

CIRCULAR DATED 1 APRIL 2022

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

If you are in any doubt about the contents of this Circular or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent professional adviser immediately.

If you have sold or transferred all your shares in the issued and paid-up share capital of Yangzijiang Shipbuilding (Holdings) Ltd. (the "**Company**") held through The Central Depository (Pte) Limited (the "**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting ("**EGM**") (the "**Notice of EGM**") and the attached Proxy Form (as defined herein) to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular with the Notice of EGM to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of EGM and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

In line with the Alternative Arrangements Order (as defined herein), Shareholders (as defined herein) will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM via "live" audio-visual webcast or "live" audio-only stream, which will allow for (i) real-time remote electronic voting and (ii) real-time electronic communication. Shareholders may also submit questions relating to the resolutions to be tabled for approval in advance of the EGM. Please refer to the Notice of EGM dated 1 April 2022 for further information, including the steps to be taken by Shareholders to participate at the EGM. **Printed copies of this Circular and the accompanying Notice of EGM and Proxy Form will not be sent to the Shareholders. Instead, this Circular, the Notice of EGM and Proxy Form will be sent to the Shareholders solely by electronic means via publication on the Company's corporate website at the URL www.yzjship.com and will also be available on the SGXNet (as defined below) at the URL <https://www.sgx.com/securities/company-announcements>.**

This Circular does not constitute, and is not intended to be, an offer, or a notice, circular or advertisement calling or drawing attention to an offer to the public or to subscribe for or to purchase any YZJFH Shares (as defined herein). You should also have received, together with this Circular, the Introductory Document (as defined herein) which sets out detailed information on Yangzijiang Financial Holding Ltd. Please read the Introductory Document carefully.



YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(the "**Company**")
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200517636Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED SPIN-OFF OF THE INVESTMENT BUSINESS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD. THROUGH THE DIVIDEND *IN SPECIE* OF ALL THE ISSUED SHARES IN YANGZIJIANG FINANCIAL HOLDING LTD. TO SHAREHOLDERS, WHICH CONSTITUTES A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL (AS DEFINED HEREIN) AND THE PROPOSED LISTING OF YANGZIJIANG FINANCIAL HOLDING LTD. ON THE MAINBOARD OF THE SGX-ST BY WAY OF AN INTRODUCTION



Financial Adviser to the Company in respect of the Proposed Spin-Off

CLSA SINGAPORE PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198703750W)

IMPORTANT DATES AND TIMES:

Last date and time to pre-register online to attend the EGM	:	15 April 2022 at 4.00 p.m.
Last date and time for lodgement of Proxy Form	:	15 April 2022 at 4.00 p.m.
Date and time of the EGM	:	18 April 2022 at 4.00 p.m.
Place of the EGM	:	The EGM will be held by way of electronic means

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DEFINITIONS

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

“Alternative Arrangements Order”	:	COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020
“Assignment”	:	Has the meaning ascribed to it in Section 4.1(iii) of this Circular
“AUM”	:	Assets Under Management
“Board” or “Board of Directors”	:	The board of directors of the Company, as at the date of this Circular
“Books Closure Date”	:	The date, to be determined by the Directors and announced by the Company, on which the transfer books of the Company and the Register will be closed in order to determine the entitlements of Shareholders to the YZJFH Distribution
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief Executive Officer
“CIO”	:	Chief Investment Officer
“Circular”	:	This circular to Shareholders dated 1 April 2022, including the appendices hereto
“CLSA”	:	CLSA Singapore Pte Ltd
“CMS”	:	Capital markets services
“Company”	:	Yangzijiang Shipbuilding (Holdings) Ltd.
“Company’s Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Companies Act”	:	Companies Act 1967 (2020 Revised Edition) of Singapore, as may be amended, modified or supplemented from time to time
“CPF”	:	Central Provident Fund
“CPFIS”	:	CPF Investment Scheme
“CPF Agent Banks”	:	Agent banks included under the CPFIS

DEFINITIONS

“CPF Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“CSRC”	:	Has the meaning ascribed to it in Section 4.3(c) of this Circular
“Debt Investment”	:	Fixed interest debt instruments that the Spin-Off Group invests in through intermediary financial institutions for specific borrowings arranged by such intermediaries
“Debt Investment Business”	:	The Debt Investment (at amortised costs) and microfinancing loan business conducted by the Spin-Off Group following the Proposed Spin-off and Group Restructuring Exercise
“Director”	:	A director of the Company as at the Latest Practicable Date
“EGM”	:	The extraordinary general meeting of the Company to be convened and held by way of electronic means on 18 April 2022 at 4.00 p.m. (and any adjournment thereof), for the purposes of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the Notice of EGM
“Entitled Shareholders”	:	Shareholders as at the Books Closure Date
“Entity at Risk”	:	Has the meaning ascribed to it in Chapter 9 of the Listing Manual
“EPS”	:	Earnings per Share
“ESG”	:	Environmental, social and governance
“Financial Adviser”	:	The financial adviser to the Company in respect of the Proposed Spin-Off, namely, CLSA
“First Moratorium Period”	:	Has the meaning ascribed to it in Section 4.8 of this Circular
“Fund” or “Funds”	:	The private fund(s) and/or investment vehicle(s) managed by the Spin-Off Group from time to time
“Fund Investments”	:	The limited partnership interests or shareholdings in PE Funds owned, directly or indirectly, by the Spin-Off Group, including but not limited to entitlements, rights and benefits arising therefrom and any additional or other investments, assets or properties that may be owned, directly or indirectly, by the Spin-Off Group

DEFINITIONS

“Fund/Wealth Management Business”	:	The Spin-off Group’s future plans relating to the proposed Singapore-based capital markets services licensed fund management business of the Spin-off Group, with CMS licence to undertake business such as the proposed management of third party investment funds and provision of wealth management services conducted by the Spin-Off Group following the Proposed Spin-off and Group Restructuring Exercise
“FVTPL”	:	Fair value through profit or loss
“FY”	:	Financial year of the Company ended or ending on (as the case may be) 31 December
“FY2019”	:	Financial year of the Company ended 31 December 2019
“FY2020”	:	Financial year of the Company ended 31 December 2020
“FY2021”	:	Financial year of the Company ended 31 December 2021
“FY2022”	:	Financial year of the Company ending on 31 December 2022
“GEM”	:	GEM Asset Management Pte. Ltd.
“GEM Acquisition”	:	The proposed acquisition by YZJFH of 100% of the issued and paid-up capital of GEM
“GP”	:	A general partner or manager of a PE Fund
“Group”	:	The Company and its subsidiaries
“Group Restructuring Exercise”	:	Has the meaning ascribed to it in Section 4.1 of this Circular
“Interested Person”	:	Has the meaning ascribed to it in Chapter 9 of the Listing Manual
“Internal Rate of Return”	:	A metric used in financial analysis to estimate the profitability of potential investments, being a discount rate that makes the net present value of all cash flows equal to zero in a discounted cash flow analysis
“Introductory Document”	:	The introductory document dated 1 April 2022 issued by YZJFH in connection with the Proposed Listing

DEFINITIONS

“Investment Business”	:	The current investment business of the Group that is mainly concentrated on debt investments at amortised costs and venture capital-related investments in the form of financial assets, fair value through profit and loss and investments in associated companies in the balance sheet
“Investment Management Business”	:	The Spin-off Group’s business which seeks capital appreciation and investment income from investments in both public and private companies, Funds as well as deploying funds into various situations
“Investment Portfolio”	:	The Spin-Off Group’s Fund Investments managed by twelve (12) GPs in the PRC as at 31 December 2021
“IPTs”	:	Interested person transactions as defined under Chapter 9 of the Listing Manual
“Jiangsu New Yangzi Shipbuilding”	:	Jiangsu New Yangzi Shipbuilding Co., Ltd. (江苏新扬子造船有限公司), a PRC-incorporated, wholly-owned subsidiary of the Group
“Jiangsu Yangchuan”	:	Jiangsu Yangchuan Investment Development Co., Ltd. (江苏扬船投资发展有限公司), a PRC-incorporated, wholly-owned subsidiary of YZJFH following the completion of the Group Restructuring Exercise
“Jiangsu Yangzijiang Shipbuilding”	:	Jiangsu Yangzijiang Shipbuilding Co., Ltd. (江苏扬子江船厂有限公司), a PRC-incorporated, wholly-owned subsidiary of the Group
“JNYS Dividend Receivable”	:	Has the meaning ascribed to it in Section 4.1(i) of this Circular
“JYA Receivable”	:	Has the meaning ascribed to it in Section 4.1(iii) of this Circular
“JYS Dividend Payable”	:	Has the meaning ascribed to it in Section 4.1(ii) of this Circular
“JYS Dividend Receivable”	:	Has the meaning ascribed to it in Section 4.1(ii) of this Circular
“Latest Practicable Date”	:	29 March 2022, being the latest practicable date prior to the release of this Circular
“Listing Date”	:	The date of the commencement of dealing in the YZJFH Shares on the SGX-ST

DEFINITIONS

“Listing Manual”	:	The listing manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date
“LP” or “LPs”	:	A limited partner or limited partners of a PE Fund
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Moratorium Shares”	:	Has the meaning ascribed to it in Section 4.8 of this Circular
“Mr. Toe”	:	Toe Teow Heng, the executive director and chief executive officer of YZJFH
“NAV”	:	Net asset value, being total assets less total liabilities and non-controlling interests
“Newyard Worldwide”	:	Newyard Worldwide Holdings Ltd
“Notice of EGM”	:	The notice of the EGM, as set out in pages N-1 to N-5 of this Circular
“NTA”	:	Net tangible assets
“Others Business”	:	The segment of the Group’s business which derives revenue primarily from the sale of goods (e.g. steel)
“Overseas Shareholders”	:	Shareholders whose registered address appearing in the Register or the Depository Register (as the case may be) is outside of Singapore as at the Books Closure Date
“Overseas Shareholders’ YZJFH Shares”	:	Has the meaning ascribed to it in Section 7.5 of this Circular
“PBT”	:	Profit before tax
“PE Fund” or “PE Funds”	:	Private equity fund or private equity funds
“PIPE”	:	Private Investment in Public Equity
“PRC”	:	The People’s Republic of China
“Pre-Clearance Letter”	:	Has the meaning ascribed to it in Section 2.6.1 of this Circular
“Proposed Listing”	:	The proposed listing by way of introduction of YZJFH on the Mainboard of the SGX-ST
“Proposed Spin-Off”	:	The YZJFH Distribution and the Proposed Listing

DEFINITIONS

“Proxy Form”	:	The proxy form in respect of the EGM, as set out on pages N-6 to N-7 of this Circular
“Register”	:	The register of members of the Company, as maintained by the Company’s Share Registrar
“Register of YZJFH”	:	The register of members of YZJFH, as maintained by YZJFH’s Share Registrar
“Remaining Group”	:	The Group excluding the Spin-off Group after the Group Restructuring Exercise
“Restrictions”	:	Has the meaning ascribed to it in Section 4.8 of this Circular
“Return on Equity”	:	A measure of financial performance calculated by dividing net income by shareholders’ equity
“Second Moratorium Period”	:	Has the meaning ascribed to it in Section 4.8 of this Circular
“Securities Account”	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Section”	:	A section of this Circular
“SFA”	:	Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as may be amended, modified or supplemented from time to time
“SGXNet”	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system network prescribed by the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“Shipbuilding Business”	:	The Group’s shipbuilding business which derives revenue from the building and sale of completed vessels, offshore marine equipment construction and ship design

DEFINITIONS

“Shipping Business”	:	The Group’s shipping business which derives revenue from the leasing and chartering of vessels
“SMEs”	:	Small and medium-sized enterprises, as defined in the Notice on the Provisions for Classification Standards of Small and Medium-sized Enterprises (关于《中小企业分类标准规定》的通知)
“Spin-Off Group”	:	YZJFH and its group of companies
“Spin-Off Guidance”	:	The spin-off guidance provided by the SGX-ST on spin-off exercises in its announcements in the SGX Regulator’s Column dated 3 February 2010 and 24 February 2011
“SRS”	:	Supplementary Retirement Scheme
“SRS Investors”	:	Investors who have purchased Shares pursuant to the SRS
“SRS Operators”	:	Agent banks approved by CPF under the SRS
“Substantial Shareholder”	:	A person who has an interest in the voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than 5.0% of all the voting Shares
“Transfer”	:	Has the meaning assigned to it in Section 4.1(iv) of this Circular
“treasury shares”	:	Has the meaning ascribed to it in section 4 of the Companies Act
“Venture Capital”	:	A form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential
“YIHL”	:	Has the meaning ascribed to it in Section 4.8 of this Circular
“YSL Receivables”	:	Has the meaning ascribed to it in Section 4.1(iv) of this Circular
“YZJFH”	:	Yangzijiang Financial Holding Ltd.
“YZJFH’s Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.

DEFINITIONS

“YZJFH Distribution” : The proposed distribution by the Company to the Shareholders of all the issued YZJFH Shares held by the Company on the basis of one (1) YZJFH Share for each Share held by Shareholders or on their behalf as at the Books Closure Date

“YZJFH Shares” : Ordinary shares in the issued share capital of YZJFH

Currencies, Units and Others

“RMB” : Renminbi, being the lawful currency of the PRC

“S\$” or “SGD” and “cents” : Singapore dollars and cents respectively, being the lawful currency of Singapore

“USD” : United States dollars, being the lawful currency of the United States of America

“%” : Per centum or percentage

Unless the context requires otherwise:

- i. the terms “**Depositor**”, “**Depository**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in section 81SF of the SFA and the terms “**subsidiary**”, “**related company**” and “**substantial shareholder**” shall have the meanings ascribed to them in sections 5, 6 and 81 of the Companies Act respectively;
- ii. the terms “**associate**” and “**associated company**” shall have the meanings ascribed to them in the section entitled “Definitions and Interpretation” of the Listing Manual;
- iii. any reference in this Circular to any statute or enactment is a reference to such statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the Listing Manual, the SFA or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the said Companies Act, Listing Manual, SFA or any statutory modification thereof, as the case may be, unless otherwise the context otherwise requires. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date;
- iv. any reference in this Circular to “**Listing Rule**”, “**Rule**” or “**Chapter**” is a reference to the relevant rule or chapter in the Listing Manual;
- v. words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations;
- vi. the headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular;

DEFINITIONS

- vii. any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated; and
- viii. any discrepancies in figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

Certain Chinese names and characters, such as those of entities, properties, cities, governmental and regulatory authorities, laws and regulations and notices, have been translated into English or from English names and characters, solely for your convenience, and such translations should not be construed as representations that the English names actually represent Chinese names and characters or that the Chinese names actually represent the English names and characters.

Exchange Rate

For the purpose of this Circular, unless otherwise stated, the following exchange rates obtained from the Bank of China shall be applied throughout this Circular:

Year	S\$:RMB ⁽¹⁾	
	Average exchange rate	Closing exchange rate
FY2019	5.060025	5.173900
FY2020	5.008450	4.931400
FY2021	4.799058	4.717900

Source: Bank of China

Note:

- (1) The above exchange rates have been calculated with reference to exchange rates quoted from Bank of China and should not be construed as representations that the S\$ amounts actually represent such amounts or could be converted into the S\$ at the rate indicated, or at any other rate, or at all. Bank of China has not consented to the inclusion of the exchange rates quoted under this section for the purposes of section 249 of the SFA and is thereby not liable for these exchange rates under sections 253 and 254 of the SFA. While our Directors have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

This Circular is not for distribution, directly or indirectly, in the United States of America. This Circular is not intended to, and does not constitute, an offer to sell or invitation to purchase or the solicitation of an offer to buy any securities whether directly or indirectly, nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever in Singapore or any other jurisdictions, including the United States of America.

This Circular is for the exclusive use of Shareholders in connection with the Proposed Spin-Off. Accordingly, this Circular must not be distributed, published or reproduced (in whole or in part), in any jurisdiction other than Singapore or used for any purpose other than in connection with Shareholders' consideration of the Proposed Spin-Off.

You will be regarded as an Overseas Shareholder if your registered address on the Register or the Depository Register (as the case may be) is not in Singapore as at the Books Closure Date. Where the Directors are of the view that the distribution of the YZJFH Shares to any Overseas Shareholders may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole and absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, such Overseas Shareholders' YZJFH Shares will not be distributed to such Overseas Shareholders.

Instead, the Overseas Shareholders' YZJFH Shares shall be transferred to such person(s) as the Company may appoint who shall sell the Overseas Shareholders' YZJFH Shares and thereafter distribute the aggregate amount of the net proceeds, after deducting for all dealings and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to the YZJFH Shares as at the Books Closure Date in full satisfaction of their rights to the YZJFH Shares which they would otherwise have become entitled to under the YZJFH Distribution. Where such YZJFH Shares are sold on the SGX-ST, they will be sold at such price or prices as the Company may, in its sole and absolute discretion, decide and no Overseas Shareholder shall have any claim whatsoever against the Company, YZJFH, the Financial Adviser, CDP, CPF, the Company's Share Registrar and/or YZJFH's Share Registrar and their respective officers in connection therewith.

Where the net proceeds to which any particular Overseas Shareholder is entitled to is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or any other person in connection therewith.

Overseas Shareholders who wish to change their registered address on the Register and the Depository Register (as the case may be) to provide an address in Singapore in substitution thereof prior to the Books Closure Date may do so by sending a notice in writing to the Company's Share Registrar (in the case of a change of address on the Register) and CDP (in the case of a change of address on the Depository Register), respectively not later than three (3) Market Days prior to the Books Closure Date.

CAUTIONARY STATEMENT

Cautionary Statement on the Proposed Spin-Off

The Proposed Spin-Off is subject to, amongst other things, the obtaining of all requisite approvals from relevant regulatory authorities, including the SGX-ST, market conditions prevailing at the relevant time and Shareholders' approval for the Proposed Spin-Off set out in the Notice of EGM. The Board wishes to caution Shareholders that there is no certainty or assurance as at the date of this Circular that the relevant approvals will be obtained and that the Proposed Spin-Off will eventually materialise.

The Company reserves the right to not proceed with the Proposed Spin-Off if, after assessing various factors, including the prevailing general economic and capital market conditions and any other relevant factors, the Company does not consider the Proposed Spin-Off to be in the best interests of the Company and/or if the requisite approval(s) required for the Proposed Spin-Off have not been or cannot practicably be obtained. The Company will make the relevant announcements as and when required and as and when material developments arise in respect of the Proposed Spin-Off.

