*

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## LETTER TO SHAREHOLDERS

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### (d) Import and Export Business

It is intended for the Group to distribute merchant ships and offshore engineering products, shipping equipment, material and/or components through import and export channels within regions including Singapore, Japan, Korea, Europe, America and the PRC. The Group will import and export ships, offshore vessels, marine equipment, materials and/or components which include advanced materials, specialised equipment, and other components that improve ESG performance of the vessels. The line of business includes the wholesale distribution of transportation equipment and supplies, and the Group may receive a commission which generally represents up to five per cent (5.0%) per cent of total contract value from the relevant clients.

The accounting treatment for the Import and Export Business is envisaged to be as follows:

- **Commission Income:** The Group acts as an agent to provide the service of arranging for the transfer of goods from the supplier to the customer. The Group recognises a commission fee, which is the net amount of consideration that the Group retains after paying the supplier the consideration received in exchange for the goods or services to be provided by that supplier.

Notwithstanding the disclosure of the proposed accounting treatment for each of the New Businesses as set out in this section 2.2 above, the final accounting treatment for such New Businesses will be determined in agreement with the Company's auditors.

The Company anticipates that the proposed New Businesses can commence operations on relatively short notice in jurisdictions outside of the PRC. This is because, as at 31 December 2023, 40.1% of the Company's assets were in cash and yield enhancement products, which provides sufficient liquidity to support the New Businesses. Further, licences, permits and approvals are not required for the Maritime Services and the Maritime Business. In relation to the Loan Services, given that the Company will not be extending loans to individuals, the Company shall apply to be an Exempt Moneylender registered in the Republic of Singapore and does not anticipate the process to take longer than 12 months. In relation to the Import and Export Business, the Company intends to apply for an import certificate and hopes to obtain such certificate within a relatively short time. Please refer to section 2.4 of this Circular for further details on approvals, licences and government regulations.

### **2.3 Rationale for the Proposed Diversification**

The Board proposes to diversify the Group's Existing Core Business to include the New Businesses for the following reasons:

#### (a) Ability to capitalise on existing relationships with customers and banks in the PRC

The Company is a spin-off company from YSL, which is one of the largest private shipbuilding companies in the PRC with a long maritime heritage and strong customer network. YSL produces a broad range of commercial vessels including medium and large containerships, bulk carriers, oil tankers, liquid carriers such as chemicals, liquefied natural gas (LNG), liquefied ethane gas (LEG), liquefied petroleum gas (LPG) and other clean energy ships as well as various multi-purpose ships and ocean engineering equipment. While the Group is not involved in any transactions with YSL

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## LETTER TO SHAREHOLDERS

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currently, the Group is of the view that its strong ties with YSL historically would mean that the Group may capitalise on YSL's existing strong customer base and industry knowledge within the shipping industry. With YSL's existing strong customer base, the Group may generate business from YSL's existing customers within the shipping industry who require services provided by the New Businesses. In addition, armed with industry knowledge, the Group may also cater to the needs of its customers and adapt to the dynamic landscape of the marine industry.

Further, the Group may also capitalise on its existing relationship with banks in the PRC. The Group's existing relationship with these banks may make it easier for the Group to raise funds for the New Businesses. The Group may also be able to obtain financing on more favourable terms.

(b) Additional revenue stream

The Group is of the view that the New Businesses are expected to provide additional revenue streams for the Group which may include leasing income, interest incurred from loan services as well as profits from distribution channels. The New Businesses may provide the Group with a more diversified business and income base for future growth and reduce the Group's reliance on its existing business for its revenue streams. As the Group explores new businesses and industries, this will allow the Group to be more resilient in the face of challenging conditions in its Existing Core Business. The Group will venture into the New Businesses prudently, with a focus on achieving long-term growth and enhancing Shareholder value in the long run.

(c) Enhance Shareholders' value

The Group is of the view that the Proposed Diversification is a key part of the Group's corporate strategy to provide Shareholders with a diversified portfolio and risk profile and to enhance the Group's long-term prospects for profitability and growth. The Group envisages that the additional revenue streams will provide the Group with more profits which could lead to the enhancement of Shareholders' value in the long term.

(d) Provide flexibility to enter into transactions relating to the New Businesses

The Proposed Diversification will enable the Group to pursue business opportunities in the area of the New Businesses, in the ordinary course of the Group's business, while complying with Chapter 10 of the Listing Manual. The Group will not have to continuously seek approval from Shareholders which may result in undue delay to the Group's decision-making processes. This will substantially reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group. This is in line with the Group's mission to develop an effective business model and to continually create and develop opportunities to maximise benefits to Shareholders.

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## LETTER TO SHAREHOLDERS

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(e) Tax incentives for the New Businesses in Hainan, the PRC

Since 2020, HFTP policies, particularly, zero tariff for raw materials and transportation vehicles as well as a 15% income tax policy for companies and individuals (instead of the standard PRC marginal rates of 25% and 45% respectively) have been implemented. Since the implementation of these policies, Hainan has seen significant development, for instance, 11.2% GDP growth in 2021, 16.2% growth in deployed foreign capital in 2021 and 92.6% growth in newly established foreign invested enterprises in 2021<sup>3</sup>. While the Company currently has no plans for the New Businesses to operate in the PRC, there may be some shipping equipment, material and/or components which may be transported through the PRC for the Import and Export Business. As such, lower tax rates may likely benefit the New Businesses as such policies could decrease operation costs.

(f) Facilitation of capital flow

The New Businesses may allow for the facilitation of capital flow within the Group. Leasing fees paid by customers, interests received from loan borrowings as well as income from export and import services may allow for capital flow into the Group. Capital may also flow out of the Group to pay for the operating costs of the New Businesses such as the purchase of vessels, purchase of shipping equipment, material and/or components as well as the issuance of loans to customers, among other things.

### 2.4 Approvals, licences and government regulations

(a) Loan Services

The Moneylenders Act 2008 of Singapore (the “**Moneylenders Act**”) governs the law of moneylending in Singapore. Section 5(1)(a) of the Moneylenders Act states that “*a person must not carry on or hold out in any way that the person is carrying on the business of moneylending in Singapore, whether as principle or as agent, unless the person is authorised to do so by licence*”.

The Group will apply for all the requisite licences, permits and/or approvals as are necessary, desirable or required for any activities carried out in Singapore pertaining to the Loans Services. After obtaining the requisite licences, permits and/or approvals, the Group is also subject to a continuing licensing condition insofar as a moneylender’s licence is valid for a period of 12 months. In the event that such licence is not renewed, Section 19(1) of the Moneylenders Act states that any person who contravenes or who assists in the contravention of Section 5(1) of the Moneylenders Act shall be guilty of an offence and in the case where the person is a body corporate, shall on conviction be punished with a fine of not less than \$50,000 and not more than \$500,000.

As at the Latest Practicable Date, it is noted that the Registry of Moneylenders has temporarily suspended the grant of new moneylending licences. Notwithstanding the foregoing, given that the Company does not intend to extend loans to individuals, the

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<sup>3</sup> Source: The 2022 Hainan Free Trade Port Investment Guide (2022海南自由贸易港投资指南) issued by the PRC Council for the Promotion of International Trade Hainan Sub-council which can be accessed at <http://www.investhainan.cn/hwh/Resources/202204/P020220712462082812978.pdf>



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## LETTER TO SHAREHOLDERS

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Company intends to apply to be an “Exempt Moneylender” registered in the Republic of Singapore. In the event that the Company intends to extend loans to individuals and the Registry of Moneylenders has lifted the suspension, the Company may consider applying for the relevant licence then. However, where it is not possible or practicable for the Group to obtain such licence, the Group intends to seek strategic partnerships or collaborations with entities which are in possession of such licence. As at the Latest Practicable Date, the Group has not identified any potential strategic partners at this juncture. Given that each deal is on a project basis, the Group will explore potential strategic partnerships at each deal evaluation stage.

