



YANGZIJIANG  
FINANCIAL



**Crystallising the  
Roadmap to Success**

**2023 ANNUAL  
REPORT**

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## CORPORATE PROFILE

The Group aims to create a more diversified portfolio across asset classes and geographies to maximise risk-adjusted returns for shareholders.

The Group plans to invest 50% of its funds in China and the remaining 50% beyond China over the long term.



### ABOUT

Yangzijiang Financial Holding Ltd. ("YZJF") is an asset manager seeking to achieve capital appreciation and income through its investment management arm. It generates recurring fee-based income from managing third-party investment funds and providing wealth management services.

YZJF is the spinoff of the investment arm of Yangzijiang Shipbuilding (Holdings) Ltd., ("YSL") one of the world's largest and most reputable shipbuilding companies. Since 2008, YSL has been deploying its deep capital reserves and excess cash into debt investments and fund investments primarily focused on China.

Following YZJF's spinoff on the mainboard of SGX-ST in April 2022, YZJF will have more flexibility to expand its investment portfolio, grow its global footprint, and access various investment opportunities.



### VISION

- To become a leading investment manager in Asia, focusing on sustainable long-term value creation



### MISSION

- Invest in growth opportunities to achieve attractive risk-adjusted return, while providing steady stream of dividends to shareholders through income generated from investment and fund management businesses



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S\$4.0b

Asset Under Management  
(As of 31 December 2023)

Investment  
Management

Generate capital  
gains and long-term  
sustainable  
dividend yield

Fund  
Management

To generate fee  
income

Wealth  
Management

To generate  
advisory Income

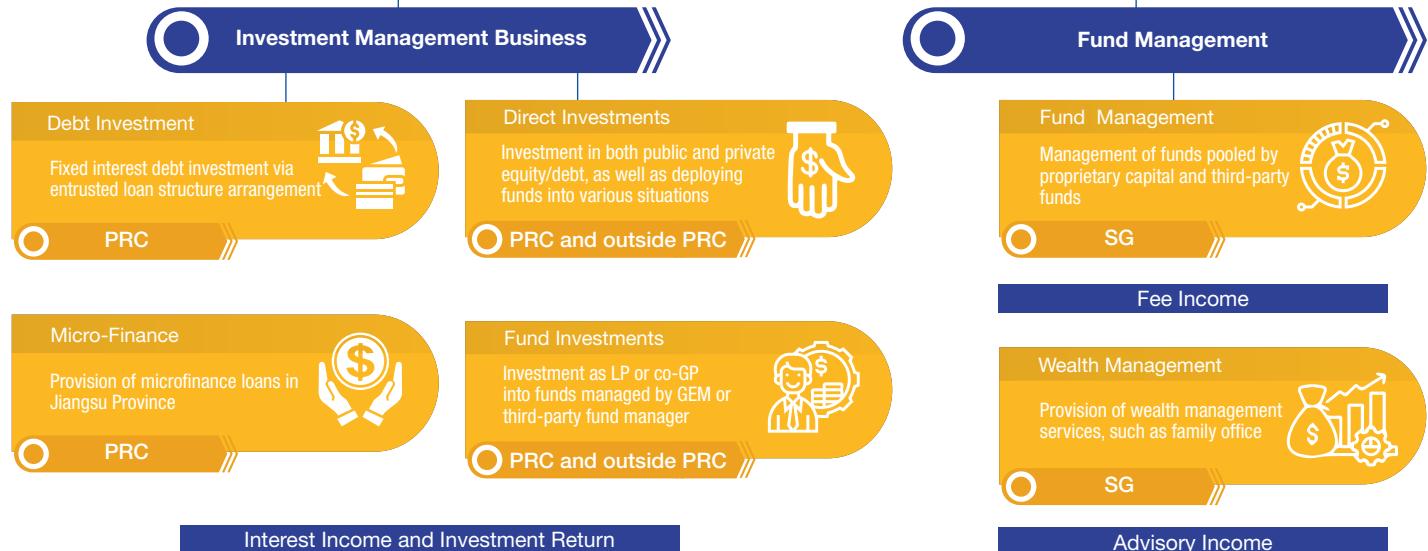


## CORPORATE PROFILE

### BUSINESS SEGMENTS



YANGZIJIANG  
FINANCIAL



### KEY FOCUS FOR INVESTMENT MANAGEMENT

#### IN CHINA

##### CLEAN ENERGY

Provide ship financing for ship-building projects that utilise clean energy (e.g. Liquified Natural Gas)



#### GLOBAL

##### MARITIME FUND

Ship financing and the facilitation of sales and leaseback of vessels  
Investments in vessels  
Ship chartering business