Certain descriptions and disclosures (including but not limited to the financial information) in respect of YZJFH, the Spin-Off Group and its business have been included in this Circular. It should be noted that the information in relation to YZJFH and the Spin-Off Group and its business set out in the Introductory Document will be more comprehensive than that set out in this Circular, as it will be prepared in compliance with the Listing Manual and the SFA, and will contain prescribed information and presentation of information.

Shareholders are advised to refrain from taking any action in respect of their Shares which may be prejudicial to their interests and to exercise caution when dealing with the Shares. In the event that the Shareholders and potential investors wish to deal in the Shares, they should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

Cautionary Statement on Forward-Looking Statements

All statements contained in this Circular, statements made in press releases and oral statements that may be made by the Company, the Group, their directors, executive officers or employees acting on their behalf, which are not statements of historical fact, constitute "forward looking statements". Some of these statements can be identified by words that have a bias towards, or are, forward-looking such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or similar words. However, Shareholders should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's and the Group's expected financial position, business strategies, plans and prospects, are forward-looking statements.

These forward-looking statements and other matters discussed in this Circular regarding matters that are not historical fact are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's and the Group's actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Ren Letian	Chairman and Chief Executive Officer
		Xu Wen Jiong	Non-Independent, Non-Executive Director
		Teo Yi-dar (Zhang Yida)	Lead Independent Director
		Chen Timothy Teck Leng	Independent Director
JOINT COMPANY SECRETARIES	:	Pan Mi Keay Lee Wei Hsiung	
REGISTERED OFFICE OF THE COMPANY	:	80 Robinson Road #02-00 Singapore 068898	
PRINCIPAL PLACE OF BUSINESS IN THE PRC	:	1# Lianyi Road Jiangyin-Jingjiang Industry Zone Jingjiang City, Jiangsu, PRC 214532	
FINANCIAL ADVISER TO THE COMPANY IN RESPECT OF THE PROPOSED SPIN-OFF	:	CLSA Singapore Pte Ltd 80 Raffles Place #18-01 UOB Plaza Singapore 048624	
AUDITOR	:	PricewaterhouseCoopers LLP Registered Public Interest Entity Auditor 7 Straits View Marine One East Tower Singapore 018936 Partner-in-charge: Mr. Alex Toh Wee Keong	
SINGAPORE LEGAL ADVISER TO THE COMPANY IN RESPECT OF THE PROPOSED SPIN-OFF	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542	

CORPORATE INFORMATION

PRC LEGAL ADVISER TO THE COMPANY IN RESPECT OF THE PROPOSED SPIN-OFF : **Jingtian & Gongcheng**
Suite 45/F, K. Wah Centre
1010 Huaihai Road (M), Xuhui District
Shanghai 200031, China

SHARE REGISTRAR AND SHARE TRANSFER OFFICE OF THE COMPANY AND YZJFH : **Boardroom Corporate & Advisory Services Pte. Ltd.**
1 Harbourfront Avenue
#14-07
Keppel Bay Tower
Singapore 098632

LETTER TO SHAREHOLDERS

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200517636Z)

Directors:

Ren Letian (*Executive Chairman and Chief Executive Officer*)
Xu Wen Jiong (*Non-independent and Non-executive Director*)
Teo Yi-dar (Zhang Yida) (*Lead Independent Director*)
Chen Timothy Teck Leng (*Independent Director*)

Registered Office:

80 Robinson Road,
#02-00,
Singapore 068898

1 April 2022

To: The Shareholders of Yangzijiang Shipbuilding (Holdings) Ltd.

Dear Sir/Madam,

THE PROPOSED SPIN-OFF OF THE INVESTMENT BUSINESS OF THE COMPANY THROUGH THE DIVIDEND *IN SPECIE* OF ALL THE ISSUED SHARES IN YANGZIJIANG FINANCIAL HOLDING LTD. TO SHAREHOLDERS, WHICH CONSTITUTES A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL, AND THE PROPOSED LISTING OF YANGZIJIANG FINANCIAL HOLDING LTD. ON THE MAINBOARD OF THE SGX-ST BY WAY OF AN INTRODUCTION

1. INTRODUCTION

(a) The Proposed Spin-Off

On 29 November 2021, the Company announced that it proposes to spin-off its Investment Business via the transfer of existing investments to a newly incorporated company and the proposed listing of the newly incorporated company.

The Company is proposing to spin-off its Investment Business by the following:

- i. YZJFH Distribution: effecting a dividend *in specie* to Shareholders of all the issued YZJFH Shares, on the basis of one (1) YZJFH Share for each Share held by Shareholders or on their behalf as at the Books Closure Date; and
- ii. Proposed Listing: listing the YZJFH Shares on the Mainboard of the SGX-ST by way of an introduction.

The Proposed Spin-Off is subject to the approval of Shareholders and such other approvals as set out in Section 4.3 below.

No payment will be required from Shareholders for the YZJFH Shares to be received from the YZJFH Distribution. The YZJFH Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the YZJFH Distribution is effected.

A copy of the Company's announcement dated 29 November 2021 on the Proposed Spin-Off is available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.

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(b) The YZJFH Distribution as a Major Transaction

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceed 20.0% but do not exceed 100.0%, the YZJFH Distribution constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Company is required to seek the approval of the Shareholders for the YZJFH Distribution at the EGM.

(c) Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Spin-Off, including the rationale and the *pro forma* financial effects of the YZJFH Distribution on the Group, and to seek Shareholders' approval for the resolutions relating to the Proposed Spin-off (comprising the YZJFH Distribution and the Proposed Listing) and for the YZJFH Distribution as a major transaction under Chapter 10 of the Listing Manual to be tabled at the EGM, notice of which is set out on pages N-1 to N-5 of this Circular.

By approving the ordinary resolutions relating to the Proposed Spin-Off at the EGM, Shareholders are deemed to have approved the YZJFH Distribution and the Proposed Listing, as well as any other transactions contemplated thereunder.

Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Circular.

2. SUMMARY INFORMATION ON YZJFH AND THE SPIN-OFF GROUP

You should also have received, together with this Circular, the Introductory Document which sets out detailed information on YZJFH and the Spin-Off Group, including its properties, business and operations, selected *pro forma* financial information and risk factors. Please read the Introductory Document carefully. The following is a summary of selected information on YZJFH and the Spin-Off Group, and should be read in conjunction with the Introductory Document.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries where Shareholders may have their registered addresses (other than Singapore), the Introductory Document has not been and will not be despatched to any jurisdictions outside Singapore. Shareholders are advised to read the Introductory Document carefully.

2.1 Information on YZJFH

YZJFH was incorporated on 14 December 2021 to hold the Investment Business. As at the Latest Practicable Date, YZJFH is the holding company of the Spin-Off Group, and has an issued and paid-up share capital of S\$4,264,195,899 comprising 3,950,589,220 ordinary shares. YZJFH has been a direct wholly-owned subsidiary of the Company since its incorporation.

As at the Latest Practicable Date, YZJFH has no outstanding instruments convertible into, rights to subscribe for, or options in respect of its shares.

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2.2 Group Structure of the Remaining Group and the Spin-Off Group

Please refer to **Appendix A** of this Circular for the group structure of the Remaining Group and the Spin-off Group prior to and following the Proposed Spin-Off.

2.3 Key Features of the Spin-Off Group

(a) Competitive Strengths

As detailed in the section entitled “Business – Competitive Strengths” of the Introductory Document, the Spin-Off Group has the following competitive strengths:

A Leading Investment Management Business and Debt Investment Business in Asia, in terms of the Spin-Off Group’s total AUM size and/or market capitalisation compared to other publicly listed investment management companies in Asia⁽¹⁾

Proven track record of investment management and investment return growth

The Spin-Off Group has had a long-established presence in the PRC for over 14 years, where it has developed extensive local market insights and deal sourcing capabilities through its domestic relationships and network. The Spin-Off Group has demonstrated capabilities in identifying, structuring and executing investment strategies to generate sustainable investment returns over a long-term investment horizon.

As at 31 December 2021, the Spin-Off Group’s Investment Portfolio consists of 12 Fund Investments managed by 12 GPs in the PRC, covering 23 projects with an aggregate invested amount of approximately RMB4.6 billion.

Well-established Debt Investment Business in the Jiangsu Province authorised to offer micro and small loan services across the province

The Spin-off Group has been authorised to engage in micro and small loan business in the Jiangsu Province by the Jiangsu Finance Office since 2010 and has been focusing on serving the business financing needs of SMEs, micro enterprises and individual proprietors, enabling it to gain valuable local understanding of its target customers’ financing needs as well as the business and credit environment they face. It also enables the Spin-off Group to build a strong local brand reputation as a preferred partner for, as well as long-term and enduring relationships with, its customers.

The Spin-Off Group believes that its in-depth knowledge of the local market and credit environment owing to its long-term commitment in serving the Jiangsu Province market has enabled it to identify and build a solid customer base. For FY2019, FY2020 and FY2021, it granted microfinancing loans to 238, 247 and 232 customers respectively. Its customers comprise primarily SMEs, micro enterprises and individual proprietors who operate in a variety of industries.

Note:

- (1) Based on information extracted from public sources, such as company announcements, news, and publications, available on public platforms, including company and stock exchange websites, as well as finance and trading websites.

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Strong investment capacity with deep proprietary capital pool

Well-positioned to grow its investment portfolio

The Investment Management Business platform, underpinned by a deep war chest, being reserves of cash built up or cash stockpile forming the proprietary capital pool that will be used by the Spin-off Group for investments for both organic and inorganic growth should the opportunity arise, enables it to deploy funds for growth and capitalise on new opportunities in various fast-growing markets and sectors. As at 31 December 2021, the Spin-Off Group had S\$18.4 million of cash and cash equivalents, as well as S\$3.4 billion of Debt Investments (at amortised costs), which is expected to mature over the next 12 months. The Spin-Off Group envisages that the investment principal arising from the matured Debt Investments (at amortised costs) will be recycled into (a) investments with longer investment horizon, such as private debt and mezzanine funds, under the Investment Management Business in the PRC; and (b) its newly established offshore Investment Management Business in Singapore.

With approximately S\$2.0 billion (or approximately RMB9.4 billion) of proprietary capital earmarked for offshore investments, the Spin-Off Group will be able to further diversify its portfolio mix to a multi-country, multi-asset and multi-sector portfolio.

Strong capital management while upholding high regulatory standards

The Spin-Off Group's microfinance loan business is conducted by Jingjiang Runyuan Rural Microfinance Co., Ltd (靖江市润元农村小额贷款有限公司), a subsidiary of the Spin-Off Group. As a microfinance company, sufficient liquidity and the ability to obtain debt financing when needed are among the crucial factors supporting its business development. Pursuant to the applicable laws and regulations of the PRC, the maximum amount of debt financing eligible for a microfinance company is determined with reference to its net capital and its accredited grading under the Microfinance Companies Regulatory Grading Scheme. More particularly, according to the Working Opinions on Supporting Jiangsu Rural Microfinance Companies with High Grades and Limiting the Jiangsu Rural Microfinance Companies with Low Grades (Provisional) (江苏省农村小额贷款公司扶优限劣工作意见(暂行)) issued by the Jiangsu Finance Office, a microfinance company with an "AA" or "AAA" grading is eligible for a maximum debt financing of 100.0% of its net capital, as compared to the lower maximum of 50.0% of net capital allowed for microfinance companies with "BBB", "BB" or "B" grading. A microfinance company with a stronger capital base and higher grading therefore enjoys more flexibility to leverage up and expand its loan portfolio, which in turn enhances its capacity to achieve higher profitability and better Return on Equity.

As at the Latest Practicable Date, Jingjiang Runyuan has a registered capital of RMB600.0 million and has an accredited "A" grading by the Jiangsu Finance Office pursuant to the Microfinance Companies Regulatory Grading Scheme. As such, Jingjiang Runyuan is eligible for a maximum debt financing of 80.0% of its net capital. The Spin-Off Group believes that its strong capital base coupled with its accredited grading have provided, and will continue to provide, it with the flexibility and competitive edge to excel in its core businesses and support its existing businesses.

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Alignment of Interests

In addition, by putting its own capital behind its ideas, the Spin-Off Group could achieve alignment of interests between itself and its investors, portfolio companies and other stakeholders.

Active portfolio management to deliver attractive risk-adjusted returns

The Spin-Off Group believes that the combination of robust investment and risk management framework, coupled with effective asset allocation and strategy positioning are the key value drivers of its investment returns. Leveraging on its own independent in-house investment and risk management teams with in-depth local knowledge and management know-how, the Spin-Off Group could proactively identify quality and attractive investment projects, loans and Debt Investment opportunities, and third-party GPs, to create value for shareholders.

As at 31 December 2021, the Spin-off Group's Investment Management Business had deployed more than RMB5.0 billion of proprietary capital into various Fund Investments and has achieved cumulative historical investment returns in excess of RMB2.0 billion with an Internal Rate of Return ranging between 10.0% to 30.0%. Its Debt Investment Business has also managed to maintain its debt yield to between 10.0% to 15.0% with a default rate below 5.0% and recovery ratio of above 70.0%. The Debt Investment Business will be one of the components of the Spin-Off Group's existing investment portfolio. The Spin-Off Group's current Debt Investment Business is mainly concentrated on Debt Investments (at amortised costs) as well as Venture Capital-related investments in the form of financial assets, fair value through profit and loss and investments in associated companies in the balance sheet. Following completion of the Proposed Spin-Off, it is envisaged that the business of the Spin-Off Group will comprise the Debt Investment Business and the Investment Management Business, which includes direct investment, and the Fund/Wealth Management Business.

Notwithstanding the Proposed Spin-Off, interest income derived from the Debt Investments will still be the Spin-Off Group's main revenue generator in the foreseeable future.

The Spin-Off Group's non-interest income comprises dividend income, derived through dividends earned on its investments in financial assets at fair value through profit or loss, net changes in fair values of its investments in financial assets at FVTPL, and other income including rental income from investment properties and service income earned from consultation services. Please refer to the section entitled "Summary of our Financial Information" of the Introductory Document for a breakdown of the Spin-Off Group's sources of income.

The Spin-Off Group is also adapting to changing times and markets proactively to address the evolving investment landscape, in particular, with an increasing focus on ESG investing. On 20 January 2022, the Spin-Off Group allocated RMB900.0 million into an upcoming Venture Capital investment Fund focused on sectors such as healthcare, new materials, information technology services, smart manufacturing, new energy and ecological environment industries.

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The Spin-Off Group has a strong leadership and a deep bench of investment professionals

The Spin-Off Group has assembled a strong leadership team with in-depth experience across various strategies and asset classes. On average, its leadership team has about 17 years of relevant experience.

Mr. Toe, its Executive Director, CEO and CIO – Singapore, has over 25 years of experience in Fund management and investment advisory, mergers and acquisitions, IPO deals and fundraising, throughout Asia.

Mr. Peng Xingkui, its CIO – PRC, has more than 10 years of experience in both domestic and foreign investment management. From May 2016 to May 2017 and May 2017 to December 2019, he held the position of Director of the President’s Office and the position of Investment Director of the Investment Management Department respectively in Jiangsu Yangzijiang Shipbuilding, and has been the Head of the Investment Management Department of Jiangsu Yangzijiang Shipbuilding since January 2020.

The Spin-off Group’s leadership team is also well supported by over 40 investment professionals as at 31 December 2021 providing the Spin-Off Group with a competitive advantage in deal sourcing and origination, extensive local market insights, domestic and cross border investment experience, as well as a track record in deal execution.

The Spin-Off Group believes that the experience, network and track record of its leadership team and investment management specialists are the principal reasons for its success in achieving significant growth for its business since its incorporation, and they will continue to play an instrumental role in the Spin-Off Group’s success going forward.

The Spin-Off Group also believes that a company can only be as good as its employees. They intend to continue to invest in people to continually sharpen this competitive edge.

It has the ability to attract global talent

Through its proposed expansion into the Fund/Wealth Management Business, the Spin-off Group will have an extensive platform to offer end-to-end domestic and international investment management solutions. The Spin-Off Group believes that its strong brand equity, opportunity to gain exposure to its top leadership and team of investment professionals with diverse skillsets, and availability of two (2) distinct Investment Management Business and Fund/Wealth Management Business platforms, will provide it with a competitive advantage to compete for global talents.

Broad and deep strategic relationships in the Greater China and Southeast Asia region

The Spin-Off Group possesses strong partnerships and networks in the Greater China and Southeast Asia region. In the process of investments and monitoring its underlying portfolio companies, it has developed long-term relationships with management consultants and management teams in various sectors, as well as substantial information concerning these sectors. It expects that the in-depth coverage and

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experience of the Spin-Off Group's investment professionals in investing across sectors throughout various stages of the economic cycle will provide the Spin-Off Group with access to ongoing market insights and deal flows. Through its industry focus and network of various prominent families, investment banks and sovereign wealth Funds, the Spin-Off Group is often able to obtain exclusive or limited access to investment opportunities with favourable valuations and terms.

(b) Strategies and Future Plans

Upon the listing of YZJFH on the Mainboard of the SGX-ST, the Spin-Off Group intends to pare down its Debt Investment Business and continue to strengthen its position by pursuing growth via its Investment Management Business and by entering into the Fund/Wealth Management Business, underpinned by focused strategies to (a) grow its Investment Portfolio in the PRC; (b) recycle capital from the Debt Investment Business to Fund Investments in the Investment Management Business; (c) extend its investment footprint into Singapore by partnering prominent Fund management companies to launch co-GP Funds; (d) diversify into fast-growing sectors and new asset classes; and (e) establish the Fund/Wealth Management Business via the acquisition of a CMS-licensed fund management company or the setting up of a fund management company in Singapore.

Continue to grow its Investment Portfolio in the PRC

The Spin-Off Group will continue to build on the track record established by its Fund Investments and strengthen its leadership position in the PRC investment industry. Its PRC investment management team remains committed to delivering sustainable returns through disciplined investment while seeking value opportunities, and building resilience into the portfolio through sector and asset diversification.

Recycle capital from the Debt Investment Business to Fund Investments in the Investment Management Business

Pursuant to the Group Restructuring Exercise and as an independent investment management company, the Spin-Off Group will reposition its Debt Investment Business to focus on Fund Investments with a view to generate sustainable long-term returns.