(b) Import and Export Business

The Regulation of Imports and Exports Act 1995 of Singapore governs the law of import and export in Singapore. Section 3 of the Import and Export Regulation states that “*no goods shall be imported into Singapore, exported out of Singapore, or transhipped in Singapore, except in accordance with permit granted by the Director-General*”.

The Group will apply for all the requisite licences, permits and/or approvals as are necessary, desirable or required for any activities carried out in Singapore pertaining to the Import and Export Business. The validity of the requisite licences, permits and/or approvals shall depend on the duration granted by the Director-General as prescribed in the import certificate. In accordance with Section 3(6) of the Import and Export Regulations, any importer or exporter who imports or exports goods into or out of Singapore shall be guilty of an offence, except in accordance with a permit granted by the Director-General. Where it is not possible or practicable for the Group to obtain such required licences, permits and/or approvals, the Group intends to seek strategic partnerships or collaborations with entities which are in possession of such required licences, permits and/or approvals. As at the Latest Practicable Date, the Group has not identified any potential strategic partners at this juncture. Given that each deal is on a project basis, the Group will explore potential strategic partnerships at each deal evaluation stage.

For the avoidance of doubt, the Company has not commenced application for any of the aforementioned licences. However, the Company intends to apply for an import certificate as soon as practicable after approval from Shareholders has been obtained for the diversification into New Businesses and expects to obtain the import certificate in a relatively short time.

There are licensing requirements set by the National Financial Regulatory Administration (国家金融监督管理总局) (<https://www.cbirc.gov.cn/>) for the Company to extend its New Businesses in the PRC. However, the Company does not currently intend to extend its New Businesses the PRC due to licensing and commercial reasons. It is the Company’s current intention to only explore expanding the New Businesses in jurisdictions where licensing requirements for the New Businesses are not applicable or waived. These jurisdictions include Panama, Liberia, Marshall Islands, Hong Kong, Bahamas, Malta, and Cyprus.

Save for the above, there are no other licences, permits and/or approval which are necessary, desirable or required for the New Businesses.

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## LETTER TO SHAREHOLDERS

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### 2.5 Management of the New Businesses

It is currently envisaged that Mr. Ren Yuanlin (“**Mr. Ren**”) and Mr. Liu Feng (“**Mr. Liu**”) from our Group will be initially managing the New Businesses.

As at the Latest Practicable Date, Mr Ren is the Executive Chairman of the Company. He was appointed to the Board on 14 December 2021. His responsibilities include providing leadership and governance of the Board so as to enhance the Board’s effectiveness and ensure that all key and appropriate issues are discussed by the Board in a timely manner. Mr. Ren’s role also ensure that the Board plays a full and constructive part in the development and determination of our Group’s strategies and policies and that Board decisions taken are in our Group’s best interests and fairly reflect the Board’s consensus. He also seeks to ascertain that the strategies and policies agreed upon by the Board are effectively implemented by the CEO and the management team. Mr. Ren joined YSL (formerly known as Jiangyin Ship-repairing & Shipbuilding Cooperative) in July 1973 as a construction steel worker in its hull workshop. Mr. Ren has since held various roles in several areas, including technology management and production management, and was appointed as a director of the company in 1985. Mr. Ren was named the President of YSL in January 2007, before YSL became publicly listed on the Mainboard of the SGX-ST in April 2007. Mr. Ren was awarded the Ernst & Young Entrepreneur Award in 2011. In 2020, Mr. Ren became the Honorary Chairman of YSL. Under the leadership of Mr. Ren as President and Executive Chairman of YSL, the total asset size of YSL exceeded SGD10 billion, with more than 5,000 employees from 2007 to 2020. As a testament to his expertise in the marine industry, Mr. Ren was voted by Lloyd’s List as one of the top 100 most influential personalities in the shipping industry.

Mr. Liu is currently the General Manager of the Company and assists Mr. Ren with overseeing the Company’s business in the PRC. He was previously working with YSL prior to joining the Group and has more than twenty (20) years of experience in the shipbuilding business. In YSL, Mr. Liu held the positions including, amongst others, Group Deputy General Manager, Assistant General Manager, and Head of Capital Management. As Head of Capital Management, he managed a team of 100 professionals and a portfolio size of CNH20 billion.

In addition to Mr Ren and Mr. Liu, the Company believes that it is currently equipped with the relevant personnel, which is not limited to the Company’s Board and Management, to undertake the New Businesses. The current team (including Mr. Ren and Mr. Liu) has seven (7) employees (the “**Seven Employees**”), and they form the existing leasing, financing and trade department of the Company. The Company also has the following existing departments from Singapore and the PRC to support the New Businesses:

- Risk Control Department which has six (6) employees;
- Audit Department which has four (4) employees; and
- Financial Management which has ten (10) employees.

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The Seven Employees have an average of close to 20 years of comprehensive experience in various sectors of the maritime industry. Other than Mr. Ren and Mr. Liu, the rest of the Seven Employees have an average of over 13 years of experience in the maritime industry. They have collective background experience in maritime operations, logistics, and management, coupled with in-depth knowledge of international maritime regulations and industry best practices. Amongst the Seven Employees, some have also supported Mr. Ren at YSL in overseeing ship financing, ship management, managing import and export businesses, and supply chain management, ensuring optimal efficiency and cost-effectiveness.

Notwithstanding the above, the Group recognises that the New Businesses are ultimately different from its Existing Core Business, and as such intends to acquire and develop the relevant experience and expertise required (where lacking) over time as it progresses in the New Businesses. The Group will monitor developments and progress in the New Businesses and will continually evaluate the manpower and expertise required for the New Businesses. As and when required, the Group will seek the advice of or hire suitably qualified personnel, external consultants, external industry experts and professionals for the New Businesses, to manage the New Businesses and take it forward. As at the Latest Practicable Date, the Group has not sought the advice of any external consultants, external industry experts and professionals for the New Businesses.

Further, given that the Company is an investment and financing company and its expertise does not lie in operations, the Group may also enter into joint ventures and/or foster partnerships with third parties in the relevant industries to undertake the New Businesses more effectively. Such partnerships may either be on a case-by-case basis or on a long-term basis. In selecting prospective partners, the Group will consider the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned. The Company considers the following criteria when selecting its joint venture partners and/or third parties:

- (a) industry positioning: assessing whether the joint-venture partner is an industry leader in terms of its fleet size, financial position, reputation and track record, management team expertise, risk and compliance management of various maritime-related regulations; and
- (b) strategic assets: assisting with sustainable vessels, vessels using alternative fuel, green vessels, long charter-backed vessels.

In the event the Company assesses a gap in requisite knowledge, experience and expertise from its joint-venture operating partner(s), the Company will source for third parties which fulfil item (a) above.

The Company intends to rely on its joint-venture operating partner(s) for critical functions of the proposed New Businesses. The Company will periodically review the performance of its joint-venture operating partner(s) and/or third parties to decide if it will renew its contract with these parties.

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To further address the risks of outsourcing the operations-related work to joint-venture partners and/or third parties, the Company will conduct periodic review of its contract with the joint venture partners and/or the third parties which would involve the following:

### 1. **Pre-Contract Phase**

(i) Market Research and Analysis

Analyse market trends, competitors, and potential investment opportunities in the maritime sector.

(ii) Partner Identification and Due Diligence

Conduct due diligence to assess their financial stability, reputation, track record, and alignment with the business goals. Identify potential joint venture partners and/or third-party managers with expertise in maritime investments.