##### CAPITAL MARKETS IN CHINA

Pre-IPO  
Share placements  
Mezzanine financing



#### BEYOND CHINA

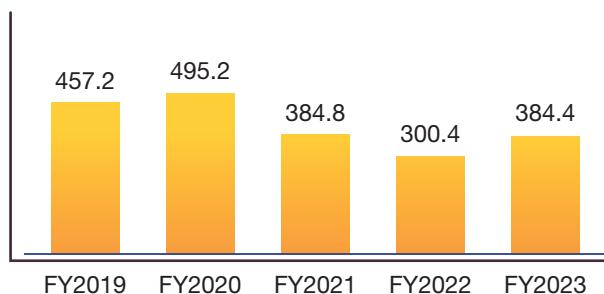
##### CAPITAL MARKETS OUTSIDE CHINA

Direct investments  
Fund investments  
Wealth Management  
Fund Management

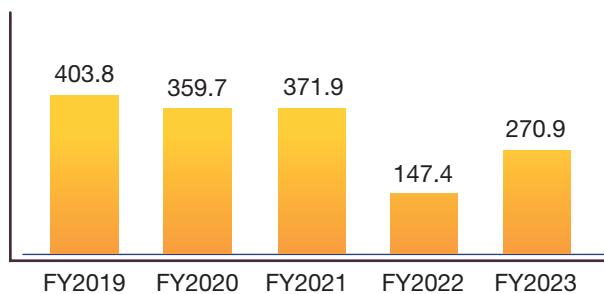


## FINANCIAL HIGHLIGHTS

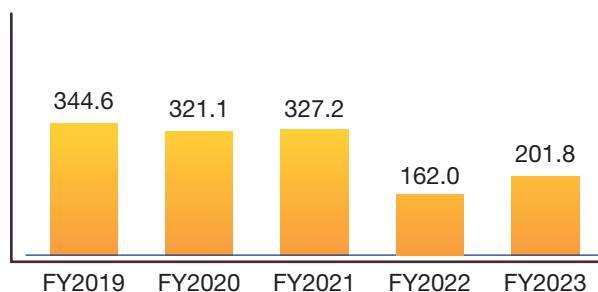
**TOTAL INCOME (S\$m)**



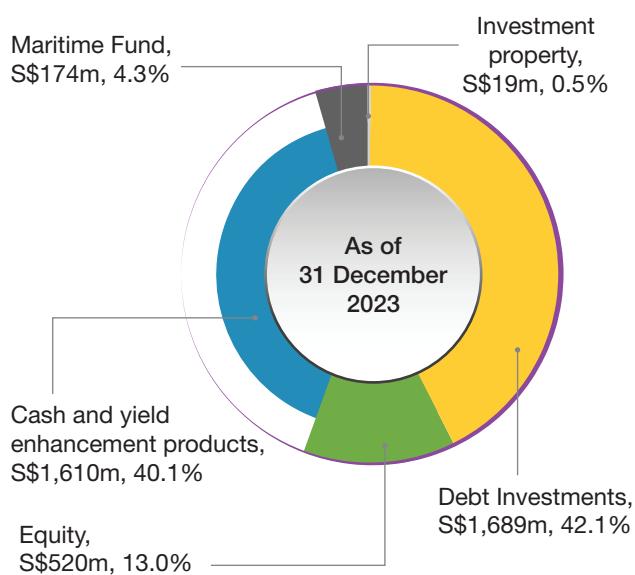
**PROFIT AFTER ALLOWANCES (S\$m)**



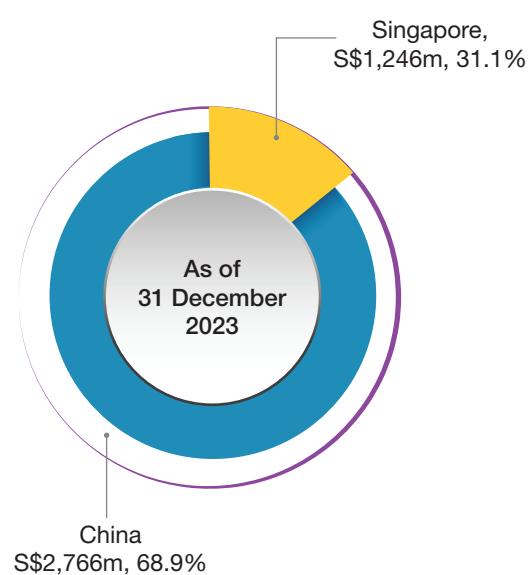
**NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (S\$m)**



**PORTFOLIO ALLOCATION BY RISK PROFILE AND ASSET CLASSES**



**PORTFOLIO ALLOCATION BY GEOGRAPHY**





## CHAIRMAN'S STATEMENT



### Dear Shareholders

#### Portfolio Repositioning Ahead Of Schedule

It is my honour to address you as the Executive Chairman of Yangzijiang Financial Holding Ltd ("the Group"). 2023 was a challenging year marked by slower global growth, high-interest rates and severe inflationary pressures, but the Group remained steadfast in its focus to create a more diversified portfolio across asset classes and geographies to maximise risk-adjusted returns for our shareholders.

Our strategy of repositioning the portfolio, with the intention to allocate 50% of our debt investments outside China, has achieved considerable success over the past year and we have achieved this milestone well ahead of schedule. This has significantly reduced our risk exposure in China.

We continue to focus our attention into the broader Asia-Pacific region by using Singapore as a base to leverage new expansion opportunities. I am happy to say that the Group is well on its way to attaining its goals, not only on the regional but also the global stage, evolving into a key international player in the field of maritime investment, fund management and wealth management.

#### Light At The End Of China's Tunnel

Over in China, the domestic property market continues to grapple with challenges that include significant debt and financing issues among developers, as well as an overall demand slowdown. However, a light at the end of the tunnel has begun to emerge, with China recognising the need to stabilise its property sector to prevent a contagion effect on the rest of its economy.

The Chinese government has launched several supportive initiatives to stabilise and stimulate the industry, including increased infrastructure investment, the advancement of urban renewal projects, and the provision of enhanced financial support through policy loans and special bonds, with significant sums earmarked for infrastructure megaprojects.

Meanwhile, the Group has established a dedicated team tasked with resolving all non-performing loans ("NPLs"), with the goal of reducing the Group's NPLs by a third by the end of 2024, and total resolution of all existing NPLs within the next 3 years. Despite an elevated non-performing loan ratio of 42.8% as of end-2023, actual losses remain low due to our conservative strategy to ensure that loans are over-collateralised with sufficient buffer for asset deterioration.



## CHAIRMAN'S STATEMENT

While the Group continues on its diversification path by seeking growth avenues beyond China's borders, we are also sharpening our focus to take advantage of potentially profitable opportunities within the world's second-largest economy.

### Growing Maritime Fund Exposure

Our Maritime Fund continues to be a key focus area for the Group. Tapping on management's 50 years of experience in the shipbuilding industry and nearly 20 years of investment and financial management experience, the Group is well-positioned to capitalise on prime investment opportunities both in and outside China through its Maritime Fund. This initiative leverages the global trend of rising demand for vessels with an emphasis on clean energy. To achieve this, the Group is collaborating with professionals and institutions globally, aiming to serve as both a facilitator and a strategic investor, to maximise potential gains in this sector.

Given the bright prospects, the Maritime Fund's target size has since been enlarged from the original US\$500 million to US\$600 million, of which US\$300 million has already been earmarked for investments into eco, modern, efficient and highly marketable maritime assets. The Maritime Fund has closed a total of 14 deals and invested around US\$180 million as of the time of this writing.

### Cash Management

Another key focus for the Group has been our active cash management, a disciplined practice aimed at maximising returns on available cash reserves. At the same time, we have seamlessly deployed excess cash into our robust fund management businesses, driving growth and capitalising on lucrative investment opportunities. This deliberate and proactive approach reflects our dedication to achieving sustainable returns for our shareholders.

### Buybacks And Payouts

In terms of our dividend policy, the Group continues to distribute dividends on an annual basis. We have committed to paying out 40% of the Group's earnings as dividends. We believe that maintaining this 40% payout ratio would strike a good balance between pursuing future growth opportunities, while concurrently rewarding our loyal shareholders for their steadfast support.

The Group also considers its share buyback as an effective method of returning value to shareholders and will continue doing so when circumstances permit. Factors that the Group takes into consideration when engaging in share buyback include the amount of surplus cash available, its share price level, and prevailing market conditions.

### Streamlining Our Management Bench

During the year, the Group implemented key changes to its senior management team to fortify its succession planning framework and mitigate potential transition challenges, following the impending departure of Chief Executive Officer ("CEO") Mr Vincent Toe.

I would like to extend my heartfelt gratitude for Mr Toe's dedication and contributions during his tenure with the Group. As the inaugural CEO since our listing on SGX in April 2022, Mr Toe has been instrumental in setting the strategic direction of the Group, building up the management team, as well as establishing risk management and compliance frameworks. He has also spearheaded the expansion of various segments of our business operations, laying the groundwork for the Group's future growth and success.

With Mr Toe moving on in his new role as president of ICH Group Ltd ("ICH"), an investment holding group founded and headquartered in Singapore since 2000, we are excited about the prospect of enhanced collaborations in the area of fund management and other investment opportunities. We extend our best wishes for Mr Toe's future pursuits and look forward to strengthening ties between the Group and ICH in the years to come.



## CEO'S STATEMENT

### Dear Shareholders

In 2023, the global economy faced significant challenges amidst a volatile macro environment. Key issues included decelerating growth, persistent high inflation, rising interest rates, and heightened geopolitical tensions.

Consequently, global growth is forecast to decline to 3.0% in 2023 and 2024 from 3.5% in 2022<sup>1</sup>. While China remains on track to meet the government's 2023 growth target of around 5%, reflecting a post-COVID recovery, the economy remains constrained by continued weaknesses in the real estate sector and tepid global demand<sup>2</sup>.