The investment principal arising from the matured entrusted loans will be partially recycled into investments with longer investment horizons, such as private debt and mezzanine Funds, under the Investment Management Business in the PRC. Notwithstanding that, a portion of the recycled capital will also be deployed into its newly established offshore Investment Management Business in Singapore. The reinvestment strategy will enable the Spin-Off Group to tap into investment opportunities in various asset classes and geographical markets, thus providing greater diversification and investment flexibility to its Investment Portfolio.

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Extend its investment footprint into Singapore by partnering prominent Fund management companies to launch co-GP Funds

The Spin-Off Group plans to start its Investment Management Business in Singapore via joint investments with other prominent investment management companies either as a LP or co-GP, while building on its talent pool and experiences. It will decide on which prominent investment management companies to partner with by taking into consideration, amongst other factors, the management companies' scale (in terms of number of investment professionals, clientele, AUM size, deal sourcing capabilities, resources and geographical presence), scope and quality of service and product offerings, past experiences and track record as well as reputation and reliability.

As at the Latest Practicable Date, the Spin-Off Group has identified and is in the process of negotiating the following Fund management projects with third parties:

Fund	Fund Type	Fund Strategy	Investment Type
Fund A	Private Equity	Control and Growth Companies	Limited Partner
Fund B	Fixed Income	Growth and Tech Companies	Co-General Partner
Fund C	Real Estate	Purpose-Built Student Accommodation in the United Kingdom	Co-General Partner
Fund D	Private Equity	Growth Companies	Co-General Partner
Fund E	Private Equity	Unicorn Opportunities	Co-General Partner
Fund F	PIPE/Equity	Absolute Returns	Co-General Partner

Diversify into fast-growing sectors and new asset classes

The Spin-Off Group has identified a number of key strategic areas of growth, including but not limited to the following:

Investment Strategies

Initially, the Spin-Off Group expects that its Investment Portfolio will consist primarily of Fund Investments in the PRC. Over time, however, it expects that its Investment Portfolio will consist of a well-balanced geographical mix, with PRC and Singapore investments each accounting for 50.0% of the Spin-Off Group's total investment amount.

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Upon the completion of the Group Restructuring Exercise and the Proposed Listing, the Spin-Off Group targets to deploy approximately RMB5.0 billion (or equivalent to approximately S\$1.0 billion) of its proprietary capital into offshore investments by the end of FY2022. Out of the total offshore investments, approximately 50.0% will be deployed under Investment Management Business and the remaining 50.0% will be used to seed its own-GP Funds, which will be managed by its in-house CMS-licensed fund manager. It also intends to leverage on the Qualified Domestic Limited Partnership (“**QDLP**”) and Qualified Foreign Limited Partnership (“**QFLP**”) schemes in the PRC to capture cross-border investment opportunities. Apart from QDLP and QFLP, the Spin-Off Group can engage in overseas direct investment through various other channels, including the setting up of new overseas entities, mergers and acquisitions, purchase of company shares, etc., after completing the necessary filing requirements under PRC laws and obtaining the relevant permits from competent regulatory authorities, including the PRC National Development and Reform Commission (国家发展和改革委员会), the Ministry of Commerce of the PRC (商务部) and the Foreign Exchange Administration (外汇管理局). The PRC companies set up by the Spin-Off Group can also invest in overseas public market investment opportunities through QDII (Qualified Domestic Institutional Investor).

Asset Classes

The Spin-Off Group’s current Investment Portfolio is primarily concentrated in Fund Investments, with underlying assets being listed and unlisted equities.

It intends to diversify into new asset classes such as private debt, mezzanine financing and Real Estate Investment Trusts (REITs).

Geographies

The Spin-Off Group’s current Investment Portfolio is primarily concentrated in the PRC, which will remain as one of its core markets. It intends to diversify into Singapore, forming its second core market. It will also explore investment opportunities in emerging markets in the Asia Pacific region as well as global developed markets.

Key Focus/Themes

Its key focus and themes will be as follows:

- (a) Late-stage companies, which are typically growth or pre-initial public offering companies;
- (b) ESG, including clean/new energy and strategic investments in the shipping industry;
- (c) “New Economy”, including but not limited to 5G, big data, artificial intelligence (AI), internet of things (IoT), supply chain and smart logistics;
- (d) Real estate, particularly purpose-built student accommodation, data centres and aged care; and

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- (e) Opportunistic investments, which will be intended to enhance its returns to investors. These investments may include, but are not limited to, PIPE investors, initial public offering anchor investors, and special situations.

It believes that its extensive network, track record and long-standing presence in the public and private markets in the PRC represent a key competitive advantage. This will allow the Spin-Off Group to identify valuable, broad based and sustainable pipeline of investment opportunities to grow its businesses and thereby supporting its strategic growth objectives.

Subsequently, the Spin-Off Group plans to gradually increase its offshore investments over the next five (5) years, such that its Investment Portfolio will consist of a well-balanced geographical mix, with onshore (i.e. PRC) and offshore (i.e. Singapore) investments each accounting for 50.0% of the Spin-Off Group's total investment amount.

Portfolio Allocation

The FY2022 offshore investment allocation of approximately S\$1.0 billion is expected to be equally deployed to the Investment Management Business in Singapore and the Fund/Wealth Management Business (assuming that its Fund/Wealth Management Business is successfully established by FY2022), i.e. approximately S\$500.0 million each. This is in line with the Spin-Off Group's long-term investment strategy to generate sustainable investment returns over a long-term investment horizon.

To achieve this, the Spin-Off Group plans to, among others:

- (a) partner other prominent investment companies for joint investments under its Investment Management Business, while building on its talent pool and experiences in order to extend its investment footprint into Singapore; and
- (b) assuming the successful establishment of Fund/Wealth Management Business, launch its own-GP Funds that invest in various asset classes and expand its Fund/Wealth Management Business to expand into managing third party investment Funds and provision of wealth management services to generate recurring fee-based income.

The long-term onshore-offshore geographical mix of 50.0%:50.0% of the Spin-Off Group's total investment amount is due to:

- i. the identified core markets of the Spin-Off Group being the PRC and Singapore; and
- ii. the Spin-Off Group's extensive network, track record and long-standing presence in the public and private markets in the PRC.

The Spin-Off Group will also tap into investment opportunities in emerging markets in the Asia Pacific region as well as global developed markets, via its PRC or Singapore proprietary capital pool.

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As the Spin-Off Group executes its various growth strategies, it would look to deepen and/or add new capabilities to enhance and extend the capabilities of the current management team.

The Spin-Off Group could strengthen its management team via:

- (a) Organic growth: building on its talent pool and collective experience by
 - (i) employing global talents with diverse knowledge and experience, and
 - (ii) partnering other prominent investment management companies for joint investments; and
- (b) Inorganic growth: integrating the existing management team of the target companies that may be acquired by the Spin-Off Group, with the Spin-Off Group's existing management team.

Acquire new Fund/wealth management capabilities to distribute investment products (including own-GP Funds) and generate recurring fee-based income

After the Proposed Listing, the Spin-Off Group intends to enter into the Fund/Wealth Management Business by exploring acquisitions or investment opportunities in order to gain access to this business, including through the GEM Acquisition, and/or the acquisition of other fund management companies and/or set up its own fund/wealth management company.

GEM is a fund management company with a CMS licence in Singapore. As at the Latest Practicable Date, GEM manages three (3) Funds, namely, ICH Gemini Asia Growth Fund, GEM Tech Dev Holdings (a sub-fund under the GEM Tech Holdings VCC), and Golden Ox Medical Fund (a sub-fund under the Golden Ox Fund VCC). GEM is also the fund manager of all the sub-funds under GEM Tech Holdings VCC and Golden Ox Fund VCC. The total funds under management (FUM) under GEM amounted to approximately S\$58.3 million as at 31 December 2021, which is held via two (2) managed Funds, namely, ICH Gemini Asia Growth Fund (S\$58.0 million) and GEM Tech Holdings (S\$257,047). Currently, ICH Gemini Asia Growth Fund is in the midst of exiting its investments, while GEM is fundraising for its four (4) sub-funds under GEM Tech Holdings VCC and Golden Ox Fund VCC. GEM is also licensed to manage third party investment funds in Singapore. GEM is also in the midst of setting up a subsidiary in Chongqing, the PRC, namely, GEM (Chongqing) Private Fund Management Co., Ltd. (捷元(重庆)私募基金管理有限公司).

YZJFH intends to enter into sale and purchase agreements to acquire 100.0% of the issued and paid-up capital of GEM from its three (3) shareholders, namely, Ascenta Investments Limited, Newyard Worldwide, and Mr. Toe, which holds 40.0%, 30.0% and 30.0% of the share capital of GEM respectively. Two (2) of the shareholders of GEM, namely, Newyard Worldwide and Mr. Toe, are interested persons as Newyard Worldwide is controlled by Mr. Ren Yuanlin, the Executive Chairman of YZJFH and Mr. Toe is a director of YZJFH. The consideration that will be paid to Newyard Worldwide and Mr. Toe for their stakes in GEM will be S\$840,000 each, which is based on a discount of approximately 33.3% from the equity value range of GEM as at 30 November 2021 on a controlling, non-marketable basis of GEM, as determined by an independent valuer jointly appointed by YZJFH and the shareholders of GEM prior to the GEM Acquisition.

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The GEM Acquisition will be conducted on an arm's length, willing-buyer willing-seller basis, will be on normal commercial terms and will not be prejudicial to the interests of the Spin-Off Group and its minority shareholders, due to the following reasons: (i) the value of the consideration in respect of the GEM Acquisition will take into account the valuation conducted, (ii) the provisions of the draft sale and purchase agreements will not unduly favour any party to the GEM Acquisition, as the terms of the sale and purchase agreements are terms which a party would obtain if the transaction were on an arm's length basis and on terms no less favourable to YZJFH than terms available from independent third parties and the terms will be consistent with usual business practices for a similar sale and purchase of shares in a private company, and (iii) the purchase consideration will be based on a discount from the valuation of GEM as determined by the valuer, which is independent of the vendors (including Mr. Ren Yuanlin and Mr. Toe) and the purchaser (i.e. YZJFH).

In-principle approval from MAS for the GEM Acquisition has been obtained on 17 March 2022. YZJFH intends to proceed with the signing of the sale and purchase agreements for the GEM Acquisition and the completion of the GEM Acquisition after the Proposed Listing.

The source of funding for the GEM Acquisition, the acquisition of other fund managers and/or the setting up of YZJFH's own fund/wealth management capabilities, will be its internal sources of funds.

In the event that the GEM Acquisition is not successful, the Spin-Off Group will seek to expand its Fund/Wealth Management Business through acquiring other fund management companies and/or even set up its own fund management companies.

Further details on the Spin-Off Group's investment strategies are set out in the section of the Introductory Document entitled "Prospects, Business Strategies and Future Plans". Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions – GEM Acquisition" of the Introductory Document for further details on the GEM Acquisition.

Shareholders are advised that there is no certainty or assurance as at the date of this Circular that the GEM Acquisition will be undertaken or that it will be completed. Following the Proposed Spin-Off, YZJFH will announce any material developments on the GEM Acquisition.

2.4 Selected Financial Information of the Spin-Off Group

As at 31 December 2021, YZJFH has a book value and NTA value of approximately S\$4,249 million. Following the Group Restructuring Exercise, the book value and NTA value of YZJFH is expected to be approximately S\$4,249 million. As YZJFH is not publicly listed and its shares are not freely traded as at the Latest Practicable Date, there is no latest open market value available.

Please also refer to the sections of the Introductory Document entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the "Reporting Auditor's Report on the Audited Combined Financial Statements of Yangzijiang Financial Holding Ltd. and its subsidiaries for the financial years ended 31 December 2019, 2020 and 2021" for more financial information on the Spin-Off Group.

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2.5 Proposed Directors and Management of the Spin-Off Group and the Remaining Group

2.5.1 Proposed Board of Directors and Management of the Spin-Off Group

It is currently envisaged that board of directors of YZJFH will comprise a total of five (5) directors, being two (2) executive directors and three (3) independent non-executive directors, satisfying the requirements under the Listing Manual and the Code of Corporate Governance 2018.

Following the Proposed Spin-Off, it is the intention of the Company that the Spin-Off Group will be managed by a management team that is separate and independent from the management team of the Remaining Group. Both groups will have an independent finance and administrative capabilities to support their respective businesses.

The proposed board of directors of YZJFH and the management of the Spin-off Group following the Proposed Spin-Off are as follows:

Position	Name
Board of directors of YZJFH	
Executive Chairman and Executive Director	Mr. Ren Yuanlin
Executive Director, Chief Executive Officer and Chief Investment Officer – Singapore	Mr. Toe Teow Heng
Lead Independent Director	Mr. Chew Sutat
Independent Director	Mr. Chua Kim Leng
Independent Director	Mr. Yee Kee Shian, Leon
Other management of the Spin-Off Group	
Chief Financial Officer and Chief Operating Officer	Ms. Liu Hua
Chief Compliance Officer – PRC	Mr. Su Qing
Chief Compliance Officer – Singapore	Mr. Lee Kam Wah Terence
Chief Investment Officer – PRC	Mr. Peng Xingkui

2.5.2 Board of Directors and Senior Management of the Remaining Group

Following the Proposed Spin-Off and as mentioned in Section 2.5.1 above, Ms. Liu Hua will move to the Spin-Off Group to head its accounting and finance department as the Chief Financial Officer. Mr. Ding Jianwen (“**Mr. Ding**”), the current Deputy General Manager of the Company, will then be re-designated as the Deputy General Manager cum Chief Financial Officer of the Company. Save for the foregoing, there will be no change to the Board and the senior management team, of the Company (and the Remaining Group).

Mr. Ding was appointed as the Deputy General Manager of the Company in 2020, and has been the Chief Accountant of the Group since 2017. He is responsible for the Group’s financial, accounting, taxation, risk management as well as the overseeing of the trading logistics division. He has over 20 years of experience in the shipbuilding industry. Prior to joining the Group, from 1995 to June 2004, Mr. Ding worked in Chengxi Shipyard Co. During the period from 2004 to August 2010, he was the finance manager in Cosco Shipyard Group Co., Ltd. From September 2010 and following his joining the Group, he became the Head

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of the financial department and Chief Accountant of Jiangsu New Yangzi Shipbuilding Co., Ltd., which is a wholly-owned subsidiary of the Company. In January 2020, he was promoted as Deputy General Manager of the Group and continued to assume the role of Chief Accountant of Jiangsu New Yangzi Shipbuilding. Mr. Ding holds a degree from Hebei GEO University which was conferred in 1995.

The nominating committee of the Company (“**NC**”) has considered:

- (a) Mr. Ding’s qualifications and past working experience, in particular his accounting and finance experience and familiarity with the Group and its operations;
- (b) his depth of experience of over 20 years in the shipbuilding industry; and
- (c) noted the absence of any negative feedback from the external auditor, PricewaterhouseCoopers LLP.

Based on the above, the NC is of the view that Mr. Ding has the relevant experience and is suitable for the position of CFO of the Company. Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the NC members to cause them to believe that Mr. Ding does not have the competence, character and integrity expected of a CFO of a listed issuer. Further, Mr. Ding has been actively involved in the preparation and reviewing of financial statements of the Group for the past five (5) years including the audit process, therefore he has sufficient knowledge and experience in preparing financial statements in accordance with the Singapore Financial Reporting Standards (International).

The board of directors of the Company and the senior management of the Remaining Group before and following the Proposed Spin-Off are as follows:

Designation	Name	
	Before the Proposed Spin-Off	After the Proposed Spin-Off
Board of directors		
Executive Chairman and Chief Executive Officer	Mr. Ren Letian	
Non-independent and Non-Executive Director	Mr. Xu Wen Jiong	
Lead Independent Director	Mr. Teo Yi-dar (Zhang Yida)	
Independent Director	Mr. Chen Timothy Teck Leng	
Senior management		
Deputy General Manager	Mr. Zhang Hongfei	
Deputy General Manager	Mr. Du Chengzhong	
Deputy General Manager	Mr. Song Shuming	
Deputy General Manager	Mr. Ding Jianwen	
Chief Financial Officer	Ms. Liu Hua	Mr. Ding Jianwen

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As set out above, the Company and YZJFH will have entirely separate boards of directors and management teams. In view of this, the Remaining Group and the Spin-Off Group will be managed independently of each other following the Proposed Spin-Off.

Please refer to the sections of the Introductory Document entitled “Directors, Management and Employees – Directors” and “Directors, Management and Employees – Executive Officers” for further information on the board of directors and management of YZJFH.

2.5.3 Independence of the finance teams and administrative capabilities

To ensure independence of the Remaining Group and the Spin-Off Group, both the Remaining Group and the Spin-Off Group will have their own independent finance and administrative capabilities to support their respective businesses.

(a) Finance Team

Mr. Ding, the current Deputy General Manager of the Company, will be re-designated as the Deputy General Manager cum Chief Financial Officer of the Company, while the finance team of the Spin-Off Group will be headed by Ms. Liu Hua, the current Chief Financial Officer of the Company.

The preparation and maintenance of the Spin-Off Group’s accounts and financial statements will be conducted separately from that of the Remaining Group.

(b) Administrative Capabilities

The Remaining Group and the Spin-Off Group will have separate teams and personnel carrying out administrative functions, including human resources and information technology. The Remaining Group and the Spin-Off Group will also have different headquarters and offices, and will not share any office spaces among them.

Accordingly, the businesses and assets of the Remaining Group and the Spin-Off Group will be clearly differentiated with a segregation of management, operational and financial aspects.

2.6 The Proposed Spin-Off

2.6.1 Approvals sought from the SGX-ST

Listing Rule 210(6) prescribes that a subsidiary or parent company of an existing listed issuer will not normally be considered suitable for listing if the assets and operations of the listing applicant are substantially the same as those of the existing issuer. On 17 December 2021, the Board had sought, in its pre-clearance letter to the SGX-ST (the “**Pre-Clearance Letter**”), the concurrence of the SGX-ST that the Proposed Spin-Off would not amount to a chain listing in contravention of Listing Rule 210(6). Pursuant to its response letter sent on 24 January 2022, the SGX-ST had advised that it concurs with the Company’s view that the Proposed Spin-Off would not amount to a chain listing, subject to compliance with the SGX-ST’s listing requirements and guidelines.