(iii) Negotiation and Agreement Preparation

Engage in negotiations with selected partners to define the terms of the joint venture or management agreements. Prepare legal contracts outlining the rights, responsibilities, and obligations of all parties involved.

### 2. **Contract Phase**

(i) Contract Execution

Sign the contracts with joint venture partners and third-party managers once all terms are agreed upon. Ensure that all parties understand their roles, responsibilities, and performance expectations.

(ii) Financial Arrangements

Set up financial arrangements, including capital contributions, preferred return and profit-sharing mechanisms, and expense allocations. Establish reporting procedures for financial transparency and accountability.

(iii) Operational Planning

Develop detailed operational plans, including project timelines, resource allocation, and risk management strategies with the joint venture partners and/or third-party managers. Clarify communication channels and decision-making processes among partners and managers.

### 3. **Post-Contract Phase**

(i) Monitoring and Performance Evaluation

Implement systems for monitoring the performance of joint venture partners and third-party managers. Regularly review vessel positions, trading routes, financial reports, operational metrics, and key performance indicators to assess progress against objectives.

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## LETTER TO SHAREHOLDERS

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(ii) Issue Resolution and Conflict Management

Address any issues or conflicts that arise during the partnership or management period promptly and effectively. Facilitate open communication and negotiation to resolve disagreements and maintain positive relationships.

(iii) Adaptation and Continuous Improvement

Stay agile and adaptable to changes in the maritime industry, regulatory environment, or market conditions. Continuously evaluate the effectiveness of partnership structures and management arrangements, making adjustments as necessary to optimise performance and maximise returns.

(iv) Contract Renewal or Termination

Review contracts periodically/annually to assess their relevance and effectiveness. Renew contracts with successful partners or consider termination if objectives are not being met or if the partnership is no longer beneficial.

The Company is of the view that the Group has the requisite systems, procedures, safeguards and control measures to conduct the New Businesses, including the following:

- (i) the Company will function only as a financial investor, and would outsource all operations-related work;
- (ii) the Company has adequate expertise in the New Businesses and sufficient financial resources to fund the New Businesses;
- (iii) the revenue contribution from the New Businesses will be kept to approximately 10% of the Company's total revenue in FY2024;
- (iv) the Company has conducted its due diligence exercise on the New Businesses,
- (v) the Company has put in place a stringent selection process for joint venture operating partners and third parties;
- (vi) the Company will periodically monitor the cash flows arising from the New Businesses according to the various agreements with the relevant joint venture operating partners and third parties; and
- (vii) other procedures, safeguards and control measures include the Company obtaining sufficient insurance coverage for the New Businesses, the New Businesses having a 60% loan-to-value ratio limit, and the Company obtaining the ownership and mortgagee rights to sell the shipping vessels to be able to recoup the market value of the shipping vessels.

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### 2.6 Risk factors

#### *Risks relating to the New Businesses*

(a) Fluctuations in interest may have an adverse impact on the Group's business

The Group's interest income from loan borrowing is subject to fluctuations in interest rates. Fluctuations in interests are unpredictable and subject to several factors beyond the Group's control such as economic and monetary policies.

In addition, any changes in interest rates may have an impact on borrowing and debt financing costs. A decrease in interest rates may reduce the amount of interest income from loan borrowings that the Group receives. Conversely, an increase in interest rates may increase the Group's borrowing costs.

While the Group's lease income and interest income from loan borrowings as well as borrowing and debt financing costs may be positively affected by fluctuations in interest rates, any volatility in interest rates may have an adverse impact on the business, results of operations, financial conditions, and prospects.

(b) The Group's cash flow position may deteriorate due to a potential mismatch in the time between cash inflows and cash outflows

The Group's ability to repay bank borrowings (if any) and to fund the New Businesses' leasing, loan and distribution services depends on the level of income and operating cash flow. As a general rule, the provision of Maritime Services generates cash inflows to service the cash outflows for, among other things, repayment of bank borrowings (if any), purchase of vessels, issuance of loans and purchase of shipping equipment, material and/or components. There is no guarantee that the New Businesses will generate steady and sufficient cash inflows to service the cash outflows. There is also no guarantee that the customers will make lease payments, loan repayments or equipment, material and/or component payments on time. As such, there may be a mismatch in the time between cash inflows and cash outflows. In the event of a mismatch in time between cash inflows and cash outflows, the Group may not have sufficient cash flows and financial resources to repay bank borrowings (if any) or fund operating costs of the New Businesses. This may have an adverse effect on the Group's creditworthiness and business operations and development.

(c) The marine industry is affected by several factors, which may have a material impact on the New Businesses

As a maritime service provider, the New Businesses may be materially and adversely affected by the marine cycle. The state of the marine cycle may be affected by a number of factors which include global and regional economic and political conditions, developments in international trade, demand for and supply of marine services, number and types of vessels available globally, delivery of new vessels and retirement of older vessels, introduction of new marine technologies, changes in marine transportation, changes in regulatory regimes governing the marine industry, fluctuations in foreign exchange and interest rates fuel prices as well as extreme weather conditions.

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The Group is not able to predict the impact that changes in the marine cycle may have on the New Businesses. Any adverse changes in the marine cycle may significantly reduce the demand for Maritime Services, which may materially and adversely affect the New Businesses' viability.

- (d) The Group's risk management and internal control system might not adequately address the risks which may affect the New Businesses

The risk management and internal control systems in relation to the New Businesses are set out under Paragraph 2.7. While the Group has implemented measures to identify, assess and mitigate risks associated with the New Businesses, there is always a possibility of unforeseen events or weaknesses that could adversely impact the Group's operations, financial position, reputation or result in investigations and/or disciplinary actions by regulators against the Group and/or its employees.

### ***Risks relating to the Maritime Services and the Loan Services***

- (e) Any payment default on the part of the Group's customers may have an adverse impact on the Group's financial conditions

The New Businesses may be adversely affected by issues arising from credit risk. The Group cannot guarantee that customers are creditworthy or that they will fulfil their payment obligations. Customers' creditworthiness and ability to fulfil payment obligations on time may be adversely affected by their operations, financial conditions, liquidity and cash flow due to factors such as unfavourable industry and economic conditions as well as fluctuations in interest rates, foreign exchange rates and finance costs. In the event that the Group's customers fail to make payments on time or if they default in their payments, the Group's liquidity, cash flow, business, operations efficacy, financial conditions and prospects may be adversely affected.

In addition, the Group's credit risk assessment of customers may be limited by the quality, comprehensiveness and reliability of credit information available at the material time. Where the Group fails to accurately identify all or some credit risks associated with its customers, the Group's business, operations efficacy, financial conditions and prospects may be adversely affected.

### ***Risks relating to the Maritime Services***

- (f) The Group's lessees may not properly maintain or adequately insure the Group's leased vessels

In accordance with leasing arrangements, lessees are generally responsible for the maintenance and insurance of leased vessels during the lease term. There is no guarantee that lessees will, upon expiry of the lease term, return the leased vessels in satisfactory condition. If lessees fail to properly maintain the leased vessels in accordance with the leasing arrangements, the Group may have to incur substantial costs to repair the vessels to a satisfactory level, which may lead to an increase in financial costs. The market value of the vessels may also decrease due to their unsatisfactory condition, and the Group may be unable to re-lease or sell them on favourable terms. Any of the aforesaid circumstances may materially and adversely affect the business, operations efficacy, finance condition and prospects of the Group.

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In addition, while lessees are generally required under the lease agreements to obtain specified levels of insurance for and insure against losses resulting from the operation of the leased vessels, there is no guarantee that the lessees will maintain adequate insurance coverage throughout the operation of the leased vessels, nor that they will pay the insurance premium in a timely manner. Inadequate insurance coverage or the failure to make timely premium payment may cause the Group to not receive insurance proceeds in the event that the Group suffers a loss as a result of any damage to or the lessees' operation of the vessels.