Likewise, the economic outlook for 2024 remains cloudy, characterised by escalating operational risks and potential disruptions to global supply chains, as a result of lingering geopolitical conflicts. Higher-for-longer interest rates in the US and Europe could also continue to crimp external demand.

Over the past year, Yangzijiang Financial Holding Ltd. ("the Group") has made significant strides in realising its vision of becoming Asia's leading investment manager. Our aim to reduce the Group's China debt/credit exposure to less than 50% of our asset under management ("AUM") was achieved in 3Q2023, well ahead of the original schedule. This is testament to the Group's proactive diversification efforts. This ratio stood at 40% as of end-2023, and a new long-term target of 30% has been set.

At the same time, our fund and wealth management businesses continue to generate robust recurring fee-based income from managing third-party investment funds and providing wealth management services, via our wholly owned subsidiary GEM Asset Management Pte. Ltd. ("GEM Asset"), which holds a capital markets services ("CMS") licence to conduct the regulated activity of Fund Management in Singapore.

### Business Review

Reflecting an encouraging performance amidst a still-challenging economic backdrop, the Group's total income gained 16% y-o-y to S\$348.4 million in 2023. While interest income from the Group's debt investments declined y-o-y in FY2023, this was offset by strong investment income from its maritime fund assets.

Overall net profit to equity holders of the Company increased by 25% y-o-y to S\$201.8 million in the financial year. Earnings per share ("EPS") grew by 31% y-o-y, boosted by the Group's share buyback activity in FY2023.



<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

<sup>2</sup> <https://www.worldbank.org/en/news/press-release/2023/12/14/sustained-policy-support-and-deeper-structural-reforms-to-revive-china-s-growth-momentum-world-bank-report>



## CEO'S STATEMENT

The Group also strengthened its balance sheet for the period under review, with net asset value ("NAV") per share increasing to S\$1.066 (RMB5.73) as of 31 December 2023, from S\$1.050 (RMB5.44) as of 31 December 2022.

### Key Milestones Achieved

Over the past year, our commitment to excellence has propelled us to achieve several significant milestones, enabling the Group to position itself not only as a regional powerhouse but also as an influential force in the international financial landscape.

In March 2023, the Group established a partnership with Singapore-based Tahan Capital Management Pte Ltd to invest in private credit assets in Asia. The collaboration is a strategic move to diversify the Group's portfolio and leverage the region's expansion in alternative financial assets. Ample opportunities lie ahead for Asia's private credit assets, following the region's secular growth trends and the expanding funding needs of Asian corporates, which will gain access to an alternative source of funds on top of traditional bank lending and capital markets.

That same month, the Group, through GEM Asset, also set up a partnership with Singapore-headquartered global private market exchange ADDX for the distribution of the Group's capital markets products. Benefits include an additional distribution channel for funds managed by the Group, broadening the reach of the Group's investor base, as well as boosting its recurring management fee-based income and AUM.

Given the bright prospect of our Maritime Fund, the fund's target size has since been enlarged from the original US\$500 million to US\$600 million, of which around US\$300 million has already been earmarked for investments into eco, modern, efficient and highly marketable maritime assets. In August 2023, the Group joined forces with Cetus Maritime to set up a strategic asset acquisition venture, which aims to acquire between four and eight modern, eco-designed Handysize vessels that will be operated worldwide. This partnership, managed by the Group's Maritime Fund, demonstrates the commitment of both parties to achieve growth and innovation in the maritime sector. The Maritime Fund has thus far closed a total of 14 deals and invested around US\$180 million.

### Deploying Cash, Leveraging Opportunities

Meanwhile, our steadfast commitment to financial prudence and strategic foresight has positioned us well to capitalise on emerging opportunities in the ever-changing economic landscape. The Group has the ability to deploy available cash reserves judiciously, leveraging them as a powerful tool to take advantage of attractive investment opportunities when they

arise. This approach reflects our dedication to maximising shareholder value while upholding the highest standards of risk management.

### Leadership Continuity Strategy

To enhance the Group's leadership continuity and address potential transition challenges, the Group has made significant adjustments to its senior management team following my impending departure as Chief Executive Officer ("CEO").

The roles of Chief Investment Officer – PRC and Chief Investment Officer – Singapore have been removed. Instead, the Group's Executive Chairman, Mr Ren Yuanlin, will take on the role of CEO. He will assume the responsibility of overseeing the Group's investments, including sourcing, executing, managing and monitoring of the Group's investments, both in China and in Singapore, as well as providing strategic direction and overall stewardship of the Group. With more than 50 years of experience in the shipbuilding industry and nearly 20 years of investment and financial management experience, Mr Ren is well-placed to restructure and revamp the Group's investment portfolio.

Ms. Liu Hua, the Group's Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"), retains her existing CFO responsibilities and assumes the additional role of Deputy CEO, which encompasses the COO role.

We believe that our current management bench remains strong, and will enable the Group to grow from strength to strength. The Group remains committed to maximising value and providing sustainable long-term, risk-adjusted returns to all shareholders.

In addition, following my departure, I will play a role in establishing strategic collaborations with the Group in my capacity as president of ICH Group Ltd, an investment holding group founded and headquartered in Singapore since 2000. I look forward to fostering greater cooperation and synergies between our organisations, particularly in the dynamic area of fund management.

### Appreciation

In conclusion, I would like to express my sincere gratitude to our business partners and shareholders for their continued trust and support. I would also like to convey my heartfelt thanks to the board of directors, management team and all employees for their diligence, perseverance and dedication amidst a challenging macro environment. As the Group continues to chart new territories and broaden its horizons in the year ahead, we can look forward to an accelerated growth momentum and the creation of lasting value for all stakeholders.



## KEY MILESTONES

YZJF's admission to the Mainboard  
of the SGX-ST



Eligibility to-list ("ETL") for  
the listing of all the shares of  
Yangzijiang Financial Holding  
Pte. Ltd. (to be renamed  
Yangzijiang Financial Holding  
Ltd.) ("YZJF")



Establishment of GEM  
Growth Fund VCC



Acquisition of GEM  
Asset Management  
Pte Ltd

Set up of Maritime Fund



The liquidity pool scheme were  
bestowed to its wholly-owned  
Subsidiaries



Partnership with Heliconia  
Capital to invest in Singapore  
and Southeast Asian SMEs

New Office Opening at Republic  
Plaza

Investment in YZJF's Maritime Fund  
Eco Shipping Asset



Collaboration With Global Private  
Market Exchange ADDX



YZJF Partners  
Tahan Capital Management  
Invests in Asia Private Credit  
Assets

Joined Forces with Cetus Maritime  
in Strategic Handysize Bulk Carrier



YZJF Maritime Fund Invests  
in 2 Chemical and Product  
Tankers





## BOARD OF DIRECTORS



**Ren Yuanlin**  
(Aged 70, Chinese)  
Executive Chairman

Mr. Ren Yuanlin (“Mr. Ren”) is our Executive Chairman. He was appointed to our Board on 14 December 2021. His responsibilities include providing leadership and governance of the Board so as to create the conditions for the Board’s effectiveness, and ensuring that all key and appropriate issues are discussed by the Board in a timely manner. Mr. Ren will also ensure that the Board as a whole plays a full and constructive part in the development and determination of our Group’s strategies and policies and that Board decisions taken are in our Group’s best interests and fairly reflect the Board’s consensus. He will also ensure that the strategies and policies agreed upon by the Board are effectively implemented by the CEO and the management team.