The YZJFH Shares will be listed on the Mainboard of the SGX-ST by way of an introduction. YZJFH had, on 24 March 2022, received the letter of conditional eligibility-to-list from the SGX-ST for the listing and quotation of the YZJFH Shares on the Mainboard of the SGX-ST. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Proposed Listing, the YZJFH Shares, YZJFH and/or the Spin-Off Group.

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2.6.2 Compliance with the Spin-Off Guidance

As disclosed in Section 2.6.1 above, the Board had sought, in the Pre-Clearance Letter to the SGX-ST, the concurrence of the SGX-ST that the Proposed Spin-Off would not amount to a chain listing in contravention of Listing Rule 210(6), and the SGX-ST had informed the Company on 24 January 2022 that it had no objections to the Proposed Spin-Off, subject to compliance with the SGX-ST's listing requirements and guidelines. The following describes how the Proposed Spin-Off complies with the Spin-Off Guidance:

(a) **The assets and operations of the Spin-Off Group and its associated entities are substantially different from those of the Remaining Group**

The Remaining Group and the Spin-Off Group have differentiated assets. The key assets of the Remaining Group are shipyard facilities, cash, receivables, vessels, contract assets, goodwill, derivative, investment in joint ventures. In contrast, the key assets of the Spin-Off Group and its associated entities are Venture Capital-related investments (in the form of financial assets, fair value through profit and loss), Debt Investments (at amortised costs), deferred tax assets, and investments in associated companies, receivables and cash.

(b) **The Remaining Group and the Spin-Off Group have businesses and assets that are clearly differentiated and managed independently**

The business of the Group is divided into four (4) separate and distinct business segments, namely: (a) Shipbuilding Business; (b) Shipping Business; (c) Investment Business; and (d) Others Business. After the Proposed Spin-Off, the Remaining Group will continue to be engaged in the Shipbuilding Business, the Shipping Business and the Others Business, whereas the Spin-Off Group and its associated entities will continue to be engaged in the Investment Business. There is a clear delineation between the businesses of the Remaining Group and the businesses of the Spin-Off Group due to the following factors:

- i. As at the Latest Practicable Date, the Shipbuilding Business, the Shipping Business and the Others Business operate in the shipbuilding and related industries, whereas the Investment Business operates in the debt investment industry.
- ii. The Remaining Group offers a different set of products and/or services from the Spin-off Group. Following the Proposed Spin-Off, the Remaining Group will continue to focus on providing shipbuilding services, sale of goods, charter hire of ships and provision of ship demolition services under the Shipbuilding Business, the Shipping Business and the Others Business. By contrast, the Spin-Off Group will continue to operate the Investment Business, which is mainly concentrated on Debt Investments (at amortised costs) and Venture Capital-related investments in the form of financial assets, FVTPL and investments in associated companies in the balance sheet, and will branch out into asset management services, fund management services and wealth management services.

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- iii. The Remaining Group and the Spin-Off Group will have different sources of drawn revenue. The revenue streams of the Remaining Group will be predominantly from the building of ships, as well as trading of goods, charter hire income and ship demolition fees. Presently, the source of revenue of the Investment Business is interest income from Debt Investments, as well as capital appreciation and investment income through stakes in listed and unlisted companies, listed and unlisted funds, and property investments etc. Following the Proposed Spin-Off, it is envisaged that the revenue streams of the Spin-Off Group will expand to include the recurring fee-based income from managing third party investment funds and provision of wealth management services and capital appreciation and investment income through stakes in listed and unlisted companies, listed and unlisted funds, and property investments etc.
- iv. The Remaining Group and the Spin-Off Group have no overlapping major suppliers or major customers. The profiles of the target customers of the Remaining Group and the Spin-Off Group are different as well. While the target customers of the Remaining Group are predominantly shipowners who place orders for vessels, the Spin-Off Group intends to target institutional investors, funds, family offices and accredited investors for the proposed expansion into asset management, fund management and wealth management businesses as part of their proposed Fund/Wealth Management Business.
- v. The Remaining Group and the Spin-Off Group have different business risk profiles which arise from, amongst others, their different principal activities and the markets in which they operate. The risks relating to the Remaining Group's business are risks related largely to the Shipbuilding Business. Such risks include:
 - A. the highly cyclical nature of the commercial shipbuilding industry, and its sensitivity to the cyclical nature of the industries it serves (e.g. the oil, natural gas, shipping, transportation and other trade-related industries);
 - B. the high dependence of the demand and pricing of ships on global economic conditions. In particular, continued economic growth in the world economy is necessary to sustain a continued demand for ships; and
 - C. the shipbuilding industry's exposure to the risks of increases in the price of raw materials such as steel, as well as equipment and other components such as pumps, propellers and engines.

On the other hand, the risks faced by the Spin-Off Group include: (i) the risk of default by borrowers; and (ii) the fact that the operating cash flow is dependent on the Spin-Off Group's realisation of investments in its portfolio companies, and that its earnings are derived from an appreciation of its investments. Moreover, the Spin-Off Group also faces the risk of an inaccurate valuation of its portfolio companies – if the valuation proves to be inaccurate, it could adversely affect the market value of the securities held by the Spin-Off Group and its associated entities. For more details on the risks faced by the Spin-Off Group, please refer to the section entitled "Risk Factors" of the Introductory Document.

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- vi. As illustrated in Section 2.5 above, the management teams of the Remaining Group and the Spin-Off Group will be separate and independent. The finance and administrative teams will also operate separately and independently of each other.

The carrying values of the Debt Investments and the FVTPL that are not transferred to the Spin-off Group are RMB2,498.3 million (equivalent to approximately S\$529.5 million) and RMB399.8 million (equivalent to approximately S\$84.7 million) respectively as at 31 December 2021.

Generally, the Remaining Group does not expect that there would be material impairment or loss to be recognised on FVTPL investments in absolute terms and proportionate to its PBT after Proposed Spin-Off, save for one (1) investment that belongs to an industry upstream of the Shipbuilding Business, which will continue to be held by the Remaining Group. With respect to this investment, its market value as of 29 March 2022 declined by approximately RMB53.4 million from 31 December 2021, due to the recent volatility in the PRC stock market. RMB53.4 million represents approximately 1.4% of Group's profit after tax (audited) for FY2021.

- (c) **The Remaining Group after the Proposed Spin-Off will remain viable and profitable and the Remaining Group will continue to comply with the Mainboard admission criteria**

Following the Proposed Spin-Off, the Remaining Group will continue to focus on its core business segment, (i.e. the Shipbuilding Business). As at 1 November 2021, the Company has secured orders for 124 vessels worth about USD7.4 billion. The outstanding order book stands at USD8.9 billion for 165 vessels. A large proportion of these orders were placed for containerships (114 units with a total value of approximately USD7.3 billion) and are expected to preserve margins for the Remaining Group as containerships record higher gross margins than dry bulkers. The outstanding order book will keep the Remaining Group's yards busy and provide a stable revenue stream for the next two (2) years. These orders do not include any options orders, which will further strengthen the Remaining Group's order book if exercised.

The Shipbuilding Business in aggregate contributed to the majority of the revenue of the Group, being 90.9%, 86.2% and 89.6% of the total revenue of the Group for FY2019, FY2020 and FY2021, respectively. This is in line with the historical performance of the Shipbuilding Business segment since the Company was listed on the Mainboard of the SGX-ST on 18 April 2007. As such, based on its historical contribution to the Group's revenue, the Company is of the view that following the completion of the Proposed Spin-Off, the business of the Remaining Group will continue to be viable and profitable in the future.

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The table below sets out the revenue, profit before tax, profit after tax and NAV of each of the Remaining Group and the Spin-Off Group for FY2019, FY2020 and FY2021.

	FY2019 (Audited)			FY2020 (Audited)			FY2021 (Audited)					
	Remaining Group ⁽¹⁾	Spin-Off Group ⁽¹⁾	Elimination	Total	Remaining Group ⁽¹⁾	Spin-Off Group ⁽¹⁾	Elimination	Total	Remaining Group ⁽¹⁾	Spin-Off Group ⁽¹⁾	Elimination	Total
RMB'000												
Revenue	21,441,030	2,156,145	–	23,597,175	12,795,471	2,080,905	-35,110	14,841,266	15,020,590	1,769,526	-21,940	16,767,906
As a % of the Group	90.9%	9.1%	0.0%		86.2%	14.0%	-0.2%		89.6%	10.6%	-0.1%	
Profit before tax	2,030,787	2,155,702	–	4,186,489	1,333,308	1,956,711	–	3,290,019	2,831,675	2,050,053	–	4,881,728
As a % of the Group	48.5%	51.5%	0.0%		40.5%	59.5%	0.0%		58.0%	42.0%	0.0%	
Profit after tax	1,552,491	1,743,822	–	3,296,313	1,009,964	1,608,089	–	2,618,053	2,156,651	1,570,438	–	3,727,089
As a % of the Group	47.1%	52.9%	0.0%		38.6%	61.4%	0.0%		57.9%	42.1%	0.0%	
NAV	12,842,542	18,253,089	–	31,095,631	9,303,383	23,038,972	–	32,342,355	15,878,005	20,045,411	–	35,923,416
As a % of the Group	41.3%	58.7%	0.0%		28.8%	71.2%	0.0%		44.2%	55.8%	0.0%	

Note:

(1) The split between the Remaining Group and the Spin-Off Group is based on the carve-out allocation performed by the Company's management, which is audited as at the date of this Circular. Numbers of Spin-Off Group also included contribution from Debt Investments at amortised cost and financial assets at FVTPL that will not be acquired by the Spin-Off Group as elaborated in Section 4.1 below.

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3. RATIONALE FOR THE PROPOSED SPIN-OFF

The Board has considered the interests of the Shareholders and are of the view that for the following reasons, (a) there will be tangible economic benefits to the Shareholders that are substantial, quantifiable and clearly achievable; and (b) maintaining the current listing structure would be detrimental to Shareholders:

The Board believes that the Proposed Spin-Off will benefit the Company, Shareholders and YZJFH by:

- i. unlocking value of the Remaining Group and the Spin-Off Group through separate valuations;
- ii. enabling management to focus on the groups' core businesses;
- iii. creating investment flexibility for Shareholders; and
- iv. establishing YZJFH's financial independence and allowing it to have direct access to the capital markets.

3.1 Unlocking value through separate valuation

As a single listed entity, banks, financial institutions and the investing public view the Group (comprising the Spin-Off Group and the Remaining Group) as one (1) entity, despite their distinct business activities and assets. In general, the Shipbuilding Business is typically valued by the market based on its cash flow and earnings, whilst the Investment Business is typically valued based on revalued net asset value.

As the Shipbuilding Business has driven most of the growth of the Group since the listing of the Company on the Mainboard of the SGX-ST, the Proposed Spin-Off will allow analysts, Shareholders and the investing public to better appraise the value of the underlying businesses and assets of each group and consequently allow for the value of such businesses and assets to be better reflected, thereby reducing any possible conglomerate discount. By separating the Shipbuilding Business from the Investment Business, the Proposed Spin-Off will enable the market to accord an appropriate value to each of the principal businesses currently held within the Group, based on their respective performance and growth potential.

3.2 Enabling the management's focus on the groups' core businesses

Building on the significant momentum from the Shipbuilding Business' strengthened financial position, operating performance and order book in FY2021, the Proposed Spin-Off will provide the management of the Remaining Group and the Spin-Off Group with greater autonomy to better focus their attention and resources on their respective core businesses and oversee the strategies, growth opportunities and operations of each group more effectively without the constraints of a conglomerate structure. This will also enable both groups to react to market demands faster and more effectively, through a more efficient allocation of capital and resources.

Investors may also prefer the cash flow generated from the Shipbuilding Business to be deployed towards growing the Shipbuilding Business and/or distributed to Shareholders.

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Following the Proposed Spin-Off, YZJFH will be operated independently from the Company. The board of directors of YZJFH, together with its shareholders, will be able to:

- (a) have full autonomy over YZJFH's business processes and organisation, management control and performance;
- (b) independently establish YZJFH's own business direction and identity;
- (c) pursue and fund YZJFH's own growth strategies; and
- (d) focus on YZJFH's own strategic opportunities.

Further, the Proposed Spin-Off is expected to improve the accountability of YZJFH's management to its shareholders, since YZJFH's results will be independent from the Company's results.

3.3 Creating investment flexibility for Shareholders

Following the Proposed Spin-Off, the Shareholders will become direct shareholders of YZJFH. The Proposed Spin-Off therefore enables Shareholders to individually and directly participate in the ownership of, and enjoy returns from, shares held in two (2) separately listed companies without any additional cash outlay. Shareholders will have the discretion and flexibility to separately decide on their holdings of the Company and YZJFH in accordance with their individual investment objectives. Shareholders will be able to retain, purchase more, sell all or such number of the YZJFH Shares as they may in their absolute discretion decide in the open market for cash upon the Proposed Spin-Off. However, there is no assurance that the combined market value of the Shares and YZJFH Shares held by Shareholders following the Proposed Spin-Off would be equal to or more than the market value of the Shares held by Shareholders before the Proposed Spin-Off.

3.4 Establishing financial independence and allowing direct access to capital markets for YZJFH

YZJFH's business is capital intensive in nature and its ability to grow and develop depends largely on capital spending. Following the Proposed Spin-Off, both the Remaining Group and the Spin-Off Group will be analysed and valued on their own respective merits, risks and strategies.

Under the current Group structure, any funding required for the Spin-Off Group will have to be borne by the Group and the Group will have to divert excess capital resources from the Shipbuilding Business to fund the development and expansion needs of the Spin-Off Group. Maintaining the current listing structure of the Group is therefore detrimental to Shareholders. Following the Proposed Spin-Off, YZJFH will also enjoy greater corporate visibility and be better able to independently and directly access capital markets to benefit from specific economic conditions and/or exclude specific risks that the Group may be exposed to. The Proposed Spin-Off will also enable the Remaining Group to redeploy its financial and other resources to the Shipbuilding Business and the Shipping Business, and in particular, the Company's environmental, social and governance (ESG) initiatives as part of its strategic repositioning. Each of the Company and YZJFH will also be able to tap on equity and debt capital markets separately for funding, depending on market conditions.

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In addition, the six (6)-month average closing price of the Company's Shares prior to the Latest Practicable Date of S\$1.35 on the SGX-ST indicates that the Shares are trading at a 30.4% discount respectively to its audited consolidated NAV per Share as at 31 December 2021 of RMB9.16 (equivalent to approximately S\$1.94), and any secondary placement based on the undervalued share price for the sole purpose of fund raising may not be in the best interests for all Shareholders. Based on the profit attributable to Shareholders for FY2021 and the closing price of S\$1.52 on 29 March 2022, the Company has a price to earnings ratio of 7.59.

For FY2019, FY2020 and FY2021, the Investment Business of the Group recorded a revenue of RMB2,313.6 million, RMB2,480.1 million and RMB1,846.9 million respectively, as well as profits before tax of RMB2,155.7 million, RMB1,956.7 million and RMB2,050.1 million respectively. Please refer to the table set out in Section 2.6.2(c) above for the revenue, profit before tax, profit after tax and NAV of the Remaining Group and the Spin-Off Group for FY2019, FY2020 and FY2021. The Remaining Group, comprising the Shipbuilding Business, the Shipping Business and the Other Business, will have sufficient levels of operations to support the Company's listing on the Mainboard of the SGX-ST after the Proposed Spin-off and as such, the Proposed Spin-off is not expected to have a material impact on the business, financial condition and results of operations of the Remaining Group.

Please refer to Section 6 of this Circular for further details on the financial effects of the YZJFH Distribution.

4. DETAILS OF THE PROPOSED SPIN-OFF

4.1 Group Restructuring Exercise

On 14 December 2021, YZJFH was incorporated in Singapore to hold the Investment Business. Immediately prior to the Group Restructuring Exercise, the issued ordinary share capital of YZJFH was S\$100 comprising 100 ordinary shares, with the shares wholly held by the Company.

In connection with the Proposed Spin-Off, the Group undertook a restructuring exercise to consolidate the Investment Business under YZJFH, details of which are set out below:

- (i) on 5 January 2022, a RMB18.6 billion dividend was declared by Jiangsu New Yangzi Shipbuilding to its 51.1% shareholder, Jiangsu Yangzijiang Shipbuilding. No dividends were declared in favour of the other two (2) shareholders of Jiangsu New Yangzi Shipbuilding (i.e. Yitian Investments Pte. Ltd. and Seavi Advent Asia Investments (III) Ltd, which collectively hold 48.9% of the shares in Jiangsu New Yangzi Shipbuilding, and which are wholly-owned subsidiaries of the Company). The RMB18.6 billion dividend was recorded in books of Jiangsu Yangzijiang Shipbuilding as a dividend receivable (the "**JNYS Dividend Receivable**");
- (ii) on 31 January 2022, Jiangsu Yangzijiang Shipbuilding declared dividends amounting to RMB19.99 billion to the Company, and such amount was recorded in the books of the Company as a dividend receivable (the "**JYS Dividend Receivable**") and in the accounts of Jiangsu Yangzijiang Shipbuilding as a dividend payable (the "**JYS Dividend Payable**");

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- (iii) on 8 February 2022, Jiangsu Yangzijiang Shipbuilding assigned the RMB18.6 billion JNYS Dividend Receivable, RMB1.4 billion cash, RMB19.99 JYS Dividend Payable and RMB0.01 billion share capital to Jiangsu Yangchuan, a separate PRC company established, following the company split of Jiangsu Yangzijiang Shipbuilding under PRC laws (the “**Assignment**”). As a consequence of the Assignment, the Company had a RMB19.99 billion receivable from Jiangsu Yangchuan (the “**JYA Receivable**”). On 8 February 2022, Jiangsu Yangchuan also entered into binding agreements for the acquisition of equity interests in Jiangsu New Yangzi Commerce and Jingjiang Runyuan for the purchase considerations of RMB1.00 and RMB689,810,000, respectively. The purchase considerations were based on the net book values of the entities. Jiangsu Yangchuan’s acquisition of the equity interests in Jiangsu New Yangzi Commerce & Trading Co., Ltd. and Jingjiang Runyuan Rural Microfinance Co., Ltd. were completed on 28 February 2022 and 26 March 2022 respectively;
- (iv) on 15 February 2022, the Company injected capital of RMB0.01 billion (or the SGD equivalent of the same amount) into YZJFH, and the shares in Jiangsu Yangchuan were transferred by the Company to YZJFH at a consideration of RMB0.01 billion (the “**Transfer**”). As a consequence of the Transfer, the Company recorded a RMB0.01 billion investment in YZJFH. The Company also re-assigned the JYA Receivable of RMB19.99 billion to YZJFH and recorded a corresponding RMB19.99 billion of receivables from YZJFH (the “**YSL Receivables**”);
- (v) on 25 March 2022, the Company capitalised the YSL Receivables owing from YZJFH to the Company into shares in YZJFH. On 8 February 2022, Jiangsu Yangchuan completed the purchase of the investments that are currently part of the Spin-Off Group (i.e. the Debt Investments at amortised costs, financial assets, at FVTPL, investments in associated companies). These assets were acquired by Jiangsu Yangchuan from Jiangsu New Yangzi Shipbuilding and Jiangsu Yangzijiang Shipbuilding. With regard to approximately 15.1% of the debt investments at amortised cost and 16.8% of the financial assets at FVTPL that were recorded by the Group as at 31 December 2021, these assets will not be acquired by the Spin-Off Group due to various reasons, including the fact that some of these debt investments are involved in ongoing litigation to recover overdue payment, and that if these debt investments were to be transferred from the Group to the Spin-Off Group, it could jeopardise the legal position of the Group. Some other debt investments that were not transferred because the contracting counterparties are unwilling to consent to the novation of the agreement from the Group to the Spin-Off Group or because such assets matured before the Group Restructuring Exercise was completed. Certain FVTPL will also not be transferred as the relevant contracts restrict a change in the owner and/or there are practical difficulties in effecting the transfer of ownership in respect of companies that are in the midst of restructuring.