The insurance required (where applicable) for the proposed New Businesses are as follows:

- (a) Innocent Owners Interest Insurance (“IOII”);
- (b) Additional Perils (pollution) Insurances (“IOAPP”);
- (c) Mortgage Interest Insurance (“MII”);
- (d) Hull & Machinery (“H&M”);
- (e) Protection and Indemnity (“PnI”);
- (f) War Risks, Kidnap & Ransom (“K&R”);
- (g) Trade credit insurance;
- (h) Cargo shipping insurance; and/or
- (i) Shipbuilding insurance.

### ***Risks relating to the Maritime Services, the Loan Services and the Maritime Business***

- (g) Vessels have finite economic life, and their value will depreciate over time

Vessels are subject to the risk of becoming obsolete, particularly if certain events occur which shorten their economic life. These events include but are not limited to (i) introduction of newer or more advanced vessels; (ii) changes in market demand and preferences; (iii) changes in regulatory framework or industry standards over marine safety and technical standards, and (iv) the condition of the vessels. In the event that certain vessels become obsolete, their selling price or lease rates may decline, and the Group's depreciation expenses charges may increase. If the vessels are sold at a price lower than their depreciated book value, the Group may recognise a loss on such a sale, which may materially and adversely affect the results of the operations for the period in which such loss is recognised. Further, decreases in selling prices and lease rates cause lower revenue and cash flow.

In addition, if the Group does not have the cash flow to replace older vessels with newer models in a timely manner, the Group's asset portfolio may become relatively less attractive which may affect the Group's competitiveness. This may materially and adversely affect the Group's business, results of operations, financial conditions and prospects.



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- (h) The operations of the New Businesses require substantial capital resources, and the Group may not be able to obtain adequate financing for the business for future expansion

The New Businesses will require sufficient capital to fund its operating costs as well as future growth and expansion. In particular, the Maritime Services, are capital intensive in nature. Notwithstanding that the Group intends to fund the New Businesses primarily through internal funds, to manage business growth, the Group is expected to raise additional funds such as bank borrowings and/or other fund-raising activities. The Group's ability to raise additional capital will depend on, among others, the Group's business performance, market conditions and overall economic climate. There is no guarantee that the Group will be able to obtain bank borrowing and other external financing or resources on commercially acceptable terms or in a timely manner in the future. If the Group is unable to obtain necessary financing or if the Group fails to obtain such financing on favourable terms due to factor beyond its control, the Group may be forced to curtail expansion plans, and this may adversely affect the Group's business, results of operations, financial conditions and prospects.

- (i) The debt which may be incurred by the New Businesses could have a negative impact on the Group's liquidity

Debt incurred from the operational costs of the New Businesses may (i) require the Group to allocate a higher portion of cash flow to the repayment of bank borrowings (including interest thereon) (if any), which may reduce the availability of cash flow from operations to fund working capital and capital expenditure and for other general corporate purposes; (ii) increase vulnerability to adverse economic, industry and market conditions; (iii) limit ability to pursue additional debt financing; (iv) potentially restrict the Group from pursuing other business opportunities. Further, some creditors are entitled to, under some financing agreements, require the Group to repay their debts earlier if any of the prepayment events occur. If the Group is required to repay these debts earlier, the Group's liquidity, cash flow, business, operations, financial conditions and prospects may be materially and adversely affected.

### ***Risks relating to the Import and Export Business***

- (j) The Group may make an inaccurate forecast in relation to demand of shipping equipment, material and/or components as well as customers' needs

The New Businesses may be materially and adversely affected by inaccurate forecasts made by the Group. As the shipping equipment, material and/or components are sourced from third party manufacturers and suppliers, the quantum and type of purchases made from third party manufacturers and suppliers would be based on the Group's forecasts in relation to customers' demand and lead-time for purchases, among other things.

In the event that an inaccurate forecast has been made, the New Businesses may have insufficient or excess inventory. If there is insufficient inventory, the Group may not be able to deliver the necessary shipping equipment, material and/or components to its customers, and this may result in a decrease in customer satisfaction and loyalty.

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Conversely, if there is excess inventory, the Group may suffer a financial loss as it cannot profit from the sale of the shipping equipment, material and/or components. Further, there may be a significant impairment risk associated with the aforementioned assets which arises primarily due to the potential obsolescence of the equipment/inventory resulting from rapid technological innovation, shifts in consumer preferences, and evolving industry standards. Furthermore, the carrying value of the equipment or inventory on the Company's balance sheet may exceed its recoverable amount, which is determined by comparing the higher of its fair value minus costs to sell or its value in use. This creates a heightened risk of impairment that could lead to material losses for the company.

(k) The New Businesses are dependent on prices set by third-party manufacturers and suppliers

The Import and Export Business is likely to only profit from the price margins between the import price and the price paid by the Group to third party manufacturers and suppliers, and the export price and the price paid by the customers upon purchase of the shipping equipment, material and/or components. The Company shall source the third-party manufacturers and suppliers based on the following criteria: (i) reputation and track record; (ii) design of equipment and its servicing network; (iii) pricing and functionality; and (iv) whether the manufacturer is part of the existing network of the team involved in the New Businesses. In the event that the Group is unable to source for third-party manufacturers and suppliers that provide favourable prices for the shipping equipment, material and/or components, and the Group is unable to price the sale of the shipping equipment, material and/or components at a higher price than its initial cost, the Group may not profit from the transaction. There is also a possibility that the Import and Export Business could be loss-making, if the price of shipping equipment, material and/or components sold to customers is lower than its initial cost for any other reason. This could have an adverse effect on the Group's business, results of operations, financial conditions and prospects.

In addition, even if the Group is able to source for third party manufacturers and suppliers that provide favourable prices, there is no guarantee that the prices will not increase in the future. In the event that the price increases, the profit margin may decline, and this could have an adverse effect on the Group's business, results of operations, financial conditions and prospects. Further, in the event that prices decrease after the Group has entered into procurement agreements to purchase inventory or equipment at prevailing prices, the Group may be compelled to sell the acquired inventory or equipment at prices lower than the purchase cost, thereby incurring losses. This is because failure to adjust selling prices to commensurate with the market value of the acquired inventory or equipment may result in customers seeking alternative suppliers offering more competitive prices. This may lead to a loss of market share and adverse financial consequences.

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## LETTER TO SHAREHOLDERS

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- (l) The New Businesses will be affected if the identities of its third-party manufacturer and suppliers are disclosed or if these third-party manufacturer and suppliers terminate their provision of services or goods

The Import and Export Business is reliant on third-party manufacturers and suppliers to supply the shipping equipment, material and/or components sold to the Group's customers. If the identities of the third-party manufacturers and suppliers are known to the Group's competitors, there is a risk that these third-party manufacturers and suppliers may be poached by these competitors to export similar shipping equipment, material and/or components. This could have an adverse effect on the Group's business, results of operations, financial conditions and prospects.

In addition, in the event that these third-party manufacturers and suppliers terminate their agreement with the Group and the Group is unable to find timely and suitable replacements, there will be an adverse effect on the Group's business, results of operations, financial conditions and prospects.

### 2.7 Risk management measures and safeguards

The Group recognises that the New Businesses are different from the Existing Core Businesses. Before undertaking any investment in the New Businesses, the management will prepare a proposal containing a cost-benefit analysis, credentials of the management of the New Businesses, joint venture partners or co-investor partners (if any) and will, if necessary, seek the advice of external consultants and experts. The Group will also assess and consider whether it has sufficient financial resources to invest in the project and the gearing ratios and liquidity of the Group as a result of such a project. Further, the Group will assess whether it has the relevant management team with the relevant experience and expertise to manage such a project and, if not, whether any lack of such experience can be supplemented by professional advisers. In evaluating any new projects or investments based on the aforementioned factors, the Group will be guided by the overarching consideration of whether the project will be able to generate revenue for the Group and optimise returns to Shareholders.