Mr. Ren is also responsible for establishing good corporate governance practices and procedures, and promoting the highest standards of integrity, probity and corporate governance throughout our Group and particularly, at the Board level.

Mr. Ren joined Yangzijiang Shipbuilding (Holdings) Ltd (“YSL”) (formerly known as Jiangyin Shiprepairing & Shipbuilding Cooperative) in July 1973 as a construction steel worker in its hull workshop. Mr. Ren has since held various roles in several areas, including technology management and production management, and was appointed as a director of the company in 1985. Mr. Ren was named the President of YSL in January 2007, before YSL became publicly listed on the Mainboard of the SGX-ST in April 2007.

Mr. Ren was awarded the Ernst & Young Entrepreneur Award in 2011. In 2020, Mr. Ren became the Honorary Chairman of YSL.

Mr. Ren holds a Diploma in Economics from Jiangsu Television Broadcasting University which he was conferred in 1986.



**Toe Teow Heng**  
(Aged 56, Singaporean)  
Executive Director, CEO and CIO – Singapore

Mr. Toe Teow Heng (“Mr. Toe”) is our Executive Director, CEO and CIO – Singapore. He was appointed to our Board on 27 January 2022 and is a member of our Investment Committee.

As the CEO, Mr. Toe will be responsible for driving the Investment Management Business and Fund/Wealth Management Businesses in Singapore and the PRC. He will develop, propose and implement, with the support of the management, our Group’s strategies and policies in pursuit of our Group’s objectives. Mr. Toe will also lead the management team in the day-to-day running of our Group’s business in accordance with the business plans, and ensure that the management team gives appropriate priority to providing reports to the Board which contain relevant, accurate, timely and clear information necessary for the Board to fulfill its duties. He will also lead the communications programme with our stakeholders, including the Shareholders.

As the CIO – of Singapore, Mr. Toe is responsible for developing, sourcing, executing, managing and monitoring the Investment Management Business, Fund/Wealth Management Businesses and marketing strategies for our Group in Singapore. He will also lead the Singapore team to expand the reach and mission of our Group through new products and services.

Mr. Toe is the Co-Founder of ICH Group Ltd, an investment holding group founded and headquartered in Singapore in 2000. Before joining our Group, he was the Managing Director of ICHAM Pte. Ltd., a Fund management company that holds a CMS license in Singapore.

Mr. Toe has over twenty-five (25) years of experience in Fund management and investment advisory, mergers and acquisitions, initial public offering deals and fundraising, throughout Asia. Prior to joining ICHAM Pte. Ltd., he was an investment banker at UBS AG, DBS Bank Ltd and J.P. Morgan Singapore. He was also a Fund manager of GEM, which specialises in wealth management, private equity and Venture Capital Fund management. Mr. Toe was also involved in the Fund management and investment advisory business activities of ICH-Nikko Antfactory Fund Management Pte Ltd and ICH Asset Management Pte Ltd previously.

Mr. Toe holds a Bachelor of Business (First Class Honours, Gold Medal) Degree from Nanyang Technological University of Singapore, and is a Chartered Financial Analyst.



## BOARD OF DIRECTORS



### **Chew Sutat**

(Aged 51, Singaporean)

*Lead Independent Non-Executive Director*

Mr. Chew Sutat ("Mr. Chew") is our Lead Independent Non-Executive Director. He was appointed to our Board on 25 March 2022 and is a member of our investment committee.

Mr. Chew was senior managing director and a member of Singapore Exchange Limited's executive management team for fourteen (14) years. Prior to Singapore Exchange Limited, Mr. Chew held senior roles at Standard Chartered Bank (Singapore) Limited, OCBC Securities Private Limited and DBS Bank Ltd, where he held varying portfolios in strategic planning and business development for institutional banking and private clients.

Mr. Chew co-founded Shan De Advisors Pte. Ltd. and serves as a Non-Executive Board Member of ICHX Tech Pte. Ltd., which operates the ADDX platform and holds a CMS<sup>1</sup> license in Singapore. He is also a Board Member of Income Insurance Limited and Chairs its Sustainability committee. He is a Fellow of Singapore Institute of Directors and the Institute of Banking and Finance Singapore, and was conferred the Global Investor Asia Capital Markets Lifetime Achievement Award in 2021.

Mr. Chew graduated with a Bachelor of Arts (First Class Honours) degree in Philosophy Politics & Economics (PPE) from Oxford University and also holds a Master of Arts degree from Oxford University.

Mr. Chew also serves as Chairman of the Community Chest Singapore.

### **Chua Kim Leng**

(Aged 54, Singaporean)

*Independent Non-Executive Director*

Mr. Chua Kim Leng ("Mr. Chua") is our Independent Non-Executive Director. He was appointed to our Board on 25 March 2022 and is the Chairman of the Audit and Risk Committee.

Mr. Chua was with the Monetary Authority of Singapore ("MAS") for twenty-five (25) years and last held the position of Special Advisor (Financial Supervision) before stepping down in 2018. Prior to that, Mr. Chua was the Assistant Managing Director in charge of the Banking & Insurance Group and a member of the MAS Executive Committee. In that role, he was responsible for the licensing and supervision of banks, insurance companies, finance companies and payments intermediaries, as well as for the anti-money laundering supervision of the financial sector.

Mr. Chua currently serves as a member of the board of directors of United Overseas Insurance Limited, which is listed on the Mainboard of the SGX-ST, and TEHO International Inc Ltd., which is listed on the Catalyst of the SGX-ST. He also serves on the board of Sygnum Bank AG, a digital asset bank licensed in Switzerland, and ICHX Tech Pte. Ltd., which operates the ADDX platform licensed by the Monetary Authority of Singapore.

Mr. Chua obtained a Bachelor of Business Administration (Honours) from the National University of Singapore in 1994. He was awarded the Public Administration Medal by the President of Singapore in 2014 for his contributions to public service.

### **Yee Kee Shian, Leon**

(Aged 48, Singaporean)

*Independent Non-Executive Director*

Mr. Yee Kee Shian Leon ("Mr. Yee") was appointed as our Independent Non-Executive Director on 25 March 2022 and was also appointed as the Chairman of the Nominating and Remuneration Committees. Mr. Yee is the Chairman of Duane Morris & Selvam LLP. He serves as the Global Head of Corporate, and leads the Banking & Finance, Fintech & Blockchain, Energy and China practice groups.

He has two decades of extensive corporate law expertise and regularly advises ultra-high net worth individuals, private equity funds, investment banks, listed and private companies on corporate finance, venture capital, capital markets, takeovers, cross-border mergers and acquisitions, corporate governance, corporate restructurings, joint ventures, as well as complex financing transactions.

Mr. Yee currently also serves as an independent non-executive director of FJ Benjamin Holdings Ltd, OxPay Financial Limited and Yangzijiang Shipbuilding (Holdings) Ltd, all of which are SGX-ST listed companies. He is a member of the advisory board of Genesis Alternative Venture I L.P., a venture debt fund. He is also a Board member of the Gambling Regulatory Authority, a statutory board under the Ministry of Home Affairs.