(Collectively, the “**Group Restructuring Exercise**”). Following the completion of the Group Restructuring Exercise, Jiangsu Yangchuan became a wholly-owned direct subsidiary of YZJFH, and Jiangsu New Yangzi Commerce & Trading Co., Ltd. and Jingjiang Runyuan Rural Microfinance Co., Ltd. became wholly-owned indirect subsidiaries of YZJFH.

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Please refer to the section entitled “Restructuring Exercise” of the Introductory Document for further details on the Group Restructuring Exercise. In particular:

- i. For the Debt Investments that will not be transferred to the Spin-Off Group because they will mature before the Proposed Spin-Off, the Remaining Group will just simply hold these Debt Investments to maturity (i.e. the Remaining Group will remain as the creditor under these Debt Investments till the sums loaned are repaid or collected).
- ii. For the Debt Investments that are not transferred to the Spin-Off Group because the debtors disagree with the transfer of the Debt Investments upon discussion with the Company’s management, the Group will just simply hold these Debt Investments to maturity (i.e. the Remaining Group will remain as the creditor under these Debt Investments till the sums loaned are repaid).
- iii. For the Debt Investments that will not be acquired by the Spin-Off Group because of ongoing litigation proceedings with the debtors for overdue payment in relation to such Debt Investments, the Remaining Business will handle such Debt Investments by pursuing legal means (e.g. through the court process and the ancillary enforcement mechanisms such as seizure of assets for sale) to recover the debts owed.
- iv. With respect to the financial assets at FVTPL that are not transferred to the Spin-Off Group, the reasons and consequences of retaining these assets with the Remaining Group are as follows:
 - (a) three (3) of these FVTPL are investments by the Group in certain companies that are related to the Group’s Shipbuilding Business (e.g. investments in certain of the Group’s suppliers for raw materials required for the construction of vessels). For these, it is envisaged that the Remaining Group will simply continue to hold these investments;
 - (b) one (1) of the FVTPL investments is a small financial asset that will be disposed of soon;
 - (c) two (2) of the FVTPL investments relate to investments in companies that have delisted and are in the midst of restructuring. Given the practical difficulties in effecting a change of ownership in the shares amidst restructuring, the Remaining Group will simply continue to hold these investments; and
 - (d) two (2) of the FVTPL investments are not being transferred to the Spin-Off Group as the contractual terms prohibit a change of owner. In this case, the Remaining Group will simply continue to hold this investment.

4.2 The YZJFH Distribution

The YZJFH Distribution involves the distribution by the Company to the Shareholders of all the YZJFH Shares held by the Company, representing 100.0% of the issued YZJFH Shares, on the basis of one (1) YZJFH Share for each Share held by Shareholders or on their behalf as at the Books Closure Date. Subject to the satisfaction of the conditions set out in Section 4.3 of this Circular, the YZJFH Distribution will be effected by way of a dividend *in specie* and the Company will implement the following in connection with the YZJFH Distribution:

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(a) Appropriation from Retained Profits

To effect the YZJFH Distribution as a dividend *in specie*, the Company will appropriate an amount of approximately S\$4,239.2 million out of the retained profits of the Company to meet the dividend to be declared based on the carrying value of the YZJFH Shares (after the Group Restructuring Exercise) in the accounts of the Company.

Following the Group Restructuring Exercise, the net assets of YZJFH is approximately S\$4,239.2 million, and a reduction of approximately S\$4,239.2 million will be made from the retained profits of the Group on a consolidated basis.

(b) YZJFH Distribution

The YZJFH Distribution will be effected by the distribution of all the YZJFH Shares held by the Company after the completion of the Group Restructuring Exercise, representing 100.0% of the issued YZJFH Shares, to Shareholders by way of a dividend *in specie*, on the basis of one (1) YZJFH Share for each Share held by a Shareholder or on their behalf as at the Books Closure Date, fractional entitlements to be disregarded. Fractional entitlements, if any, will be aggregated and sold for the benefit of the Company, or otherwise dealt with in such manner and on such terms and conditions as the Directors may in their discretion deem fit.

For illustrative purposes and based on the envisaged number of issued Shares as at the Books Closure Date, an aggregate of 3,950,589,220 YZJFH Shares, representing 100.0% of the issued YZJFH Shares as at the Latest Practicable Date, will be distributed to Entitled Shareholders pursuant to the YZJFH Distribution. The final number of YZJFH Shares to be distributed to Entitled Shareholders will depend on the total number of Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Entitled Shareholders will not be required to pay for any YZJFH Shares received pursuant to the YZJFH Distribution. The YZJFH Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the YZJFH Distribution is effected.

4.3 Conditions to the Proposed Spin-Off

The Proposed Spin-Off and the completion thereof are subject to:

- (a) the approval of Shareholders of the ordinary resolutions set out in the Notice of EGM;
- (b) the eligibility-to-list letter from the SGX-ST for the admission of YZJFH to the Official List of the SGX-ST and the listing and quotation of the YZJFH Shares on the Mainboard of the SGX-ST having been obtained and not having been revoked or withdrawn. YZJFH has received such eligibility-to-list letter from the SGX-ST. Please refer to Section 2.6.1 above for further details;

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- (c) certain filings with the China Securities Regulatory Commission (“CSRC”), which may be required in connection with the Proposed Listing under PRC laws. As at 24 December 2021, the CSRC issued the Administrative Provisions of the State Council on Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Comment) (国务院关于境内企业境外发行证券和上市的管理规定(草案征求意见稿)) (the “**Draft Administrative Provisions**”) and the Administrative Measures for the Record-filing of Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Comment) (境内企业境外发行证券和上市备案管理办法(征求意见稿)) (the “**Draft Administrative Measures**”), which explicitly provide that domestic PRC enterprises seeking to list their securities overseas will be required to submit certain filings to the CSRC. If the Draft Administrative Provisions and the Draft Administrative Measures were formally adopted and made effective in its proposed form, the PRC entities that are part of the Spin-Off Group will be required to submit certain filings to the CSRC in connection with the Proposed Listing. For the avoidance of doubt, the Draft Administrative Provisions and the Draft Administrative Measures have not come into effect as at the Latest Practicable Date; and
- (d) such other approvals, authorisations, consents and confirmations from the regulatory authorities as may be required or advisable and the same remaining in force, including without limitation, such approvals from the SGX-ST and other third parties being obtained for or in connection with the Proposed Spin-Off.

4.4 Effects of the YZJFH Distribution

The effect of the YZJFH Distribution is to distribute the YZJFH Shares held by the Company on the basis of one (1) YZJFH Share for each Share held by Shareholders or on their behalf as at the Books Closure Date, fractional entitlements to be disregarded. On completion of the YZJFH Distribution, the Company will cease to hold any YZJFH Shares and Shareholders will hold listed shares in both the Company and YZJFH. **The YZJFH Distribution will not result in any change to the issued and paid-up share capital of the Company after the YZJFH Distribution or to the number of Shares held by a Shareholder.**

4.5 Crediting of the YZJFH Shares

Subject to the conditions in Section 4.3 above being satisfied, the Securities Accounts of Shareholders who are Depositors will be credited with YZJFH Shares. Shareholders who are not Depositors will be credited with YZJFH Shares by the entry of their names on the Register of YZJFH to be maintained by YZJFH’s Share Registrar. Please refer to Section 7 below for further details.

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4.6 Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the YZJFH Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

(a) Tax implications for the Shareholders

As the Company is tax resident in Singapore, dividends paid by the Company (whether paid in the form of cash or by way of dividend *in specie* of the Company's assets) are tax exempt (one-tier) dividends which are exempt from Singapore income tax in the hands of the Shareholders. Accordingly, as the YZJFH Distribution is a dividend *in specie*, it will be exempt from Singapore income tax when received by Shareholders.

(b) Stamp Duty

The Company will bear stamp duty, if any, chargeable for the transfer of the YZJFH Shares by the Company to Shareholders pursuant to the YZJFH Distribution. Stamp duty is not ordinarily payable if the transfer of YZJFH Shares from the Company to a Shareholder is effected through CDP since there will be no instrument of conveyance, transfer or assignment involved. However, stamp duty is payable where instruments of conveyance, transfer or assignment are required to transfer the YZJFH Shares which are in the form of physical share certificates and the total amount of stamp duty payable by the Company will be based on the market value of the YZJFH Shares (as derived from the net asset value of the YZJFH Shares since the YZJFH Shares will be distributed prior to the Proposed Listing) and the number of Shareholders who will receive the YZJFH Shares in the form of physical share certificates.

4.7 Proposed Listing

The YZJFH Shares will be listed on the Mainboard of the SGX-ST. Shareholders who have received the YZJFH Shares pursuant to the YZJFH Distribution will then hold listed investments in both the Company and YZJFH.

4.8 Moratorium

To demonstrate their commitment to the Spin-Off Group, each of Mr. Ren, Julius Baer Trust Company (Singapore) Limited and Yangzi International Holdings Limited has agreed that in relation to all YZJFH Shares held by him/it (whether directly or indirectly) immediately after the Proposed Listing (as adjusted for any bonus issue, subdivision or consolidation of Shares) (the "**Moratorium Shares**"), that he/it will not, without the prior written consent of each of the Issue Manager and YZJFH, directly or indirectly:

- (a) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, sell any option or contract to purchase, purchase any option or contract to sell, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any or all of their Moratorium Shares or any other securities of YZJFH or any subsidiary of YZJFH (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any

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or all of the Moratorium Shares or any other securities of YZJFH or any subsidiary of YZJFH), whether such transaction is settled by delivery of such Moratorium Shares or such other securities, in cash or otherwise;

- (b) enter into any agreement, transaction or arrangement (including any swap, hedge or derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer (in whole or in part) with a similar effect (economic or otherwise) to the foregoing of any or all of the Moratorium Shares or any other securities of YZJFH or any subsidiary of YZJFH (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the Moratorium Shares or any other securities of YZJFH or any subsidiary of YZJFH), whether such agreement, transaction or arrangement is settled by delivery of such Moratorium Shares or such other securities, in cash or otherwise;
- (c) deposit any or all of the Moratorium Shares or any other securities of YZJFH or any subsidiary of YZJFH (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the Moratorium Shares or any other securities of YZJFH or any subsidiary of YZJFH) in any depository receipt facilities, whether any such transaction described above is to be settled by the delivery of such Moratorium Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or arrangement which is designed or which may reasonably be expected to result in or have the same effect (economic or otherwise) as (in whole or in part) any of the above; and
- (e) offer or agree to make any announcement with respect to any of the foregoing transactions or publicly disclose any intention to do any of the above,

(collectively, the “**Restrictions**”), for a period of six (6) months from the date of admission of YZJFH to the Official List of the SGX-ST (the “**First Moratorium Period**”).

In addition to the First Moratorium Period, they have further agreed to comply with the Restrictions in respect of 50.0% of their Moratorium Shares for the next six (6)-month period after the First Moratorium Period (the “**Second Moratorium Period**”).

In addition, Julius Baer Trust Company (Singapore) Limited (in its capacity as trustee of the YZJ Settlement), which holds the entire issued share capital of Yangzi International Holdings Limited (“**YIHL**”), has agreed that in relation to all shares in YIHL held by it immediately after the Introduction (as adjusted for any bonus issue, subdivision or consolidation of shares of YIHL) (the “**YIHL Moratorium Shares**”), that it will not, without the prior written consent of each of the Issue Manager and YZJFH, directly or indirectly:

- (a) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, sell any option or contract to purchase, purchase any option or contract to sell, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any or all of the YIHL Moratorium Shares or any other securities of YIHL or any subsidiary of YIHL (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the YIHL Moratorium Shares or any other securities of YIHL or any subsidiary

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of YIHL), whether such transaction is settled by delivery of such YIHL Moratorium Shares or such other securities, in cash or otherwise;

- (b) enter into any agreement, transaction or arrangement (including any swap, hedge or derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer (in whole or in part) with a similar effect (economic or otherwise) to the foregoing of any or all of the YIHL Moratorium Shares or any other securities of YIHL or any subsidiary of YIHL (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the YIHL Moratorium Shares or any other securities of YIHL or any subsidiary of YIHL), whether such agreement, transaction or arrangement is settled by delivery of such YIHL Moratorium Shares or such other securities, in cash or otherwise;
- (c) deposit any or all of the YIHL Moratorium Shares or any other securities of YIHL or any subsidiary of YIHL (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the YIHL Moratorium Shares or any other securities of YIHL or any subsidiary of YIHL) in any depository receipt facilities, whether any such transaction described above is to be settled by the delivery of such YIHL Moratorium Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or arrangement which is designed or which may reasonably be expected to result in or have the same effect (economic or otherwise) as (in whole or in part) any of the above; and/or
- (e) offer or agree to make any announcement with respect to any of the foregoing transactions or publicly disclose any intention to do any of the above,

for a period of 12 months from the date of YZJFH's admission to the Official List of the SGX-ST.

Mr. Ren, as the settlor of the YZJ Settlement, has also undertaken to the Issue Manager and YZJFH that he shall procure that each of Julius Baer Trust Company (Singapore) Limited and YIHL complies with their respective deeds of moratorium undertakings given to the Issue Manager and YZJFH.

For further details on the moratorium undertakings, please refer to the section entitled "Shareholding and Ownership Structure – Moratorium of the Introductory Document.

5. THE YZJFH DISTRIBUTION AS A MAJOR TRANSACTION

Please refer to Section 4 of this Circular for information on the Proposed Spin-Off (including the YZJFH Distribution) and Section 3 of this Circular for the rationale and the benefits of the Proposed Spin-Off (including the YZJFH Distribution).

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5.1 Rule 1006 Listing Manual Computations

Based on the latest announced audited consolidated financial statements of the Group for FY2021, the relative figures for the YZJFH Distribution computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Listing Rule	Bases of computation	Relative figures (%)
Rule 1006(a)	Net asset value ⁽¹⁾ of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	55.5 ⁽¹⁾⁽²⁾
Rule 1006(b)	Net profits ⁽³⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	46.8 ⁽³⁾⁽⁴⁾
Rule 1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	Not applicable.
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable.

Notes:

- (1) "Net asset" means total assets less total liabilities. The net asset value of the assets to be disposed of was approximately S\$4,239.2 million.
- (2) 55.5% was calculated based on the proposed NAV of the YZJFH of S\$4,239.2 million out of the audited NAV of the Group of RMB36,061.6 million (equivalent to approximately S\$7,643.6 million) as at 31 December 2021.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The net profit before income tax, minority interest and extraordinary items attributable to assets to be disposed of was approximately S\$476.3 million.
- (4) 46.8% was calculated based on the net profit of RMB2,285.9 million (equivalent to approximately S\$476.3 million) attributable to the assets to be disposed of out of the audited net profits of the Group of RMB4,881.7 million (equivalent to approximately S\$1,017.2 million) for FY2021.

As the relative figures computed on the bases set out in Rule 1006 exceed 20.0% but do not exceed 100.0%, the YZJFH Distribution constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Company is proposing to seek the approval of the Shareholders for the YZJFH Distribution at the EGM.

5.2 Valuation

No independent valuation on the YZJFH Shares was carried out for the purpose of the YZJFH Distribution.

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6. FINANCIAL EFFECTS OF THE YZJFH DISTRIBUTION

6.1 Bases and Assumptions

The *pro forma* financial effects of the YZJFH Distribution on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the actual future financial position or financial performance of the Group after completion of the YZJFH Distribution.

The *pro forma* financial effects of the YZJFH Distribution on the Group as set out below have been prepared based on the audited consolidated financial statements of the Group and the audited combined financial statements of the Spin-Off Group for FY2021 and the following bases and assumptions:

- (a) the transaction costs incurred for the Group Restructuring Exercise and the YZJFH Distribution are insignificant and ignored for computational purposes;
- (b) in relation to balance sheet items, the Group Restructuring Exercise and the YZJFH Distribution had been completed on 31 December 2021;
- (c) in relation to profit and loss items, the Group Restructuring Exercise and the YZJFH Distribution had been completed on 1 January 2021 and after excluding the profit and loss of the Investment Business-related assets that will be retained by the Remaining Group, as described in Section 4.1 of this Circular; and
- (d) the YZJFH Shares amount to 100.0% of the total issued share capital of YZJFH, representing a dividend distribution of RMB20.0 billion.

Following the Proposed Spin-Off, the Remaining Group's business divisions comprising the Shipbuilding Business, the Shipping Business and the Others Business, the core operations of which are entirely distinct and different from that of the Spin-Off Group, will have sufficient levels of operations to support the Company's listing on the Mainboard of the SGX-ST after the Proposed Spin-Off and as such the Proposed Spin-Off (comprising the YZJFH Distribution and the Proposed Listing) is not expected to have a material impact on the business, financial condition and results of the operations of the Remaining Group.