Investments in each of the New Businesses which crosses the internally-determined threshold as defined below, which is determined by the Management, must first be specifically approved by the Audit and Risk Committee before Board approval is obtained. In addition, the Board and the Audit and Risk Committee, which will review the risk exposure of the businesses of the Group and the New Businesses at quarterly intervals. With regard to the internally-determined threshold, the Group's shall allocate not more than US\$300 million on the expansion into the New Businesses. The breakdown of the internally-determined threshold is as follows:

- (a) Maritime Services: An allocation of US\$90 million, constituting 30% of the expansion, with an anticipated internal rate of return ("IRR") between 10% and 12.5%;
- (b) Loan Services: An allocation of US\$30 million, making up 10% of the expansion, with an anticipated IRR of 10%;
- (c) Maritime Business: An allocation of US\$120 million, 40% of the expansion, with an anticipated IRR of 12%; and
- (d) Import and Export Businesses: Operating on a commission model without the need for initial capital investment, earning 1% to 5% of the total contract value.

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The thresholds set out above are arrived at based on the results of the various due diligence exercises conducted on other similar businesses as elaborated on in section 2.2 of this Circular.

The Audit and Risk Committee and the Board will receive and review quarterly reports from the management on major risk exposures and the steps taken to monitor, control and mitigate such risks. The Audit and Risk Committee and the Board will also review the Company's internal control system which includes but is not limited to: (i) interested person transactions, (ii) conflicts of interest, (iii) competency and resources, (iv) valuation of assets, (v) operational, (vi) compliance and risk management, etc.

At least once a year, the Audit and Risk Committee will work with the internal and external auditors to review audit plans, scope of the Company's work, evaluation of the Company's system of internal controls, audit reports, any deals involving suspected frauds, any irregularity or infringement of any relevant laws, any management decisions and the results of audits compiled by the internal and external auditors. The Audit and Risk Committee shall have the right to commission and review findings of internal investigations into any matter where there is any suspected fraud, irregularity, failure of internal controls, infringement of any law, rules or regulations which has or is likely to have a material impact on the Group. The Audit and Risk Committee shall also regularly report to the Board on the outcome of its reviews and discussions with the external and/or internal auditors and its findings on any suspected fraud and irregularity, suspected infringement of any Singapore law, or rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position. The Audit and Risk Committee shall also identify any matter which may require improvement, and shall make recommendations on the steps which need to be taken.

The Audit and Risk Committee also reviews and approves the internal audit scope and plan for each financial year and plan to ensure that there is sufficient coverage of the Group's activities. Further, it oversees the implementation of the internal audit plan and ensures that the Management follows the aforementioned audit plan. For the avoidance of doubt, the internal auditor is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out the internal audit review. The Audit and Risk Committee meets with the external and internal auditors individually, without the presence of the Management, as and when necessary and at least once a year. The Audit and Risk Committee and the Board meet with the Management on a quarterly basis, and review and assess with the external and internal auditors on the adequacy and effectiveness of Group's systems of internal controls and risk management.

Before undertaking any investment activity into a new jurisdiction for any new project or investment under the New Businesses, the Group will conduct market research and analysis and carry out due diligence. If the new project or investment requires licenses or permits, the Group will apply for the requisite licences and/or permits required in relation to any project or investment under the New Businesses, to ensure compliance with all laws and regulations. To further safeguard the Group's interests, there will be warranties (i.e., repair and damage) provided by the third-party manufacturer and suppliers from the Import and Export Business.

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To address the risks highlighted in section 2.6 of this Circular, the Company will obtain adequate insurance in the following areas:

- (a) Hull & Machinery (“**H&M**”) and Protection and Indemnity (“**PnI**”) which will cover the higher of 100% of the fair market value or 120% of the outstanding principal of the shipping vessels relating to Maritime Services, Loan Services, and Maritime Business.

Additionally, any residual risks from H&M and PnI will be covered by the Innocent Owners Interest Insurance (“**IOII**”), Innocent Owners Additional Perils (pollution) Insurances (“**IOAPP**”), Mortgage Interest Insurance (“**MII**”); and

- (b) Trade credit insurance and cargo shipping insurance which will cover the Import & Export Business in terms of counterparty credit risk and cargo damage risk.

There will be a periodic review of the insurance coverage on the New Businesses on their adequacy.

The Company will aim to maintain a loan-to-value ratio of 60% with the lessees. In the event of default by the lessees, the Company has the ownership or mortgagee rights to sell the shipping vessel to recoup the market value or the outstanding principal value.

### **2.8 Funding for the New Businesses**

The New Businesses will require sufficient capital to fund its operating costs as well as future growth and expansion. In particular, the Maritime Services are capital intensive in nature. The Proposed Diversification into the New Businesses will be fully funded through internal funds. As at the Latest Practicable Date, the Group also does not have any intention to issue additional equity securities or adjust its existing capital for the purposes of the New Businesses. This is because, as at 31 December 2023, 40.1% of the Company’s assets are in cash and yield enhancement products, which provides sufficient liquidity to support the New Businesses. Further, in FY2024, the Group intends to only allocate 10% of its financial resources from its existing cash and yield enhancement products to fund the New Businesses, as such, the capital required to fund the New Businesses would not significantly impact the Group financials. Notwithstanding the above, where it is necessary and deemed appropriate, the Group may explore secondary fund-raising exercises in future by tapping the capital markets including but not limited to rights issue, share placement and/or issuance of debt instrument. In addition, the Group may also raise funds through borrowing from external parties (including financial institutions).

### **2.9 Financial effects of the Proposed Diversification**

As at the Latest Practicable Date, the Group has no affirmative and binding plans in relation to the New Businesses that are expected to materially impact the net profit, EPS or NTA of the Group.

Further, the New Businesses only has an existing exposure of USD20.75 million, with an immaterial revenue contribution less than 1% of the Group’s revenue contribution.

Should there be any material impact on the Group’s NTA per share and EPS as a result of the Proposed Diversification, the Company will make the necessary announcements at an appropriate time.

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## LETTER TO SHAREHOLDERS

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### 2.10 Conflict of interest

Pursuant to the Listing Manual, conflicts of interest arise when any of the Directors, chief executive officer, Controlling Shareholders and/or their Associates are involved in any of the following situations:

- (a) carry on business transactions with the Company or provide services to or receive services from the Company or the Group;
- (b) lend to or borrow from the Company or the Group;
- (c) lease property to or from the Company or the Group; or
- (d) have an interest in businesses that are competitors, suppliers or customers of the Company or the Group.

In this regard, when the Company identifies a potential opportunity in respect of the New Businesses, each of the Directors and key management personnel will be obliged to disclose to the Board where he and/or his Associates have a direct or indirect interest (and the full extent thereof) in the transaction (a “**Conflicted Individual**”). A Conflicted Individual shall not (i) vote in respect of matters in relation to the transaction; (ii) directly or indirectly, make any executive decisions in respect of the transaction; and (iii) directly or indirectly, influence or participate in the operations and management of the transaction.

Further, as stated in section 2.5 of this Circular, the Group may undertake its New Businesses through, *inter alia*, acquisitions, strategic partnerships or joint ventures, in the New Business. If any such acquisition, strategic partnerships or joint venture (or such other “transaction” as defined under Chapter 9 of the Listing Manual) is entered into with a Director, chief executive officer or Controlling Shareholder and/or their Associates, it will be regarded as an interested person transaction under Chapter 9 of the Listing Manual, and the Company shall comply with the relevant provisions of the Listing Manual governing such transactions.