Mr. Yee read Law at Christ's College, Cambridge University, where he graduated with honours in 2000. He went on to obtain a Master of Arts from Christ's College, Cambridge University in 2006.

He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of England and Wales.

<sup>1</sup> CMS: Capital Market Services



## KEY MANAGEMENT



**Liu Hua**  
*Chief Financial Officer & Chief Operating Officer*

Ms. Liu Hua ("Ms. Liu") is our CFO and COO. She joined the YSL Group in November 2007 as Financial Controller and was re-designated as Chief Financial Officer in June 2008. Ms. Liu was re-designated as the CFO and COO of our Company following the completion of the Restructuring Exercise.

As our CFO and COO, Ms. Liu is responsible for the financial management functions, as well as the sourcing and management of funds for our Company. She will oversee matters involving treasury, accounting and capital management. Ms. Liu will also collaborate with our Executive Chairman and the CEO in setting and driving our Group's vision, operational strategy and hiring needs. She will be responsible for driving organisational excellence by overseeing our Group's strategy, structure workflow, processes and business objectives, as well as overseeing operational matters including investment, fund management, investor relations, information technology and strategic planning.

Ms. Liu has extensive experience in finance and corporate finance management. Prior to joining YSL Group in November 2007, she was the financial controller of Global Container Freight Pte. Ltd. and was responsible for the overall financial functions of its subsidiaries in Singapore, the PRC, Taiwan, Malaysia, Myanmar, Cambodia, Thailand and Vietnam.

Ms. Liu graduated from Oxford Brookes University with a Bachelor's Degree in Applied Accounting in 2003. She has been a member of the Institute of Singapore Chartered Accountants since 2004 and was awarded the Chartered Financial Analyst (CFA) designation by the CFA Institute in 2007. Ms. Liu was also admitted as a Fellow Member of the Association of Chartered Certified Accountants in 2009.



**Chiang Kheng Hong**  
*Chief Risk Officer*

Mr. Chiang Kheng Hong ("Mr. Chiang") has over 25 years of expertise in both buy- and sell-side corporations, achieving success in treasury, financial markets, and risk management.

As CRO, Mr. Chiang oversees the corporate risk management function of the Group, responsible for establishing a robust risk framework covering investment risk, market risk, credit risk and operational risk of the firm's overall portfolio. Under the direction of the Audit and Risk Committee, Mr. Chiang will provide effective and independent oversight of both financial and non-financial risk of the Group. Specifically, he will assist the CEO and Board on Group risk policy, identification and evaluation the firm's risk tolerance, and creating strategic plans to mitigate risk.

He formerly served as Standard Chartered Bank's interim regional treasurer in Hong Kong, where he headed the Regional Treasury Division responsible for managing a substantial regional balance sheet encompassing capital, liquidity, and interest rate risk management.

Prior to his tenure at Standard Chartered Bank, Mr. Chiang was the Greater China Head of Market and Liquidity Risk at DBS Bank in Hong Kong, where he managed the market and liquidity risk governance and regulatory compliance of DBS Hong Kong. As a seasoned banker, Mr Chiang has deep knowledge of financial markets in Asia and extensive financial product expertise gained throughout Greater China and South Asia.

Mr Chiang graduated from the Nanyang Technological University with a Master's degree in Business Administration in 1998. He has been awarded certifications in both Financial Risk Manager (FRM) and Professional Risk Manager (PRM).



## KEY MANAGEMENT



**Peng Xingkui**

*Chief Investment Officer – PRC*

Mr. Peng Xingkui (“Mr. Peng”) is our CIO – PRC, and he joined the YSL Group in April 2015. Following the completion of the Restructuring Exercise, he was re- designated as the CIO – PRC of our Company. His responsibilities include developing, sourcing, executing, managing and monitoring the Debt Investments, Fund Investments and marketing strategies of our Group in the PRC. He will also lead the PRC team to expand the reach and mission of our Group through new products and services.

Mr. Peng has extensive experience in both domestic and foreign investment management. Prior to joining the YSL Group, Mr. Peng worked in the International Business Department of Jiangsu Jiangyin Rural Commercial Bank Co., Ltd from April 2010 to April 2015. From April 2015 to May 2016, he was the Deputy Chief of the Capital Business section of Jiangsu New Yangzi Shipbuilding Co., Ltd. From May 2016 to May 2017 and May 2017 to December 2019, Mr. Peng held the position of Director of the President Office and Investment Director of the Investment Management Department respectively in Jiangsu Yangzijiang Shipbuilding Co., Ltd.. He has been the Head of the Investment Management Department of Jiangsu Yangzijiang Shipbuilding Co., Ltd. since January 2020.

Mr. Peng obtained a Bachelor of Economics (International Economics and Trade) degree from the Shandong University of Finance and Economics in June 2007 and a Master’s Degree in Economics (International Trade) from the Nanjing University of Finance and Economics in April 2010.



**Su Qing**

*Chief Compliance Officer – PRC*

Mr. Su Qing (“Mr. Su”) is our Chief Compliance Officer – PRC, and he joined the YSL Group in November 2007. His responsibilities include overseeing the legal compliance, corporate secretarial and risk management functions of our Group, covering the Debt Investment Business, Investment Management Business and operations in the PRC. He will also be responsible for ensuring that there are appropriate procedures and processes in place to implement policies approved by the Board, as well as adequate systems to monitor compliance with established policies and procedures.

Upon graduating from the Economic Law School of East China University of Political Science and Law, Mr. Su joined Jiangsu Yangzijiang Shipyard Co., Ltd. as a translator in November 2007. From May 2008 to June 2009 and June 2009 to October 2012, he held the positions of operating representative and investment manager respectively in Jiangsu Yangzijiang Shipyard Co., Ltd.. From October 2012 to March 2015 and March 2015 to December 2018, Mr. Su held the positions of Chief of Legal Affairs and Director of the Legal Affairs Department in Jiangsu Yangzijiang Shipbuilding Co., Ltd. and Jiangsu New Yangzi Shipbuilding Co., Ltd. respectively. He has been the Legal Director of Jiangsu Xinyang Ship Investment Co., Ltd. since January 2019.

Mr. Su graduated from the Economic Law School of East China University of Political Science and Law with a Bachelor of Science (Economic Law) in June 2007.



## KEY MANAGEMENT



**Alex Yan Zhong Bing**

*Chief Executive & Head of Maritime Fund,  
GEM Asset Management Pte. Ltd.*

Mr. Alex Yan Zhong Bing ("Mr. Yan") is the CEO for the Group's wholly owned subsidiary GEM Asset Management Pte. Ltd. and concurrently the Head of Maritime Fund. Mr. Yan has been engaged in the maritime investing business for over two decades, with varying leading positions rotating from leasing and financing to fleet management and asset management.

Before joining the Group, Mr. Yan was the Head of Partner Relations – Far East at Klaveness Asia. Preceding to then, he served as Lloyd's Register's vice president of leasing and shipping, the General Manager of shipping finance at Haitong UT Leasing, and the head of asset management at CSSC Leasing.