6.2 Share Capital

There will be no change in the number of issued Shares of the Company as a result of the YZJFH Distribution.

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6.3 NTA per Share

	Before the YZJFH Distribution	After the YZJFH Distribution
NTA (RMB'000)	35,642,064	15,642,064
Number of issued shares as at 31 December 2021 ('000)	3,923,415	3,923,415
NTA per Share (cents)	908.45	398.68

6.4 NAV per Share

	Before the YZJFH Distribution	After the YZJFH Distribution
NAV (RMB'000)	35,923,416	15,923,416
Number of issued shares as at 31 December 2021 ('000)	3,923,415	3,923,415
NAV per Share (cents)	915.62	405.86

6.5 EPS per Share

	Before the YZJFH Distribution	After the YZJFH Distribution
Profit after tax attributable to Shareholders for FY2021 (RMB'000)	3,698,632	1,944,015
Weighted average number of issued shares ('000)	3,861,050	3,861,050
EPS (cents)	95.79	50.35

6.6 Impact on profit or loss on the YZJFH Distribution

There is no impact on profit or loss on the YZJFH Distribution since from an accounting perspective, the YZJFH Distribution is considered to be a distribution rather than a disposal. The YZJFH Shares will be distributed to the Entitled Shareholders in proportion to their shareholding in the Company as at the Books Closure Date.

7. ADMINISTRATIVE PROCEDURES FOR THE YZJFH DISTRIBUTION

7.1 Books Closure Date and Entitlements

Persons registered in the Register and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date will be entitled to receive one (1) YZJFH Share for each Share held by them or on their behalf as at the Books Closure Date, fractional entitlements to be disregarded.

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Subject to the Proposed Spin-off (comprising the YZJFH Distribution and the Proposed Listing) being approved by Shareholders at the EGM and the conditions in Section 4.3 of this Circular being satisfied, the transfer books and Register of the Company is expected to be closed on 25 April 2022 at 5.00 p.m. for the purpose of determining the entitlement of Entitled Shareholders to the YZJFH Distribution. Persons registered in the Register and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date would be entitled to receive one (1) YZJFH Share for every Share held by them or on their behalf as at the Books Closure Date, fractional entitlements to be disregarded. Entitled Shareholders who are not Depositors will be credited with YZJFH Shares by the entry of their names on the Register of YZJFH to be maintained by YZJFH's Share Registrar.

For illustrative purposes, Shareholders as at the Books Closure Date shall receive YZJFH Shares as follows:

	Number of YZJFH Shares the Shareholder is entitled
If a Shareholder holds 1,000 Shares as at the Books Closure Date	1,000 YZJFH Shares
If a Shareholder holds 250 Shares as at the Books Closure Date	250 YZJFH Shares

7.2 Depositors

In the case of Shareholders being Depositors, entitlements to the YZJFH Shares will be determined on the basis of the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date, fractional entitlements to be disregarded. Following the Books Closure Date, CDP will credit the Securities Accounts with the relevant number of YZJFH Shares on the credit date to be announced by the Company in due course and CDP will send to each such Depositor a notification letter confirming the number of YZJFH Shares that has been credited to his Securities Account.

7.3 Scrip Shareholders

In the case of Shareholders who hold Shares registered in their own names in the Register, entitlements to the YZJFH Shares will be determined on the basis of their holdings of Shares in the Register as at the Books Closure Date. Following the Books Closure Date, the names of each such Shareholder as well as the relevant number of YZJFH Shares to be distributed to such Shareholder will be entered into the Register of YZJFH and the share certificates in respect of the YZJFH Shares will be sent to them by registered post to their address stated in the Register of YZJFH. Shareholders should note that they will not be able to trade in such YZJFH Shares on the SGX-ST unless they have a Securities Account and make appropriate arrangements for the share certificates of the YZJFH Shares to be deposited with CDP for crediting into the said Securities Account.

Shareholders holding their Shares in scrip form and who wish to have the YZJFH Shares credited to their Securities Accounts pursuant to the YZJFH Distribution or wish to trade the YZJFH Shares on the SGX-ST on or immediately after the YZJFH Distribution should deposit with CDP their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, no later than 5.00 p.m. on the date falling 12 Market Days prior to the Books Closure Date so as to enable CDP to credit their Securities Accounts with the relevant Shares by the Books Closure Date and thereafter for CDP to credit their Securities Accounts with the YZJFH Shares.

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7.4 CPFIS Investors

In the case of Shareholders who have purchased Shares using their CPF funds, entitlements to the YZJFH Shares will be determined based on the number of Shares standing to the credit of their respective investment accounts with the CPFIS Agent Banks as at the Books Closure Date. Following the Books Closure Date, CDP will credit their CPFIS Agent Banks' Securities Accounts with the relevant number of YZJFH Shares on the credit date to be announced by the Company in due course. The respective CPFIS Agent Banks will notify the relevant Shareholders of the credit and such Shareholders are advised to consult their CPFIS Agent Banks as to the crediting status of their YZJFH Shares in their respective investment accounts as CDP will not be sending any notifications to such Shareholders.

7.5 Overseas Shareholders

You will be regarded as an Overseas Shareholder if your registered address on the Register or the Depository Register (as the case may be) is not in Singapore as at the Books Closure Date. Shareholders who wish to change their registered address on the Register and the Depository Register (as the case may be) to provide an address in Singapore in substitution thereof prior to the Books Closure Date may do so by sending a notice in writing to the Company's Share Registrar (in the case of a change of address on the Register) and CDP (in the case of a change of address on the Depository Register), respectively not later than three (3) Market Days prior to the Books Closure Date.

Where the Directors are of the view that the distribution of the YZJFH Shares to any Overseas Shareholders may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole and absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, the YZJFH Shares which such Overseas Shareholders would have been entitled to pursuant to the YZJFH Distribution (the "**Overseas Shareholders' YZJFH Shares**") will not be distributed to such Overseas Shareholders. Instead, the Overseas Shareholders' YZJFH Shares shall be transferred to such person(s) as the Company may appoint who shall sell the Overseas Shareholders' YZJFH Shares and thereafter distribute the aggregate amount of the net proceeds, after deducting for all dealings and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to the YZJFH Shares as at the Books Closure Date in full satisfaction of their rights to the YZJFH Shares which they would otherwise have become entitled to under the YZJFH Distribution. Where such YZJFH Shares are sold on the SGX-ST, they will be sold at such price or prices as the Company may, in its sole and absolute discretion, decide and no Overseas Shareholder shall have any claim whatsoever against the Company, YZJFH, the Financial Adviser, CDP, CPF and/or YZJFH's Share Registrar and their respective officers in connection therewith.

Where the net proceeds to which any particular Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or any other person in connection therewith.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, where Shareholders may have their registered addresses, the Introductory Document has not been and will not be despatched to any jurisdictions outside Singapore. Overseas Shareholders who wish to change their registered address on the Register and the Depository Register (as the case may be) to provide an address in Singapore in substitution thereof prior to the Books Closure Date may do so by sending a notice in writing to the Company's Share Registrar (in the case of a change of address on the Register) and CDP (in the case of a change of address on the Depository Register), respectively not later than three (3) Market Days prior to the Books Closure Date.

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8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the Company has an existing issued and paid-up share capital of 3,913,414,500 Shares (excluding 60,662,500 treasury shares). The interests of Directors and Substantial Shareholders in the Shares of the Company, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Ren Letian	–	–	165,797,370	4.24	165,797,370	4.24
Chen Timothy Teck Leng	–	–	–	–	–	–
Teo Yi-Dar (Zhang Yida)	150,000	0.0038	–	–	150,000	0.0038
Xu Wen Jiong	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Ren Yuanlin ⁽¹⁾	–	–	852,845,825	21.8	852,845,825	21.8
Yangzi International Holdings Limited	852,845,825	21.8	–	–	852,845,825	21.8
Julius Baer Trust Company (Singapore) Limited (as trustee of the YZJ Settlement)	–	–	852,845,825	21.8	852,845,825	21.8
Lido Point Investments Ltd ⁽²⁾	394,134,000	10.1	–	–	394,134,000	10.1
Sapphire Skye Limited as nominee of Zedra Trust Company (Singapore) Limited, which is in turn the trustee of The Lido Trust ⁽²⁾	–	–	394,134,000	10.1	394,134,000	10.1
T. Rowe Price Associates, Inc.	–	–	275,361,200	7.0	275,361,200	7.0

Notes:

- (1) Ren Yuanlin (as settlor of the YZJ Settlement) is deemed to be interested in the Shares held through his interest in Yangzi International Holdings Limited, which is wholly-owned by Julius Baer Trust Company (Singapore) Limited as trustee of the YZJ Settlement, by virtue of section 7 of the Companies Act.
- (2) Zedra Trust Company (Singapore) Limited is the professional trustee of The Lido Trust, an irrevocable employee benefit trust set up for the purpose of rewarding employees of the Group. As announced by the Company on 24 December 2021, Mr. Wang Dong, as 100.0% shareholder of Lido Point Investments Ltd, which held 394,134,000 shares of the Company, transferred all the shares of Lido Point Investments Ltd to the employee benefit trust. The employee benefit trust will be managed and administered by Zedra Trust Company (Singapore) Limited as professional trustee, alongside an employee council comprising of persons selected by the labour union of the Group from time to time. Mr. Wang Dong, Honorary Chairman Mr. Ren Yuanlin, Executive Chairman and Group CEO Mr. Ren Letian, and their respective families are not included in the potential beneficiary pool nor will they form part of the aforementioned employee council.

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As at the Latest Practicable Date, save as disclosed, none of the Directors or the Substantial Shareholders or their respective associates have any direct or indirect interest in the Proposed Spin-Off, other than through their respective directorships and shareholding interests in the Company (if any).

9. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Spin-Off. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

10. DIRECTORS' RECOMMENDATIONS

Having considered the terms of and the rationale for the Proposed Spin-Off, the Directors are of the opinion that the Proposed Spin-Off is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolutions relating to the Proposed Spin-Off (including the YZJFH Distribution) at the EGM.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be held by electronic means (via "live" audio-visual webcast or "live" audio-only stream, which will allow for (i) real-time remote electronic voting and (ii) real-time electronic communication), on 18 April 2022 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the resolutions set out in the Notice of EGM.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

In line with the Alternative Arrangements Order, the Company has put in place alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream, which will also allow for (i) real-time remote electronic voting and (ii) real-time electronic communication), as set out in the Notice of EGM dated 1 April 2022. The Notice of EGM has been uploaded on SGXNet on the same day as this Circular. The announcement and Notice of EGM may also be assessed at the Company's corporate website at www.yzjship.com.

(a) Pre-Registration

Shareholders who wish to attend the EGM via live audio-visual webcast or live audio-only stream, must complete the following steps:

All shareholders, CPF and SRS investors, can pre-register themselves or, where applicable, their appointed proxy(ies), for the EGM via the pre-registration website at <https://smartagm.sg/yzj-agmegm2022> for verification purposes by 4.00 p.m. on 15 April 2022, being 72 hours before the time fixed for the EGM.

Following the verification, authenticated shareholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies) who have (or have been) pre-registered will be provided with a confirmation email for the EGM containing details as well as instructions on attending the EGM (the "**Confirmation Email**"), via the e-mail address provided during pre-registration.

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Shareholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) who have (or have been) pre-registered by 4.00 p.m. on 15 April 2022 deadline but have not received the Confirmation Email by 11.59 p.m. on 17 April 2022 should immediately contact yangzijiang.sg@yzjship.com.

(b) Asking questions “live” during the EGM

Shareholders, proxyholders, CPF and SRS investors attending the EGM via the live webcast will be able to ask the Chairman of the EGM substantial and relevant questions related to the resolutions to be tabled for approval at the EGM, by typing in and submitting their questions through the live chat function via the audio-visual webcast platform.

Investors holding shares through relevant intermediaries (other than CPF/SRS investors) should approach their respective relevant intermediaries through which they hold shares as soon as possible in order for the necessary arrangements to be made for them to submit questions in advance of the EGM or ask questions during the EGM via the live webcast.

Shareholders, including CPF and SRS investors, are also encouraged to submit questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the EGM, in advance of the EGM in the following manner no later than seven (7) working days in advance of the EGM (i.e. by 3.00 p.m. on 6 April 2022):

- (a) By e-mail to romil@financialpr.com.sg/jass@financialpr.com.sg; or
- (b) if submitted by post, to be deposited at: 4 Robinson Rd, #04-01 The House of Eden, Singapore 048543.

Shareholders who submit questions via email or by post to the Company must provide the following information:

- (i) the Shareholder’s full name;
- (ii) the Shareholder’s address; and
- (iii) the manner in which the Shareholder holds shares in the Company (e.g. via CDP, CPF or SRS).

The Board of Directors will endeavour to address, during the EGM, substantial and relevant questions (as determined by the Board in its sole opinion) submitted by Shareholders. However, there may not be sufficient time to address all such questions.

(c) Submission of Proxy Form

Shareholders who is not a relevant intermediary (as defined below) is entitled to appoint not more than two (2) proxies and Shareholders who is a relevant intermediary is entitled to appoint more than two (2) proxies wish to vote at the EGM via a proxy(ies) must submit the Proxy Form, which is released together with the Notice of EGM, to appoint the proxy(ies) or the Chairman of the EGM as their proxy to cast votes on their behalf. Shareholders are requested to complete, sign and

LETTER TO SHAREHOLDERS

return the Proxy Form in accordance with the instructions printed thereon not less than seventy-two (72) hours before the time appointed for the EGM (i.e. by 4.00 p.m. on 15 April 2022 (the “**proxy form cut-off date/time**”) in the following manner:

- (a) By Post: To be deposited at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898; or
- (b) Via e-mail: To be emailed to yangzijiang.sg@yzjship.com (Attn Yangzijiang Team).

A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and submitting it by email to the email address provided above.

Persons who hold shares through relevant intermediaries

- (a) Persons who hold shares through relevant intermediaries (as defined in section 181(6) of the Companies Act 1967 (2020 Revised Edition) of Singapore), including a CPF Investor or a SRS Investor, and who wish to participate in the EGM by (i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (ii) submitting questions in advance of, or live at the EGM; and/or (iii) voting at the EGM, (a) live via electronic means by being appointed as proxy by their relevant intermediary; or (b) by appointing the Chairman of the Meeting, as proxy to attend and vote on their behalf at the EGM, should contact the relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.
- (b) CPF Investors or SRS Investors (i) may vote live via electronic at the EGM if they are pre-register via the pre-registration website and appointed as proxies by their respective CPF/SRS Operators, and should contact their respective CPF/SRS Operators if they have any queries regarding their appointment as proxies, or (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 5.00 p.m. on 6 April 2022.
- (c) The Proxy Form is not valid for use by CPF Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (such as in the case the appointor submits more than one instrument of proxy).

A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited at least seventy-two (72) hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the EGM. In view of section 81SJ(4) of the SFA, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least

LETTER TO SHAREHOLDERS

seventy-two (72) hours before the EGM. Any Shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such shareholder deposits his/her Proxy Form seventy-two (72) hours before the EGM, such shareholder or his/her proxy will not be entitled to vote on his/her behalf at the EGM.

13. ADVISERS

For the purposes of the Proposed Spin-Off:

- (a) CLSA Singapore Pte Ltd has been appointed as the financial adviser to the Company;
- (b) Shook Lin & Bok LLP has been appointed as the legal adviser to the Company as to Singapore law; and
- (c) Jingtian & Gongcheng has been appointed as the legal adviser to the Company as to PRC law.

14. CONSENTS

- (a) CLSA Singapore Pte Ltd, named as the financial adviser to the Company in respect of the Proposed Spin-Off, has given and has not withdrawn its written consent to the issuance of this Circular with the inclusion of its name, the statements in Section 16 below and all references thereto, in the form and context in which they appear in this Circular;
- (b) PricewaterhouseCoopers LLP, named as the independent auditor to the Company, has given and has not withdrawn its written consent to the issuance of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they appear in this Circular; and
- (c) Jingtian & Gongcheng, named as the legal adviser to the Company as to PRC law in respect of the Proposed Spin-Off, has given and has not withdrawn its written consent to the issuance of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

15. 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 Spin-Off, the Company and its subsidiaries (excluding the information herein relating to the Spin-Off Group), and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source (including the Introductory Document), 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 this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

16. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Spin-Off, the Company and its subsidiaries, and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Financial Adviser has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Circular in its proper form and context.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents are available for inspection at the current registered office of the Company in Singapore at 80 Robinson Road, #02-00 Singapore 068898 during normal business hours from the date of this Circular for a period of three (3) months from the date of this Circular:

- (a) the annual report of the Company for FY2020;
- (b) the constitution of the Company;
- (c) the resolutions and transfer agreements entered in connection with the Group Restructuring Exercise;
- (d) the audited consolidated financial statements of the Group for FY2021; and
- (e) the letters of consent referred to in Section 14 of this Circular.