In addition, should any of the New Businesses involve recurring transactions of a revenue or trading nature or necessary for the day-to-day operations of such business, and such recurring transactions are entered into with a Director, chief executive officer or Controlling Shareholder and/or their Associates, these recurring transactions are also interested person transactions and the Group may consider seeking a general mandate from Shareholders under Chapter 9 of the Listing Manual.

The Company has adopted a Conflict-of-Interest Policy (the “**COI Policy**”). All directors and employees are required to act in a manner that is in the best interests of the Company and to avoid any situation where any actual or possible conflict of interest may arise. All directors and employees are required to declare if he or she is in any position of conflict of interest as prescribed by the COI Policy, and if so, he or she shall consult the lead independent director of the Group immediately.

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## LETTER TO SHAREHOLDERS

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If a director considers that he or she might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any of his or her associates, or his or her duties to any other company, and the interests of the Company or his or her duties to the Company, the Board requires the director to (a) provide full and frank disclosure to the Board on the circumstances which give rise to the conflict of interest; (b) abstain from voting in respect of the conflicting matter(s); and (c) not directly or indirectly make any executive decisions in respect of the conflicting matter(s).

As stated in section 2.3(a) of this Circular, the Company is a spin-off company from YSL (the “**Spin-Off**”). Notwithstanding that it is disclosed in the annual report of YSL that, amongst others, (i) the principal activities of the shipbuilding segment are that of shipbuilding and offshore marine equipment construction, and (ii) the principal activities of the shipping segment consist of charter hire income earned by vessel owning companies, the Company is of the view that there is no conflict of interest between the operations of the Company and YSL in respect of the New Businesses for the following reasons:

- (a) YSL was still involved in some of the deals within the Maritime Services and the Loan Services industries which were entered into prior to the Spin-Off. YSL is no longer involved in any new transactions in the Maritime Services and the Loan Services industries following the Spin-Off.
- (b) YSL is involved in the Maritime Business only in its capacity as an operating owner, unlike the Company, which seeks to function as a financial investor in the Maritime Business. YSL and the Company operate in different capacities and roles within the Maritime Business. Further, there is currently no transaction between YSL and the Company in relation to the New Businesses.
- (c) YSL is involved in the Import and Export Business in relation to its own shipyards unlike the Company, which only provides the Import and Export Business to its clients. Notwithstanding the foregoing, the Company shall consider YSL as an operating partner if any deal is mutually beneficial.
- (d) YSL and the Company are separate listed entities, with separate boards and management teams.

### 2.11 Requirements of the Listing Manual

As the Proposed Diversification will result in an expansion of the Group’s business to the New Businesses and may also result in an expansion to new geographical markets, it is envisaged that the Proposed Diversification may change the Group’s risk profile. The Group shall make an announcement via SGXNET as and when material events occur and the risk profile of the Group changes. Accordingly, the Directors propose to convene the EGM to seek Shareholders’ approval for the Proposed Diversification.

Upon approval by Shareholders for the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the New Businesses, may be deemed to be in the Group’s ordinary course of business and therefore not fall under the definition of a “transaction” under Chapter 10 of the Listing Manual. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the New Businesses and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholder’s approval as and when potential opportunities arise. In effecting such measures, there will

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## LETTER TO SHAREHOLDERS

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be a significant reduction in administrative time and associated expenses related to convening said meetings, while ensuring alignment with corporate objectives and safeguarding the business opportunities accessible to the Group, without detrimentally impacting its interests.

Pursuant to Rule 1014 of the Listing Manual, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds twenty per cent. (20%) (“**Major Transaction**”). A Major Transaction must be made conditional upon approval by shareholders in a general meeting. Notwithstanding the requirements as prescribed under the Listing Manual, when the Group enters into its first major transaction as defined under Rule 1014 of the Listing Manual (the “**First Major Transaction**”) involving the New Businesses, or where any of the Rule 1006 figures in respect of several transactions involving the New Businesses which are aggregated (the “**Aggregated Transactions**”) within the last 12 months exceeds 20%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the Shareholders at a general meeting.

Rule 1002(1) of the Listing Manual states, among others, that, unless the context otherwise requires, “transaction” refers to the acquisition or disposal of assets, or the provision of financial assistance, by an issuer or a subsidiary that is not listed on the SGX-ST or on an approved exchange, including an option to acquire or dispose of assets. It excludes an acquisition or disposal which is in, or in connection with, the ordinary course of its business or of a revenue nature. In addition, pursuant to Practice Note 10.1 of the Listing Manual, an acquisition that is regarded to be in, or in connection with the ordinary course of an issuer’s business is not subject to the requirements under Chapter 10 of the Listing Rules, if (a) the asset to be acquired is part of the issuer’s existing principal business; and (b) the acquisition does not change the issuer’s risk profile. Further guidelines are provided under Practice Note 10.1 of the Listing Manual on the assessment of what consists of “existing principal business” and “change of risk profile”.

For the avoidance of doubt, notwithstanding that the Shareholders’ approval for the Proposed Diversification is obtained, in respect of transactions relating to the New Businesses, where:

- (a) an acquisition of assets (whether or not the acquisition is deemed in the issuer’s ordinary course of business (which will include the New Businesses upon Shareholders’ approval at the forthcoming EGM) is one where any of the relative figures as computed on the bases set out in Rule 1006 is hundred per cent. (100%) or more, or is one which will result in a change in control of the issuer, Chapter 10 of the Listing Manual (including Rule 1015) will continue to apply to any such acquisition, which must be made conditional upon the approval of, *inter alia*, Shareholders;
- (b) a transaction constitutes an interested person transaction (as defined under the Listing Manual), Chapter 9 of the Listing Manual will continue to apply to any such transaction and the Company will comply with the provisions of Chapter 9 of the Listing Manual; and/or
- (c) in light of Practice Note 10.1 of the Listing Manual, if a transaction is not within the existing principal business or changes the risk profile of the Company, Shareholders’ approval would be required for such transaction.



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## LETTER TO SHAREHOLDERS

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Pursuant to Rule 1005 of the Listing Manual, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Listing Manual.

The Company will also be required to comply with any applicable and prevailing Listing Rules as amended or modified from time to time.

### 3. SERVICE CONTRACT

As at the Latest Practicable Date, there are no proposed new appointments to the Board of Directors arising from the Proposed Diversification. Accordingly, no service contract is proposed to be entered into between the Company and any Director in connection with the Proposed Diversification. The existing independent directors of the Board consists of (a) Mr. Chew Sutat who was previously at the Singapore Exchange Limited and has experience in innovative capital-raising; (b) Mr. Chua Kim Leng who was previously at the Monetary Authority of Singapore and has experience in the banking and insurance industry; and (c) Mr. Yee Kee Shian, Leon is the Chairman at Duane Morris & Selvam and an Independent Director at YSL and has experience in corporate law and the maritime sector. The Group believes that its existing Board, which comprises seasoned professionals in the shipping and finance industry, has the relevant expertise and knowledge required to oversee the Group's expansion into the New Businesses.

### 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and Substantial Shareholders' interests in the Shares as at the Latest Practicable Date are set out below<sup>4</sup>:-

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>						
Ren Yuanlin	–	–	852,845,825 <sup>(2)</sup>	24.275	852,845,825	24.275
Chew Sutat	1,088,000	0.031	–	–	1,088,000	0.031
Chua Kim Leng	300,000	0.009	–	–	300,000	0.009
Yee Kee Shian, Leon	–	–	–	–	–	–
<b>Substantial Shareholder(s) (other than Directors)</b>						
Yangzi International Holdings Limited <sup>(3)</sup>	852,845,825	24.275	–	–	852,845,825	24.275
Julius Baer Trust Company (Singapore) Limited (as trustee of the YZJ Settlement)	–	–	1,002,845,825 <sup>(4)</sup>	28.544	1,002,845,825	28.544

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4 Pursuant to the share buy-back and notice of cancellation of treasury shares announcement on SGX-NET released by the Company on 7 March 2024, the Company's Substantial Shareholding is envisaged to be altered insofar as 276,611,00 treasury shares amounting to S\$105,271,857.16 shall be canceled. However, the aforementioned changes have yet to be reflected on the CPD's records as at 11 March 2024.