Mr. Yan holds a Master of Science in Investment Management from the Hong Kong University of Science and Technology, Master of Logistics Engineering from Shanghai Jiao Tong University, and a Master of Business Administration (MBA) from Fudan University.



**Alvin Chew Lee Guan**

*Managing Director, Head of Direct Investments  
GEM Asset Management Pte. Ltd.*

Mr. Alvin Chew ("Mr. Chew") is our Head of Direct Investments in Singapore, and he joined the Group on 28 November 2022. Mr. Chew is responsible for overseeing the group's direct investments outside of China.

Mr. Chew's career spans over 20 years of professional experience in direct investments, investment banking and corporate development. Mr. Chew was a Managing Partner at EDBI Pte. Ltd. ("EDBI") where he led the Strategic Growth Program team which oversees EDBI's private equity growth investments into Singapore based enterprises across industries in healthcare services, advanced manufacturing, creator economy and sustainability. He was also the Coordinating Head for the firm's China operations that are responsible for investments in the areas of Digital Technologies, Emerging Technologies and Healthcare. Mr. Chew was a member of EDBI's senior management team responsible for corporate matters and policies and served in EDBI's Investment & Divestment Committees for all direct and Fund of Funds investments, and as board director and board observer in many of EDBI's portfolio companies.

Prior to EDBI, Mr. Chew was the former Managing Partner in ACA Investments Pte Ltd, a fund management company spin-off from Nikko Cordial Group, covering mid-market private equity investments in North Asia and Southeast Asia. Preceding to that, Mr. Chew was previously the Executive Director with ICH Group Ltd where he set up and managed the Group's Private Equity Investment division (ICH Asset Management Pte Ltd & ICH-Nikko Antfactory Fund Management Pte Ltd).

Mr. Chew holds a Bachelor of Social Science (Honours) in Economics from the National University of Singapore.



**Wu Menglin**

*Head of Fund Investments  
GEM Asset Management Pte. Ltd.*

Ms. Wu Menglin ("Ms. Wu") is our Group's Head of Fund Investments. Ms. Wu leads the due diligence and selection process of the Group's investments in international funds outside of China.

Prior to joining the Group, Ms. Wu served as Vice President, Private Equity Funds and Co-Investments at GIC Private Limited ("GIC"), a sovereign wealth fund that oversees Singapore's foreign reserves. During Ms. Wu's 10-year stint at GIC, she managed private equity fund investments in Asia and co-investments in a diverse range of sectors.

Ms. Wu earned her master's degree in Information and Computer Engineering, and a bachelor's degree in Engineering from the University of Cambridge.



## FINANCIAL AND OPERATIONS REVIEW

### FINANCIAL AND OPERATIONS REVIEW

In 2023, facing global economic challenges and market volatility, particularly in China, our Group successfully navigated these conditions through effective management and diversification strategies. Our approach allowed us to further optimise our assets and focus on sustainable growth. The achievements of the year demonstrate our ability to identify and capitalise on investment opportunities, strengthening our financial base and future-oriented strategy.

### INCOME STATEMENT

In 2023, our total income grew by 16% to S\$348.43 million, despite a reduction in interest income arising from the strategic move to lower our debt exposures in China. This growth is an outcome of our diversification efforts, which include the pursuit of new investment opportunities such as maritime fund assets and private credit funds in Singapore. In 2023, 16% of total income was generated from Singapore, compared to 1% in 2022.

Total income	2023	2022
	S\$'000	S\$'000
China	293,876	297,901
Singapore	54,558	2,540
	348,434	300,441

- Interest Income:** Interest income decreased by 14% to S\$287.24 million. Interest income from the debt investments business in China reduced to S\$259.06 million, partially offset by interest income of S\$28.18 million from the Group's cash management activities, due to the optimised cash balances and improved returns from USD cash and cash equivalents.

Interest income:	2023	2022
	S\$'000	S\$'000
– from debt investments business	259,058	310,392
– from cash management activities	28,182	22,362
	287,240	332,754

- Investment Income:** Our diversification efforts led to a notable increase in investment income. Investments in Singapore's private credit funds and maritime fund assets contributed S\$6.21 million and S\$23.38 million, respectively. Dividend income rose to S\$12.56 million, from venture capital funds in China.

Investment income:	2023	2022
	S\$'000	S\$'000
– from private credit funds	6,209	–
– from maritime fund assets	23,375	–
– from venture capital funds	12,563	7,698
	42,147	7,698

- Fair Value Gains:** We recorded fair value gains of S\$17.69 million, an improvement from the previous year's loss of S\$40.67 million, due to net changes in fair value on private equity funds in Singapore and listed equity securities in China.
- Employee Compensation:** To support our strategic initiatives and growth, employee compensation expenses increased by 125% to S\$8.12 million, reflecting our team expansion in Singapore to bolster our operations.
- Other Expenses:** Expansion into maritime fund brought about additional expenses, including operating costs of maritime fund assets of S\$9.24 million and depreciation of maritime fund assets of S\$2.65 million. Business tax on interest income decreased to S\$14.54 million, in line with the reduced earnings from the debt investments business in China.
- Credit Loss Allowances:** There was a 75% reduction in credit loss allowances to S\$31.21 million, highlighting the effectiveness of our credit risk management and reduction of our debt investments business in China.



## FINANCIAL AND OPERATIONS REVIEW

### BALANCE SHEET

In 2023, we focused strategically on enhancing asset quality and rebalancing our portfolio, which resulted in improved financials. A key aspect of our strategy involved reallocating investments from the debt investments business in China towards maritime fund assets and private credit funds in Singapore. As of 31 December 2023, 32% of total assets were located in Singapore, compared to 13% as of 31 December 2022.

Total assets	2023	2022
	S\$'000	S\$'000
China	2,849,720	3,668,332
Singapore	1,326,275	537,615
	4,175,995	4,205,947

### ASSETS

- Cash and Cash Equivalents:** We saw a notable increase in our liquidity, with cash and equivalents totalling S\$1,406.17 million. The higher cash holdings position us well for future investment opportunities.
- Debt Investments at Amortised Cost:** There was a decrease in debt investments at amortised cost to S\$1,678.88 million, reflecting our strategic move to reduce our debt exposures in China.
- Financial Assets at Fair Value and Investment in Associated Companies:** Financial assets at fair value through profit or loss, along with investments in associated companies, decreased to S\$433.82 million and S\$295.96 million, respectively, aligning with the risk mitigation for the venture capital funds in China.
- Maritime Fund Assets:** Our investments in maritime fund assets, including vessels and finance lease receivables, stood at S\$125.41 million and S\$106.72 million, respectively, reflecting our expansion into maritime financing.

### LIABILITIES

- Tax Liabilities:** Our tax liabilities decreased to S\$197.07 million, due to the withholding tax payments made for the funds remitted to Singapore from Chinese subsidiaries during the year.
- Borrowings:** Borrowings decreased to S\$0.73 million, following the repayment of a short-term USD loan related to an arbitrage deal.
- Trade and Other Payables:** Trade and other payables decreased to S\$45.54 million, attributed to lower cash collaterals received for our investments.