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

Yours faithfully

Ren Letian
Executive Chairman and Chief Executive Officer

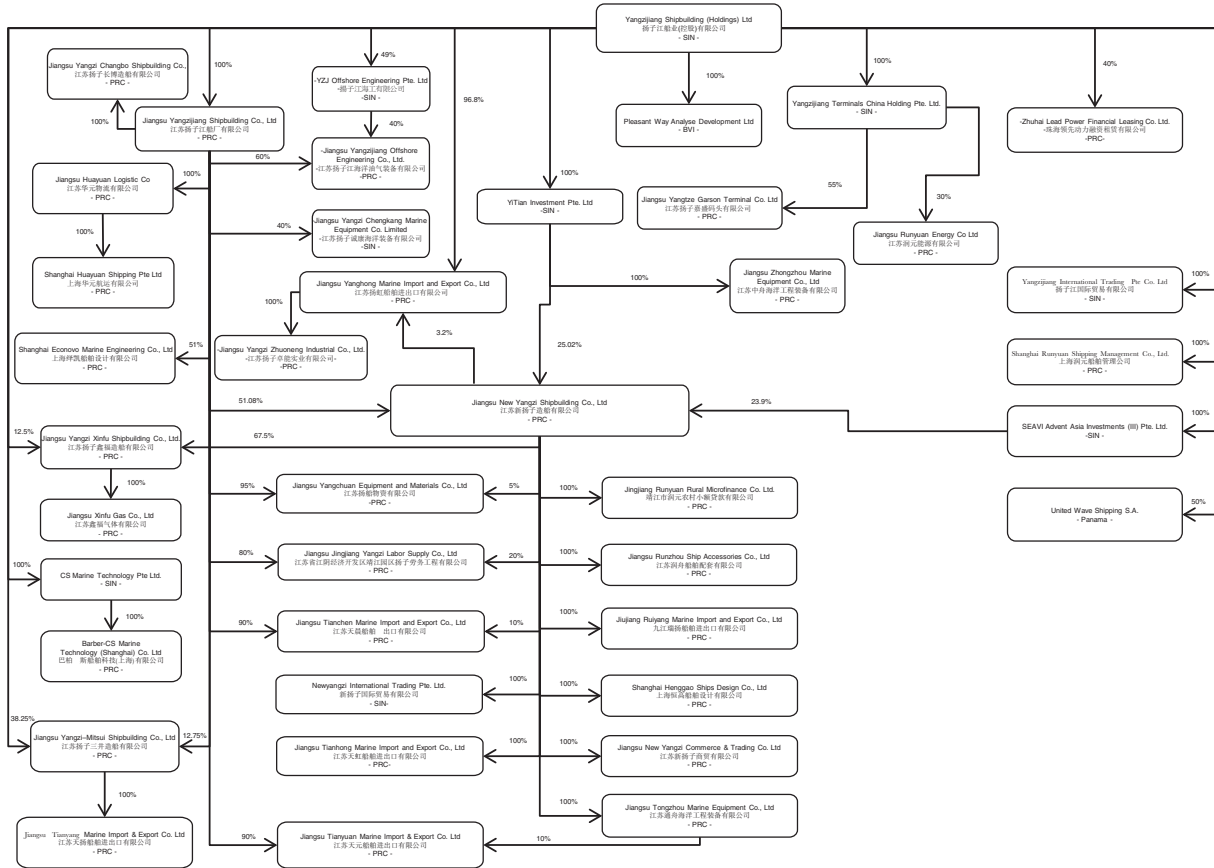
For and on behalf of the Board of Directors of

YANGZJIANG SHIPBUILDING (HOLDINGS) LTD.

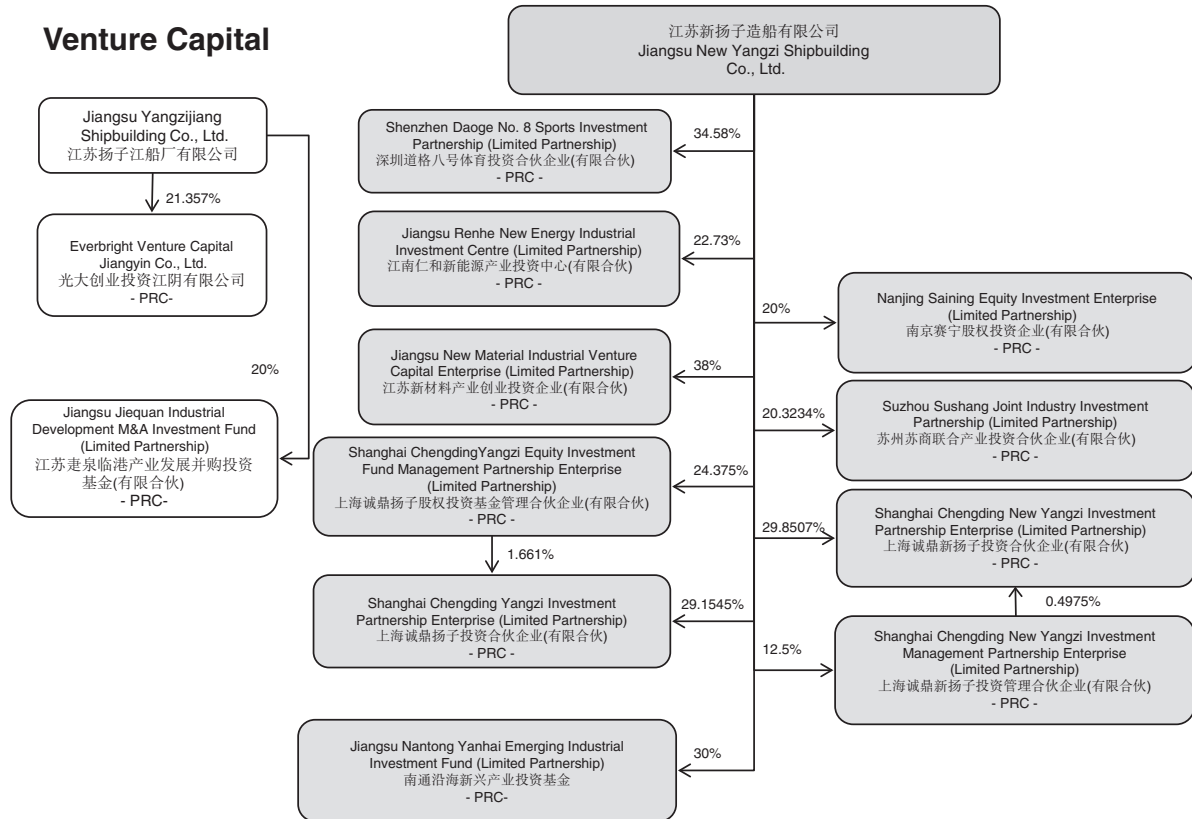
APPENDIX A: GROUP STRUCTURE BEFORE AND AFTER THE PROPOSED SPIN-OFF

Group Structure of the Group before the Proposed Spin-Off

Yangzijiang Shipbuilding (Holdings) Ltd.
Group Structure before the Proposed Spin-Off

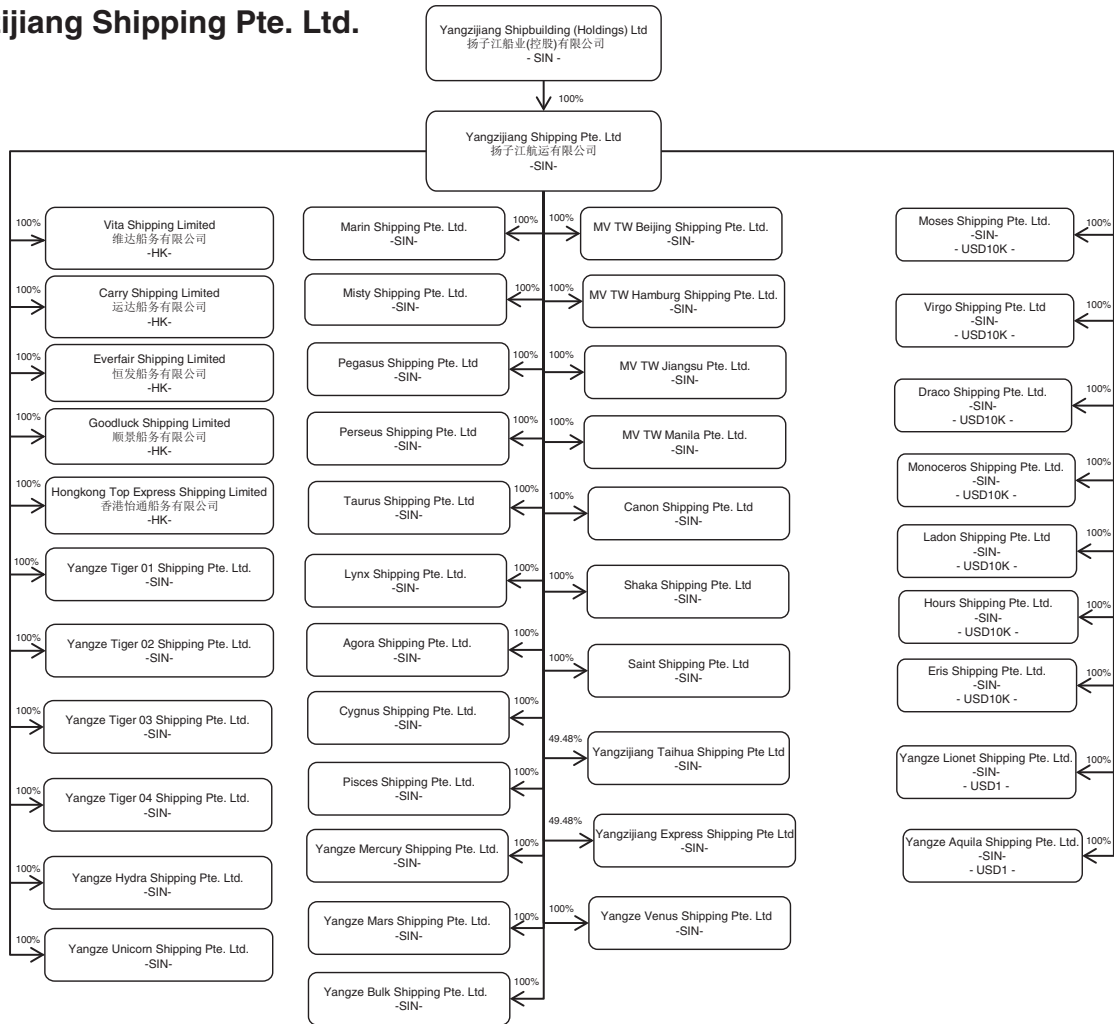


APPENDIX A: GROUP STRUCTURE BEFORE AND AFTER THE PROPOSED SPIN-OFF



APPENDIX A: GROUP STRUCTURE BEFORE AND AFTER THE PROPOSED SPIN-OFF

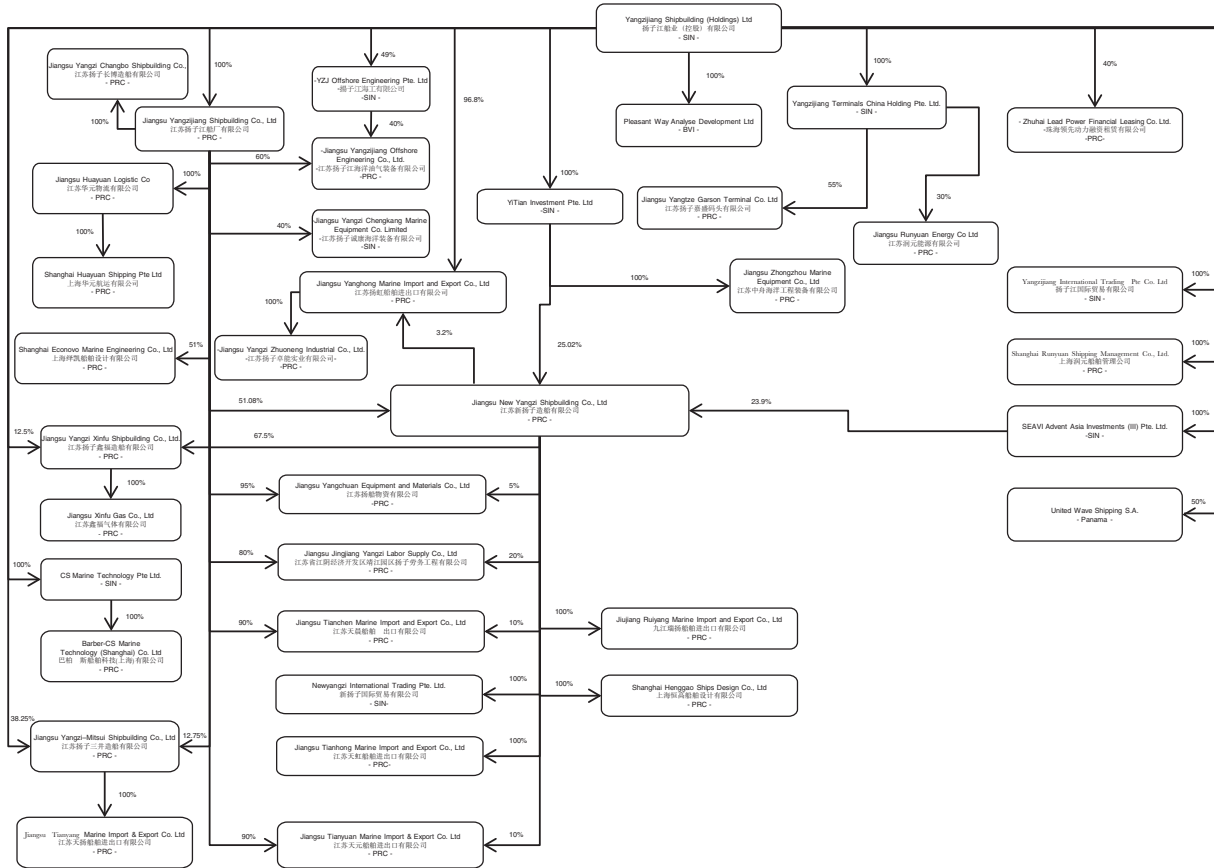
Yangzijiang Shipping Pte. Ltd.



APPENDIX A: GROUP STRUCTURE BEFORE AND AFTER THE PROPOSED SPIN-OFF

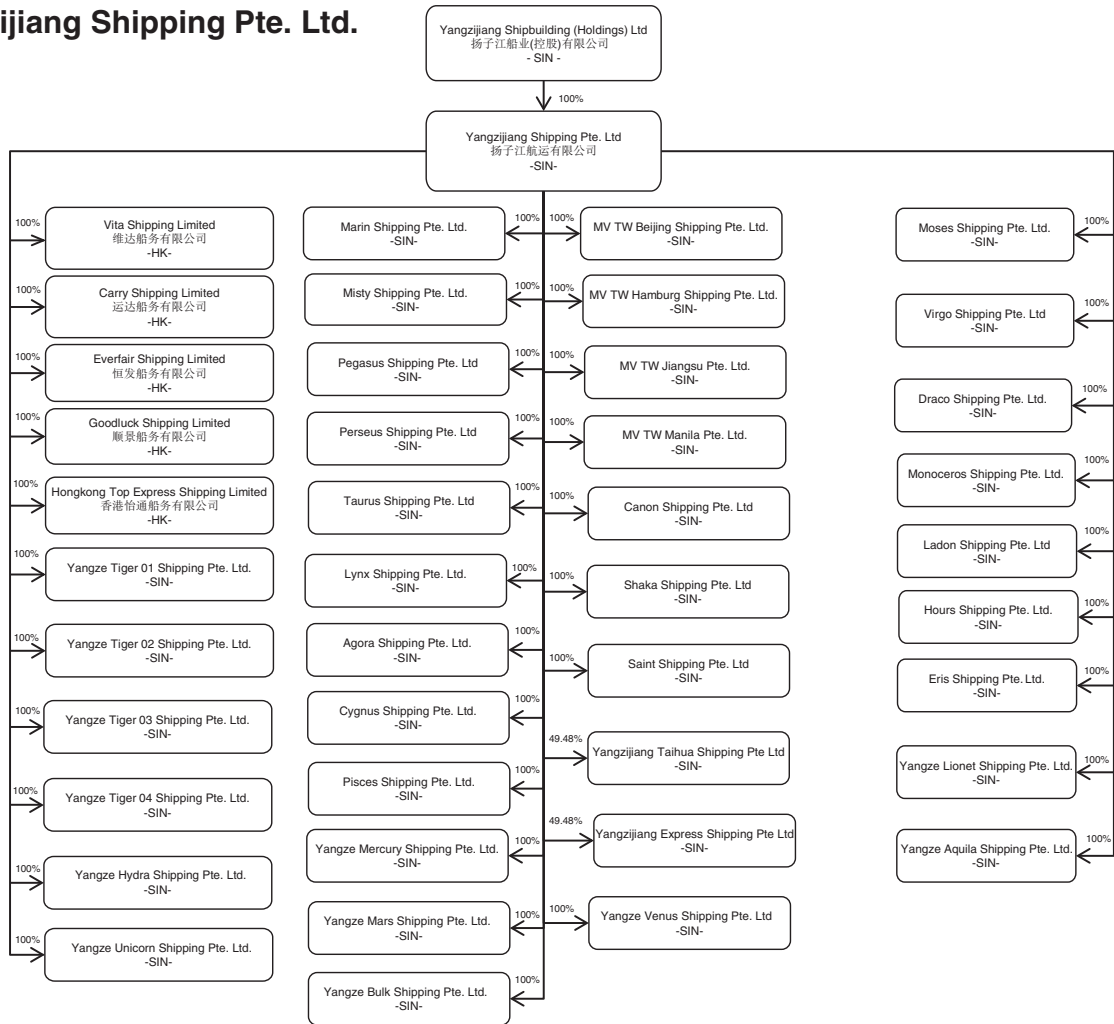
Group Structure of the Remaining Group after the Proposed Spin-Off

Yangzijiang Shipbuilding (Holdings) Ltd.
Remaining Group Structure following the Proposed Spin-Off



APPENDIX A: GROUP STRUCTURE BEFORE AND AFTER THE PROPOSED SPIN-OFF

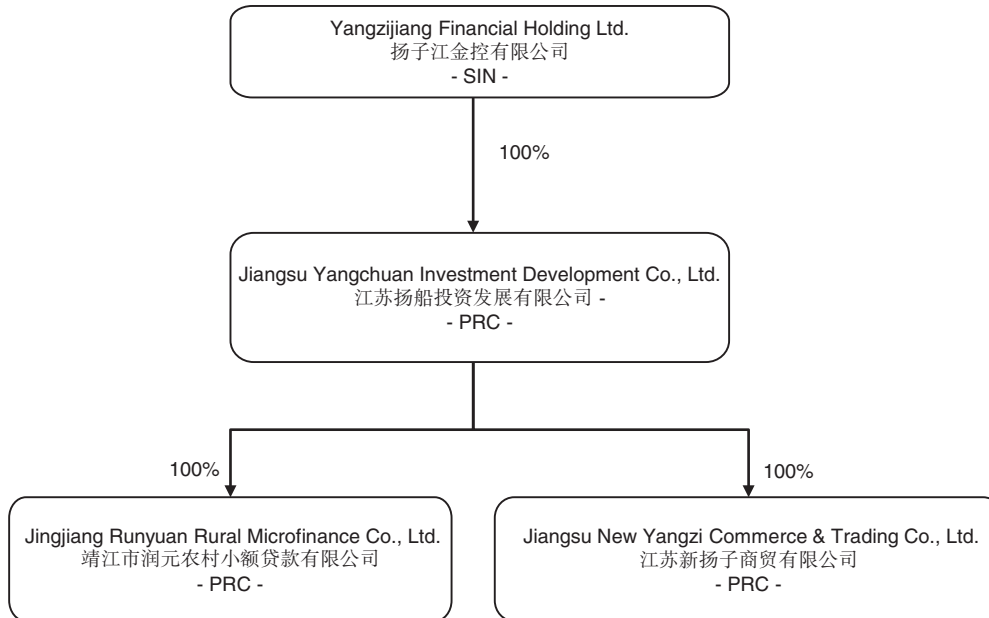
Yangzijiang Shipping Pte. Ltd.