## LETTER TO SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Lido Point Investments Ltd	394,134,000	11.218	–	–	394,134,000	11.218
Sapphire Skye Limited (as nominee of Zedra Trust Company (Singapore) Limited)	–	–	394,134,000 <sup>(5)</sup>	11.218	394,134,000	11.218
Zedra Trust Company (Singapore) Limited	–	–	394,134,000 <sup>(5)</sup>	11.218	394,134,000	11.218

**Notes:**

- (1) The above percentages are calculated based on the total number of 3,513,313,420 Shares (excluding treasury Shares) as at the Latest Practicable Date, and rounded to the nearest three (3) decimal places.
- (2) Our Executive Chairman, Mr. Ren Yuanlin (“**Mr. Ren**”), is the settlor and sole beneficiary of the YZJ Settlement (the “**Trust**”), which is revocable by the settlor and established as a “purpose trust”. See note (5) below. Under the terms of the Trust, Mr. Ren has the powers, as settlor, to direct Julius Baer Trust Company (Singapore) Limited, as trustee, as to the investment in the Shares which form the assets of the Trust. Such powers include decisions relating to any purchase, sale, exchange, letting or retention and exercising of any voting and other rights in relation to the Shares. Accordingly, Mr. Ren can control the exercise of the rights of the 852,845,825 Shares under the Trust. By virtue of Section 4 of the SFA, Mr. Ren is deemed to have an interest in the 852,845,825 Shares held by Yangzi International Holdings Limited.
- (3) Yangzi International Holdings Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Julius Baer Trust Company (Singapore) Limited in its capacity as trustee of the Trust (as defined above). Mr. Ren is the sole beneficiary of the Trust. Accordingly, Mr. Ren can control the exercise of the rights of the 852,845,825 Shares held by Yangzi International Holdings Limited under the Trust.
- (4) Julius Baer Trust Company (Singapore) Limited is the trustee of the Trust (as defined above) and the Xinyangchuan Settlement. The Trust is a “purpose trust”. As at the Latest Practicable Date, Mr. Ren is the sole beneficiary under the Trust. The 852,845,825 Shares held by Yangzi International Holdings Limited are assets of the Trust. The settlor of the Trust is Mr. Ren. The Xinyangchuan Settlement is an employee trust. As at the Latest Practicable Date, the beneficiaries are employees of Yangzijiang Shipbuilding (Holdings) Ltd. The 150,000,000 Shares held by Xinyangchuan International Limited are assets of the Xinyangchuan Settlement. By virtue of Section 4 of the SFA, Julius Baer Trust Company (Singapore) Limited is deemed to have an interest in the 852,845,825 Shares held by Yangzi International Holdings Limited and the 150,000,000 Shares held by Xinyangchuan International Limited.
- (5) YSL distributed as dividend in specie 394,134,000 shares in the Company to Lido Point Investments Ltd during a spin off event. 100% shareholding of Lido Point Investments Ltd. is held by Sapphire Skye Holdings Limited, a British Virgin Islands company and a nominee shareholder that holds the shares on trust and for and on behalf of Zedra Trust Company (Singapore) Limited as trustee of the Lido Trust.

As at the Latest Practicable Date, saved as disclosed in this Circular, none of the Directors or Substantial Shareholders have any interest, direct or indirect, in the Proposed Diversification other than through their respective shareholdings in the Company (if any).

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## LETTER TO SHAREHOLDERS

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### 5. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, *inter alia*, the rationale for the Proposed Diversification, as set out in section 2.3 of this Circular, are of the opinion that notwithstanding the risks involved as set out in section 2.6 of this Circular, the Proposed Diversification is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

### 6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on 31 May 2024 at 3 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution relating to the Proposed Diversification, as set out in the Notice of the EGM.

### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote on their behalf shall complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 not later than seventy-two (72) hours before the time fixed for the holding of the EGM (i.e., by **3 p.m. on 28 May 2024**). The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy or proxies should he subsequently wishes to do so. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least seventy-two (72) hours before the EGM.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular 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 Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the current registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the constitution of the Company; and
- (b) the annual report of the Company for the financial year ended 31 December 2023.

Yours faithfully

For and on behalf of the Board of Directors of  
**YANGZIJIANG FINANCIAL HOLDING LTD.**

Ren Yuanlin  
Executive Chairman and Chief Executive Officer

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **YANGZIJIANG FINANCIAL HOLDING LTD.**

(Incorporated in Singapore on 14 December 2021)  
(Company Registration No. 202143180K)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Yangziji Jiang Financial Holding Ltd. (the “**Company**”) will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Friday, 31 May 2024, at 3.00 p.m. (Singapore time) for the purpose of considering, and if thought fit, passing with or without modifications, the following resolution as ordinary resolution:

*All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular issued by the Company to the Shareholders dated 16 May 2024 (the “**Circular**”).*

### **ORDINARY RESOLUTION 1 – PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE COMPANY AND ITS SUBSIDIARIES (COLLECTIVELY, THE “GROUP”) TO INCLUDE THE NEW BUSINESSES**

That:

- (a) approval be and is hereby given for the Group to diversify its business and expand its Existing Core Business to include the New Businesses (the “**Proposed Diversification**”);
- (b) approval be and is hereby given to the Company and the Group to invest in, purchase or otherwise acquire or dispose of, from time to time, any such assets, investments and shares/interests in any entity that is in the New Businesses on such investment, purchase, acquisition or disposal on such terms and conditions as the Directors deem fit, and approval be and is hereby given to such Directors to take such steps and exercise such discretion and do all acts or things as they deem desirable, necessary or expedient or to give effect to any such investment, purchase, acquisition or disposal; and
- (c) approval be and is hereby given to the Directors and any one of them to enter into all such transactions, arrangements and agreements and approve, execute and deliver all documents and do all such acts and things as they or any one of them deem desirable, necessary or expedient to give effect to the approvals given in this Ordinary Resolution or the transactions contemplated by the Proposed Diversification as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

By Order of the Board

**YANGZIJIANG FINANCIAL HOLDING LTD.**

Ren Yuanlin

Executive Chairman and Chief Executive Officer

16 May 2024

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Important notes:

1. Please note that there will be no catering of food, and no distribution of vouchers or door gifts at the upcoming EGM.
2. The EGM will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Friday, 31 May 2024, at 3.00 p.m.. **There will be no option for Shareholders to participate virtually.**
3. EGM documents

The Circular, Notice of EGM and accompanying Proxy Form are made available to members via publication on the website of SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at the URL <https://www.yzjfin.com>. Printed copies of this Notice of EGM and the accompanying Proxy Form will be sent to shareholders by post. Printed copies of the Circular will not be sent to shareholders.

Any Shareholder who wishes to request for a printed copy of the Circular should email their request to [public@yzjfin.com](mailto:public@yzjfin.com) and provide their particulars as follows:

- (a) Full name (for individuals)/company name (for corporates);
  - (b) NRIC or Passport Number (for individuals)/Company Registration Number (for corporates); and
  - (c) Mailing address.
4. Shareholders' questions and answers

Shareholders and duly appointed proxy or proxies will be able to ask questions relating to the resolution(s) to be tabled for approval at the EGM, at the EGM itself.