### EQUITY

- Retained Earnings:** Retained earnings rose to S\$190.60 million, driven by a profit of S\$201.80 million for the year. This increase was offset in part by dividend payment of S\$66.13 million, as part of our commitment to provide cash returns to our shareholders.
- Treasury Shares:** Treasury shares rose to S\$122.29 million, due to our ongoing share buyback programme, demonstrating our confidence in the Group's underlying value and future potential.
- Non-controlling Interests:** The introduction of non-controlling interests at S\$77.49 million highlights our focus on strategic partnerships and joint growth initiatives.

### CASH FLOW

In 2023, the Group's liquidity remained strong, concluding the year with S\$1,406.17 million in cash and cash equivalents. This position facilitated strategic flexibility, allowing for the exploration of new opportunities and support for growth initiatives.

**Operating Activities:** The operating activities produced a net cash inflow of S\$972.75 million, largely due to S\$896.57 million in net repayments from debt investments at amortised cost.



## FINANCIAL AND OPERATIONS REVIEW

**Investing Activities:** The Group utilised S\$130.20 million in investing activities, including S\$128.04 million in property, plant and equipment, focused on maritime fund assets.

**Financing Activities:** The financing activities resulted in a net cash outflow of S\$34.66 million. The outflow included S\$66.45 million in dividends paid to shareholders, partly offset by S\$76.93 million in new capital from non-controlling interests.

### Share Buyback Programme

The S\$200 million share buyback programme underscores our commitment to maximising shareholder value and highlighting the financial strength of the Group. As of 31 December 2023, we had repurchased approximately 352.71 million shares or around 8.9% of our outstanding shares.

### Business Outlook

We are on track to achieve a balanced investment asset allocation ahead of schedule. By the first half of 2024, our investments will be evenly split, with 50% in China and 50% in international markets, ahead of our April 2025 target. This strategy demonstrates our adaptability and strategic focus on growth and diversification.

With S\$4 billion in assets under management, our strategy emphasises diversification and risk-adjusted returns through five key initiatives:

#### 1. Maritime Fund Expansion

The expansion of our maritime fund is a cornerstone of our strategy. We have increased the fund's target to US\$600 million, with US\$300 million already committed to eco-friendly and marketable maritime assets. This expansion taps into the demand for sustainable maritime solutions and highlights our commitment as an investor in this sector.

#### 2. Foray into Singapore's Private Credit Market

Our partnership with Tahan Capital Management Pte Ltd marks our entry into the Singapore's private credit market, aiming to diversify our investment portfolio and tapping into the growing alternative financial assets sector in Asia.



#### 3. Strategic Reduction in China's Private Credit Market

We have expedited the reduction of our debt exposures in China, which accounted for less than 40% of our total AUM as of 31 December 2023, down from 81% two years ago in 2021. Our target is to further reduce this to under 30%, aligning with our risk management and diversification strategy.

#### 4. Leveraging China's Venture Capital Market

Our strategic investments in China's venture capital market aim to leverage our platform for optimal investment outcomes, reflecting our approach to capitalise on China's dynamic capital market.

#### 5. Cash Management and Fund Business Growth

Our strategy optimises returns on liquid assets and reinvests surplus cash into fund management operations, supporting business expansion and sustainable shareholder value.

#### Summary

Our disciplined strategy in 2023 has established a strong foundation for future growth and diversification. We continue to focus on expanding our investment portfolio and enhancing shareholder value, positioning us well for seizing new opportunities and meeting upcoming challenges.



# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

### Scope

This is the second annual Sustainability Report published by Yangzijiang Financial Holding Ltd. (“**Yangzijiang Financial**” or together with its subsidiaries, the “**Group**”). In this report, we explain our overall approach to environmental, social, and governance (“**ESG**”) including new initiatives implemented since our maiden Sustainability Report last year, as well as our performance from 1 January 2023 to 31 December 2023, which is similar to our financial reporting period (“**FY2023**”).

The report covers all of our consolidated entities in Singapore and the People’s Republic of China (“**PRC**”) in FY2023. Where available and applicable, we have included the historical data for FY2022 for comparison. Data for electricity, Scope 2 emissions, and Scope 3 emissions has been restated due to data refinement and standardization of conversion factors.

### Reporting Framework

The Sustainability Report is prepared in accordance with:

- the Singapore Exchange Securities Trading Limited (“**SGX**”) Listing Rules 711A and 711B on Sustainability Reporting;

and in reference to:

- SGX Core ESG Metrics;
- The Global Reporting Initiative (“**GRI**”) Standards 2021;
- The Recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”).

### Review and Assurance

This report has been approved by the Board of Directors (“**Board**”) of Yangzijiang Financial. The Group relied on our internal data monitoring and verification to ensure accuracy of the report. Internal review on the sustainability reporting process has been incorporated as part of our internal audit review cycle and we will work towards external assurance in the future.

### Feedback

We welcome suggestions and feedback from our stakeholders and readers. Kindly send your comments to [public@yzjfin.com](mailto:public@yzjfin.com)



## SUSTAINABILITY REPORT

### 2023 SNAPSHOT

#### Sustainability Commitments

Target **Net Zero by 2050** in terms of Scope 2 emissions

**ESG Integration** in selected investment processes

#### Environmental

Scope 2 emissions<sup>(a)</sup>  
**87.4**  
tCO<sub>2</sub>

Scope 3 emissions<sup>(b)</sup>  
**45.6**  
tCO<sub>2</sub>

Scope 2 Intensity  
**0.004**  
tCO<sub>2</sub>/sqft

#### Social

**External sustainability training**  
for Investment Team

**6 hours**  
of internal training on sustainability

**38%**  
female employees

#### Governance

Established  
**Sustainability Committee**

**Zero** cases of bribery and corruption

**Zero** cases of data privacy breach

<sup>(a)</sup> Scope 2 emissions refer to purchased electricity. Scope 2 carbon emissions are reported using location-based approach. Emission factor source: Singapore Energy Market Authority (2022), Ministry of Ecology and Environment of the People's Republic of China (2022).

<sup>(b)</sup> Scope 3 emissions refer to air travels conducted by employees. Scope 3 carbon emissions are computed using distance-based method using data from the UK Department for Environment, Food & Rural Affairs (DEFRA) 2022; FY2022 figures were restated for standardization of conversion factor.



## SUSTAINABILITY REPORT

### BOARD STATEMENT

Dear Stakeholders,

Extreme climate events have risen year-on-year as global warming continues to creep up. The impacts of climate change on the economy and livelihoods are becoming more apparent today and are a pressing matter that we cannot afford to ignore. We can reverse this dire trend if governments, corporations and individuals come together to push for change.

As capital allocators, the asset management industry has a particularly important role in enabling good sustainability activities and influencing better sustainability behaviours. While we may still be considered small in comparison to many of the industry giants, Yangzijiang Financial is committed to playing our part in this global decarbonisation movement.

We also have a fiduciary duty to shareholders and investors to protect the value of our investment portfolios. Over the long run, climate-related risks have real repercussions for virtually all asset classes across all industries. Beyond defending our position, this transition also brings about new opportunities for us in maximizing and capitalizing on the potential benefits for our shareholders and investors.

Since publishing our first Sustainability Report last year, we have made good progress with initiatives rolled out on multiple fronts of our organisation. In mid-2023, we set up a dedicated team to steer the Group's sustainability efforts. The Sustainability Committee ("SC") has a strong line-up with a good mix of seasoned executives and an external ESG expert. Since its inception, the SC has managed to implement maiden policies for our organisation.