APPENDIX A: GROUP STRUCTURE BEFORE AND AFTER THE PROPOSED SPIN-OFF

Group Structure of the Spin-Off Group

Yangzijiang Financial Holding Ltd.
Group Structure of the Spin-Off Group



NOTICE OF EXTRAORDINARY GENERAL MEETING

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200517636Z)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of **YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.** (the “**Company**”) will be held by way of electronic means on **Monday, 18 April 2022 at 4.00 p.m.** for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions which will each be proposed as an 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 1 April 2022 (the “**Circular**”).*

ORDINARY RESOLUTIONS:

RESOLVED THAT pursuant to the constitution:

1. Approval for the Proposed Spin-Off

Subject to the other conditions in Section 4.3 of the Letter to Shareholders in the Circular dated 1 April 2022 being satisfied, approval be and is hereby given for the Company to make a distribution (the “**YZJFH Distribution**”) of the entire issued share capital of YZJFH (the “**YZJFH Shares**”) held by the Company by way of a dividend *in specie* on the basis of one (1) YZJFH Share for each ordinary share in the issued share capital of the Company (the “**Shares**”) held by or on behalf of the shareholders of the Company (“**Shareholders**”, being registered holders of the Shares, other than the Company, except that where the registered holder is The Central Depository (Pte) Limited (“**CDP**”), the term “**Shareholders**” shall mean Depositors, other than the Company, as defined under the Companies Act 1967 (2020 Revised Edition) of Singapore) as at a books closure date to be determined by the Directors (the “**Books Closure Date**”), and the proposed listing by way of introduction of YZJFH on the Mainboard of the SGX-ST (the “**Proposed Listing**”, together with the YZJFH Distribution, the “**Proposed Spin-Off**”), such that:

- (i) the YZJFH Shares are distributed free of encumbrances and together with all rights attaching thereto on and from the Books Closure Date;
- (ii) where the directors of the Company (the “**Directors**”) are of the view that the distribution of the YZJFH Shares to any Shareholder whose registered address as recorded in the Register of Members of the Company or in the Depository Register maintained by CDP on the Books Closure Date is outside Singapore (the “**Overseas Shareholders**”) may infringe any foreign law or may necessitate compliance with conditions or requirements which the Directors, in their sole and absolute discretion, regard as onerous or impracticable by reason of costs, delay or otherwise, such YZJFH Shares shall not be distributed to such Overseas Shareholders, but shall be dealt with in the manner set out in paragraph (iii) below;
- (iii) the YZJFH Shares which would otherwise be distributed to the Overseas Shareholders pursuant to the YZJFH Distribution be distributed to such person(s) as the Directors may appoint, who shall sell the same and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealings and other expenses in connection therewith, proportionately among such Overseas Shareholders in accordance with their respective entitlements to the YZJFH Shares as at the Books Closure Date, in full satisfaction of their rights to the YZJFH Shares, provided that where the net proceeds

NOTICE OF EXTRAORDINARY GENERAL MEETING

to which any particular Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or any other person in connection therewith;

- (iv) the Directors and/or any of them be and are hereby authorised to determine the amount to be appropriated out of the retained profits and/or current year profits of the Company to meet the value of the YZJFH Shares to be distributed to the Shareholders;
- (v) approval be and is hereby given for the Company to carry out and implement the Proposed Spin-Off, as well as any other transactions contemplated thereunder;
- (vi) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Spin-Off; and
- (vii) the Company and any Director be and is/are hereby authorised and empowered to complete and do all such acts and things (including executing all such documents as may be required) and to approve, amend, modify, supplement and execute such documents, as they may consider expedient or necessary in connection with any of the aforesaid transactions or to give effect to any of the aforesaid transactions and generally to do all such things as he deems necessary or expedient for all the foregoing purposes.

2. Approval for the YZJFH Distribution which constitutes a major transaction under Chapter 10 of the Listing Manual

- (i) The YZJFH Distribution, which constitutes a major transaction under Chapter 10 of the Listing Manual, be and is hereby approved; and
- (ii) the Company and any Director be and is/are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required) and to approve, amend, modify, supplement and execute such documents, as they may consider expedient or necessary in connection with any of the aforesaid transactions or to give effect to any of the aforesaid transactions and generally to do all such things as he deems necessary or expedient for all the foregoing purposes.

3. Authority to Directors

The Directors and each of them be and are hereby authorised to do all acts and things and to execute all such documents as they or he may consider necessary or expedient to give effect to the proposed distribution as set out in these resolutions.

BY ORDER OF THE BOARD
YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

Lee Wei Hsiung
Company Secretary

1 April 2022
Singapore

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTES:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, this Extraordinary General Meeting (“**EGM**”) will be conducted solely by way of electronic means. Accordingly, this Notice of EGM and Proxy Form are made available to members via publication on the SGX website at <https://www.sgx.com/securities/company-announcements> and on the Company’s website at www.yzjship.com.

Please note that printed copies of the EGM Documents will NOT be sent to members of the Company.

Alternative arrangements have been put in place to allow shareholders to participate at the EGM by:

- (a) attending and/or listening to the EGM proceedings via the live audio-visual webcast and live audio-only stream (Live Webcast);
- (b) submitting questions relating to the resolutions to be tabled at the EGM, to the Chairman of the EGM in advance of, or live at, the EGM;
- (c) voting at the EGM (i) live by the Shareholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the EGM) via electronic means; or (ii) by appointing the Chairman of the EGM as proxy to vote on the Shareholder’s behalf at the EGM.

2. Pre-registration for the EGM

Shareholders, proxyholders and persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, 1967 of Singapore), including Central Provident Fund (“**CPF**”) and Supplementary Retirement Scheme (“**SRS**”) investors will be able to observe and/or listen to the EGM proceedings through the Live Webcast via their mobile phones, tablets or computers.

All shareholders, CPF and SRS investors, can pre-register themselves or, where applicable, their appointed proxy(ies), for the EGM via the pre-registration website at <https://smartagm.sg/yzj-agmegm2022> for verification purposes by 4.00 p.m. on 15 April 2022, being 72 hours before the time fixed for the EGM.

Following the verification, authenticated shareholders, including CPF and SRS investors, or, where applicable, their duly appointed proxy(ies) who have (or have been) pre-registered will be provided with a confirmation email for the EGM containing details as well as instructions on attending the EGM (the “**Confirmation Email**”), via the e-mail address provided during pre-registration.

Shareholders, including CPF and SRS investors, or, where applicable, their appointed proxy(ies) who have (or have been) pre-registered by 4.00 p.m. on 15 April 2022 deadline but have not received the Confirmation Email by 11.59 p.m. on 17 April 2022 should immediately contact yangzijiang.sg@yzjship.com.

3. Question and answer

Shareholders, proxyholders, CPF and SRS investors attending the EGM via the Live Webcast will be able to ask the Chairman of the EGM substantial and relevant questions related to the resolutions to be tabled for approval at the EGM, by typing in and submitting their questions through the live chat function via the audio-visual webcast platform.

Investors holding shares through relevant intermediaries (other than CPF/SRS investors) should approach their respective relevant intermediaries through which they hold shares as soon as possible in order for the necessary arrangements to be made for them to submit questions in advance of the EGM or ask questions during the EGM via the Live Webcast.

Shareholders, including CPF and SRS investors are also encouraged to submit questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the EGM, in advance of the EGM in the following manner no later than seven (7) working days in advance of the EGM (i.e. by 3.00 p.m. on 6 April 2022):

- (a) By e-mail to romil@financialpr.com.sg/jass@financialpr.com.sg; or
- (b) if submitted by post, to be deposited at the: 4 Robinson Rd, #04-01 The House of Eden, Singapore 048543.

Shareholders who submit questions via email or by post to the Company must provide the following information:

- (i) the Shareholder’s full name;
- (ii) the Shareholder’s address; and
- (iii) the manner in which the Shareholder holds shares in the Company (e.g. via CDP, CPF or SRS).

The Board of Directors of the Company (“**Board**”) will endeavour to address, during the EGM, substantial and relevant questions (as determined by the Board in its sole opinion) submitted by Participating Members. However, there may not be sufficient time to address all such questions.

4. The form of an instrument appointing a proxy (“**Proxy Form**”), which may be used to vote at the EGM, is released together with this Notice of EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. Voting

Live voting will be conducted during the EGM for shareholders and proxyholders attending the EGM via the Live Webcast. It is important for shareholders and proxyholders to have their own web-browser enabled devices ready for voting during the EGM.

Shareholders and proxyholders will be required to log-in via the link in the Confirmation Email and enter the user ID and password to attend and participate in the Live Webcast of the EGM.

- (a) Live voting: Shareholders, including CPF/SRS investors and proxyholders attending the EGM may cast their votes in real time for each resolution to be tabled at the EGM via the Live Webcast. Shareholders and proxyholders will have the opportunity to cast their votes via the Live Voting feature on the live Webcast platform. Shareholders, including CPF/SRS investors and proxyholders must have a web-browser enabled device in order to cast their vote.
- (b) Voting via appointing proxy(ies) or the Chairman of the EGM as proxy: As an alternative to the above, shareholders may also vote at the EGM by appointing proxy(ies) or the Chairman of the EGM as proxy to vote on their behalf. Please refer to paragraph 6 below for information on the submission of Proxy Forms.

A shareholder who has submitted a Proxy Form, but wishes to attend and participate in the Live Voting during the EGM instead, must inform the Company's Singapore Share Registrar and Share Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5335 (during office hours) or at srs.teamb@boardroomlimited.com by 4.00 p.m. on 15 April 2022. Alternatively, kindly log-in prior to the commencement of the EGM as proxy revocation is not allowed after proxy form cut-off date/time (as defined below).

6. Appointment of Proxies

Shareholders who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies and Shareholders who is a relevant intermediary is entitled to appoint more than two proxies wish to vote at the EGM via a proxy(ies) must submit the Proxy Form, which is released together with this Notice of EGM, to appoint the proxy(ies) or the Chairman of the EGM as their proxy to cast votes on their behalf. Shareholders are requested to complete, sign and return the Proxy Form in accordance with the instructions printed thereon not less than seventy-two (72) hours before the time appointed for the EGM (i.e. by 4.00 p.m. on 15 April 2022 (the "**proxy form cut-off date/time**") in the following manner:

- (a) By Post: To be deposited at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898; or
- (b) Via e-mail: To be emailed to yangzijiang.sg@yzjship.com (Attn Yangzijiang Team).

A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and submitting it by email to the email address provided above.

7. Persons who hold shares through relevant intermediaries

- (a) Persons who hold shares through relevant intermediaries (as defined in section 181(6) of the Companies Act 1967 (2020 Revised Edition) of Singapore), including an investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**"), and who wish to participate in the EGM by (i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream; (ii) submitting questions in advance of, or live at the EGM; and/or (iii) voting at the EGM, (a) live via electronic means by being appointed as proxy by their relevant intermediary; or (b) by appointing the Chairman of the Meeting, as proxy to attend and vote on their behalf at the EGM, should contact the relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the EGM.
- (b) CPF Investors or SRS Investors (i) may vote live via electronic at the EGM if they are pre-register via the pre-registration website and appointed as proxies by their respective CPF/SRS Operators, and should contact their respective CPF/SRS Operators if they have any queries regarding their appointment as proxies, or (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 5.00 p.m. on 6 April 2022.
- (c) The Proxy Form is not valid for use by CPF Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

8. The proxy, who is the Chairman of the Meeting, need not be a member of the Company.

9. The Proxy Form shall be under the hand of the member or by his/her attorney duly authorised in writing, or if the member is a corporation, under seal or under the hand of its attorney duly authorised in writing. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), shall be attached to the instrument of proxy.

NOTICE OF EXTRAORDINARY GENERAL MEETING

10. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote at the EGM.
11. As there may be new measures (including new guidance or requirements for the holding or conduct of meetings) to deal with the evolving COVID-19 situation in Singapore, the Company may have to change the EGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the EGM via the SGXNet at <https://www.sgx.com/securities/company-announcements>. Members are advised to check the SGXNet and the Company's website at www.yzjship.com regularly for updates on the EGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits (a) an application to pre-register to participate in the EGM via live webcast, (b) questions relating to the resolutions to be tabled for approval at the EGM, and/or (c) an instrument appointing a proxy to vote at the EGM and/or any adjournment thereof, the member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purposes of (a) processing the member's application to pre-register to participate in the EGM via live webcast and providing the member with any technical assistance where possible, (b) addressing any selected questions submitted by the member and following up with the member where necessary, (c) the processing and administration by the Company (or its agents) of the proxy appointed for the EGM (including any adjournment thereof), and (d) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines, and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's action or omission.

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PROXY FORM

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company registration no. 200517636Z)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. This Extraordinary General Meeting ("EGM") is being conducted solely via a live audio-video webcast and a live audio-only stream pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Accordingly, this Proxy Form is made available to members on SGXNet at <https://www.sgx.com/securities/company-announcements> and on the Company's website at www.yzjship.com. For convenience, the Notice of EGM are made available on these two websites together with this Proxy Form.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-video webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by real-time electronic voting or by appointing the Chairman of the Meeting as proxy at the EGM, are set out in the Notice of EGM dated 1 April 2022.
3. This Proxy Form is not valid for use by CPF investors and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors (i) may vote live via electronic at the EGM if they are pre-register via the pre-registration website and appointed as proxies by their respective CPF/SRS Operators, and should contact their respective CPF/SRS Operators if they have any queries regarding their appointment as proxies, or (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF Agent Banks or SRS Operators by 5.00 p.m. on 6 April 2022 to submit their votes.
4. **Please read the important notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend and vote on his/her/its behalf at the EGM.**

I/We* _____ (Name)

_____ (NRIC no./Passport no./UEN*)

of _____ (address)
being a member/members* of Yangzijiang Shipbuilding (Holdings) Ltd. (the "Company"), hereby appoint

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

and/or (delete as appropriate)

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

or the Chairman of the Meeting, as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Extraordinary General Meeting ("EGM") of the Company to be convened and held by way of electronic means on **18 April 2022 at 4.00 p.m.** and at any adjournment thereof. I/We* direct the my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the EGM as indicated hereunder.

No.	Ordinary Resolutions	For	Against	Abstain
1.	To approve the Proposed Spin-Off (comprising the YZJFH Distribution and the Proposed Listing)			
2.	To approve the YZJFH Distribution as a major transaction under Chapter 10 of the Listing Manual			

* Please delete accordingly

** Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes for or against or abstain from voting in respect of all your Shares the above Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish your proxy/proxies to exercise some and not all of your votes for or against and/or abstain from voting for the Resolution and/or if you wish your proxy/proxies to abstain from voting in respect of the Resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the Resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deems fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the EGM.

Dated this _____ day of _____ 2022

Total No. of Shares Held in:	
(a) Depository Register	
(b) Register of Members	

Signature of Shareholder(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

IMPORTANT NOTES

1. If you have Ordinary 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 Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary 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 Proxy Form shall be deemed to relate to all the Ordinary Shares held by you.
2. **Due Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, this Extraordinary General Meeting of the Company ("EGM") will be conducted solely by way of electronic means.** This Proxy Form is made available to members on SGXNet at <https://www.sgx.com/securities/company-announcements> and on the Company's website at www.yzjship.com. Printed copies of the EGM Documents, including this proxy form will NOT be despatched to members.
3. A member entitled to attend, speak and vote at the EGM, who is not a relevant intermediary (as defined in Section 181(6) of the Companies Act 1967), is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. Where such member appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the Proxy Form.
4. A member who is a relevant intermediary entitled to attend, speak and vote at the EGM is entitled to appoint more than two proxies to attend, speak and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share in the company ("Share") or Shares held by such member. Where such member appoints more than one proxy, it should annex to the instrument appointing a proxy(ies) (the "Proxy Form") the list of proxies, setting out, in respect of each proxy, the name, email address, NRIC/Passport number and proportion of shareholding (expressed in number of Shares and as a percentage of the whole) in relation to which each proxy has been appointed. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form. For the avoidance of doubt, an CPF/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.
5. A proxy, need not be a member of the Company.

Affix
Postage
Stamp

The Company Secretary
Yangzijiang Shipbuilding (Holdings) Ltd.
80 Robinson Road
#02-00
Singapore 068898

6. A member who wishes to submit an instrument of proxy must complete and sign the Proxy Form, before submitting to the Company in the following manner:
 - (a) By Post: To be deposited at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898 or
 - (b) By e-mail: To be emailed to yangzijiang.sg@yzjship.com (Attn Yangzijiang Team)in either case, this Proxy Form must be received by the Company's Secretary by **4.00 p.m. on 15 April 2022**.
Given the restriction orders and safe distancing measures to deal with the COVID-19 situation in Singapore, members are strongly encouraged to submit the duly completed and signed Proxy Form via email.
7. CPF Investors or SRS Investors:
 - (i) may vote live via electronic at the EGM if they are pre-register via the pre-registration website and appointed as proxies by their respective CPF/SRS Operators, and should contact their respective CPF/SRS Operators if they have any queries regarding their appointment as proxies; or
 - (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 5.00 p.m. on 6 April 2022.
8. This Proxy Form must be executed under the hand of the appointor or by his/her attorney duly authorised in writing or, where it is executed by a corporation, be executed under its common seal or signed on its behalf by an attorney or duly authorised officer of the corporation. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
9. The Company shall be entitled to reject this Proxy Form, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member whose Ordinary Shares are entered against his/her/its name in the Depository Register, the Company may reject this Proxy Form if the member, being the appointor, is not shown to have Ordinary Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to vote at the EGM unless his/her/its name appears on the Depository Register 72 hours before the time set for the EGM.