Alternatively, Shareholders may submit substantial and relevant questions relating to the resolution(s) to be tabled for approval at the EGM up till **24 May 2024 at 3 p.m.**, being seven (7) calendar days from the date of this Notice of EGM (the "**Cut-off Time**") either:

- (a) via post to 1 Temasek Avenue Level 30 Singapore 039192 Millenia Tower; or
- (b) via electronic mail to [raymond@gem-comm.com](mailto:raymond@gem-comm.com)/[roystontan@gem-comm.com](mailto:roystontan@gem-comm.com) (Attn YZJFH Team).

Shareholders who submit questions in advance of the EGM should provide their full name, address, contact number, email and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with CDP; otherwise, please state if you hold your Shares through CPF or SRS or other Relevant Intermediary), for our verification purposes.

The Company will endeavour to address all substantial and relevant questions relating to the resolution(s) to be approved at the EGM:

- (a) (if received by the Cut-off Time) by **26 May 2024 at 3 p.m.** (being no later than forty-eight (48) hours prior to the closing date and time for the lodgement of the Proxy Forms), via an announcement on SGXNET and the Company's corporate website at <https://www.yzjfin.com>; or
- (b) (if received after the Cut-off Time), during the EGM.

**Where there are substantially similar questions, the Company may consolidate such questions and consequently not all questions may be individually addressed.**

The Company will, within one (1) month after the date of the EGM, publish the minutes of the EGM (including its responses to substantial and relevant questions from Shareholders) on SGXNET and the Company's corporate website at <https://www.yzjfin.com>.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 5. Voting

Shareholders who wish to exercise their voting rights at the EGM may:

- (a) (where the Shareholder is an individual) attend and vote at the EGM; or
- (b) (where the Shareholder is an individual or a corporate) appoint a proxy/proxies to vote on their behalf.

Shareholders (including Relevant Intermediaries) who wish to vote on the resolution at the EGM via proxy must submit a Proxy Form to appoint the proxy. The Proxy Form must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged at registered office at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
- (b) if submitted electronically, be submitted via email to [public@yzjfin.com](mailto:public@yzjfin.com) (Attn YZJFH Team),

in either case, by **3 p.m.** on **28 May 2024** (being not less than seventy-two (72) hours before the time appointed for the EGM).

The accompanying Proxy Form for the EGM may be accessed via the Company's corporate website at <https://www.yzjfin.com>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. **Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.**

A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory. A proxy need not be a member of the Company.

In the case of submission of the Proxy Form appointing the Chairman of the EGM as proxy, it must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

If a member wishes to appoint the Chairman of the EGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the EGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member appoints two (2) proxies, he/she/it should specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

An investor who holds shares through the CPF or the SRS and wishes to vote, should approach their respective CPF Agent Banks or SRS Operators to submit their votes to appoint the Chairman of the EGM as their proxy, at least seven (7) working days before the EGM (i.e., by 3 p.m. on **20 May 2024**).

A Depositor's name must appear on the Depository Register maintained by the CDP as at seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote at the EGM.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or submitting any question prior to the EGM in accordance with this Notice of EGM, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.



Please note that there will be no catering of food, and no distribution of vouchers or door gifts at the upcoming EGM.

## PROXY FORM

### YANGZIJIANG FINANCIAL HOLDING LTD.

(Incorporated in Singapore on 14 December 2021)

(Company registration no. 202143180K)

### PROXY FORM EXTRAORDINARY GENERAL MEETING

**IMPORTANT:**

1. The Extraordinary General Meeting (the “EGM” or the “Meeting”) of Yangzijiang Financial Holding Ltd. (the “Company”) will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Friday, 31 May 2024 at 3.00 p.m..
2. The Notice of EGM and accompanying Proxy Form are made available to members via publication on the website of SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s corporate website at the URL <https://www.yzjfin.com>. Printed copies of this Notice of EGM and the accompanying Proxy Form will be sent to shareholders by post. *Unless otherwise defined, all capitalised terms used herein shall have the same meanings as the Circular.*
3. Pursuant to Section 181 of the Companies Act 1967 of Singapore, Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the EGM.
4. For Central Provident Fund (“CPF”)/Supplementary Retirement Scheme (“SRS”) investors who have used their CPF/SRS monies to buy Shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
5. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting (or any person other than the Chairman) as a shareholder’s proxy to vote on his/her/its behalf at the EGM.

I/We\*, \_\_\_\_\_ (Name)

(NRIC No./Passport No./Company Registration No.\*) \_\_\_\_\_

of \_\_\_\_\_ (Address)  
being a member/members\* of Yangzijiang Financial Holding Ltd. (the “Company”), hereby appoint

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or\*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing whom, the **Chairman of the Meeting** as my/our\* proxy/proxies\* to attend, speak and vote for me/us\* on my/our\* behalf at the EGM of the Company to be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Friday, 31 May 2024 at 3.00 p.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for, against or to abstain from voting in respect of the Ordinary Resolution to be tabled at the EGM as indicated hereunder. If no specific direction as to voting or abstention is given or in the event of any other matter arising at the EGM and at any adjournment thereof, my/our\* proxy/proxies\* may vote or abstain from voting at his or her discretion. Where the Chairman of the EGM is appointed as proxy and in the absence of specific directions as to voting, the appointment of the Chairman as my/our\* proxy for that resolution will be treated as invalid.

Please indicate your vote “For”, “Against” or “Abstain” with a tick (✓) within the boxes provided below. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Ordinary Resolution(s)	For	Against	Abstain
1	To approve the Proposed Diversification			

\* Please delete whichever is not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total number of Shares in:	No. of Shares <sup>Note 1</sup>
(a) Depository Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**



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## PROXY FORM

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### NOTES

- Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to all the Shares held by you.
- Shareholders who wish to exercise their voting rights at the EGM may:
  - (where the Shareholder is an individual) attend and vote at the EGM; or
  - (where the Shareholder is an individual or a corporate) appoint a proxy/proxies to vote on their behalf.Shareholders (including Relevant Intermediaries) who wish to vote on the resolution at the EGM via proxy must submit a Proxy Form to appoint the proxy. The Proxy Form must be submitted to the Company in the following manner:
  - if submitted by post, be lodged at registered office at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
  - if submitted electronically, be submitted via email to [public@yzjfin.com](mailto:public@yzjfin.com) (Attn YZJFH Team),in either case, by **3 p.m. on 28 May 2024** (being not less than seventy-two (72) hours before the time appointed for the EGM).  
The accompanying Proxy Form for the EGM may be accessed via the Company's corporate website at <https://www.yzjfin.com>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. **Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.**
- A member can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory. A proxy need not be a member of the Company. In the case of submission of the Proxy Form appointing the Chairman of the EGM as proxy, it must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.  
If a member wishes to appoint the Chairman of the EGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the EGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
- A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.  
A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not be a member of the Company.  
A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the EGM. Where such member appoints two (2) proxies, he/she/it should specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.
- An investor who holds shares through the CPF or the SRS and wishes to vote, should approach their respective CPF Agent Banks or SRS Operators to submit their votes to appoint the Chairman of the EGM as their proxy, at least seven (7) working days before the EGM (i.e., by **3 p.m. on 20 May 2024**).
- A Depositor's name must appear on the Depository Register maintained by the CDP as at seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote at the EGM.
- Completion and return of this Proxy Form shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

### General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in such instrument. In addition, in the case of Shareholders whose Shares are deposited with CDP, the Company shall be entitled to reject any instrument appointing a proxy or proxies that was lodged if such Shareholder, being the appointor, is not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 16 May 2024.

AFFIX  
POSTAGE  
STAMP

The Company Secretary  
**Yangzijiang Financial Holding Ltd.**  
9 Raffles Place,  
#26-01 Republic Plaza,  
Singapore 048619

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