### ESG Integration and Target

For our Maritime Fund, we started taking ESG considerations into the process to ensure that the portfolio is not over-exposed to climate-related transition risks. This will create a more robust return profile in the long run. In addition, we have also incorporated ESG questions in our continuing engagement with general partners of the funds we invested in to get an understanding of their latest ESG policies. We will continue to explore methods of integrating sustainability into our broader assets under management ("AUM").

Going forward, we would also encourage our investee companies to adopt ESG policies and report on sustainability performances. To do that more effectively, the Group needs to first set an example. After our internal review and assessment, the Group has made a commitment to achieve net-zero greenhouse gas ("GHG") Scope 2 emissions by 2050. For the subsequent year, we aspire to expand on our Scope 3 emissions reporting to include data from our Maritime Fund.

### Capacity Building

As we set out to adopt new practices, we require a workforce that is capable of adapting to the latest ESG trends. Building up our internal capacity is crucial if we want to see good progress in this area. This can be done either through employee upskilling, hiring more specialists, or seeking advice from external experts. In FY2023, we organised a host of internal training sessions conducted by an external ESG expert and sponsored our employees to participate in external upskilling courses related to sustainability management and reporting.



## SUSTAINABILITY REPORT

### Governance and Disclosures

With all that is going on behind the scenes, we strive to make sure that our progress is being communicated in a transparent, timely, and open manner with our stakeholders. We have started aligning our practices with the recommendations of the TCFD. This is evident in the additional disclosures reflected in this report compared to last year.

### Going Forward

Sustainability practices will continue to grow in influence globally. Looking ahead, we will continue to approach ESG with a proactive mindset to ensure that we are managing our strategy and climate-related risks according to the latest context. In 2024, we hope to have your support in our bid for a cleaner and better future.

**Sustainability Committee**  
**Yangzijiang Financial Holding Ltd.**

# SUSTAINABILITY REPORT

## OUR APPROACH TO ESG

### ESG GOVERNANCE

#### Overview

The Board delegates all sustainability-related matters to the SC, a newly established sub-committee that reports to the Board on a quarterly basis.

The SC is helmed by four members comprising an independent non-executive director as the chair, two c-suite members of the Group, and one external ESG advisor. The SC is responsible for the overall sustainability direction of Yangzijiang Financial, including developing sustainability strategies and the assessment of climate-related risks and opportunities, as well as identifying and setting targets for material topics concerning the Group's operations and on the portfolio level. The SC meets at least once every quarter.

The SC is supported by an Executive Team which advises on the feasibility of strategies and targets and is also tasked to oversee the management of climate-related risks and opportunities. During FY2023, business operation heads from Risk, Compliance and Investment were actively engaged in the process of climate-related matters concerning their respective units. The SC intends to formally appoint these business heads to the Executive Team in FY2024.

The execution of the strategies is conducted by representatives from each business operation including Human Resources, Finance, Investment, and Risk and Compliance. For example, the human resources team is responsible for organising ESG training, the investment team on the integration of ESG factors into their investment decision, and so on. The working group representatives update the SC and Executive Team on the implementation progress as and when appropriate.

#### Governance Structure





# SUSTAINABILITY REPORT

## MATERIALITY ASSESSMENT

To effectively manage and mitigate ESG concerns, we focus on what matters most to the Group. The materiality assessment process helps us identify material topics that pose the most substantial threat to the organisation. We see material topics as issues that have a huge impact on our ability to conduct or maintain the economic, environmental, and social value of our businesses and surroundings.

Our approach to materiality assessment is broken down as such:

1. **Identification:** We take reference from the material topics recommendations by GRI, SGX, and TCFD. The Group also researches industry peers to identify similar concerns faced in the industry. From the shortlist, we further evaluate and identify material factors that are most relevant to the Group, and cluster similar issues into one topic. For example, energy and emissions are categorized under "Management of Carbon Footprint".
2. **Priority:** On top of internal assessment, we also conduct our annual stakeholder survey to assess which material factors are of higher priority.
3. **Address:** We formulate and implement our sustainability strategy according to the list of material topics and the priority of the topics.
4. **Review:** Strategies and material topics are discussed and reviewed by the SC (which acts on behalf of the Board) regularly during our quarterly meetings. We will continue to do so to ensure that the topics remain relevant to the current context.

For FY2023, we have concluded that the material topics identified in FY2022 remained relevant. We have added Climate Risk Management in Investment as a new factor, in line with our adoption of the TCFD framework.

We did not set any target for FY2023 due to limited baseline data as we only started our business operations in April 2022 following the spin-off from Yangzijiang Shipbuilding Holdings Ltd. The Group has set quantitative or qualitative targets for each material topic for FY2024.

Material Topics	FY2023 Performance	Key FY2024 Focus
Management of Carbon Footprint (Energy & Emissions)	<ul style="list-style-type: none"> <li>▪ 0.004 tCO<sub>2</sub>/sqft</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maintain similar Scope 2 intensity</li> </ul>
Climate Risk Management in Investment	<ul style="list-style-type: none"> <li>▪ Integrated ESG factors into Maritime Fund</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expand ESG integration to the wider portfolio</li> </ul>
Talent Management (Training & Education)	<ul style="list-style-type: none"> <li>▪ Average of 3 hours of external training per Investment Team employee<sup>(a)</sup></li> <li>▪ 6 hours of internal training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maintain minimum number of external training hours per eligible employee and 6 hours of internal training opportunities</li> <li>▪ Expand external training programme to other business functions</li> </ul>
Diversity & Equal Opportunities	<ul style="list-style-type: none"> <li>▪ 38% female employees</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maintain fair hiring policy</li> </ul>
Employee Well-being and Occupational Health & Safety	<ul style="list-style-type: none"> <li>▪ Zero Incidents</li> </ul>	<ul style="list-style-type: none"> <li>▪ Zero work-related accidents</li> </ul>
Anti-corruption	<ul style="list-style-type: none"> <li>▪ Zero incidents</li> </ul>	<ul style="list-style-type: none"> <li>▪ Zero incidents of corruption and bribery</li> <li>▪ Conduct anti-corruption training</li> </ul>
Data Privacy	<ul style="list-style-type: none"> <li>▪ Zero incidents</li> </ul>	<ul style="list-style-type: none"> <li>▪ Zero incidents of breach</li> </ul>

(a) Our external training policy entails sponsoring eligible employees (investment team) to a minimum of 2 hours of training per annum



## SUSTAINABILITY REPORT

### STAKEHOLDER ENGAGEMENT

We recognise the importance of close collaboration and consistent communication with our stakeholders. Conducting stakeholder engagement on a regular basis ensures that we are kept abreast of their concerns, expectations, and feedback related to our business operations. We strive to foster meaningful relationships with each of our stakeholder groups to build a more sustainable business.

Our interactions with stakeholders give us useful data points and guide us in determining our approach to managing sustainability as well as the identification of material topics.

Stakeholders	Engagement
Employees	<ul style="list-style-type: none"> <li>▪ Performance review and appraisal (annually)</li> <li>▪ Survey (annually)</li> <li>▪ Training (ongoing)</li> <li>▪ Engagement by senior management (ongoing)</li> </ul>
Investors and Analysts	<ul style="list-style-type: none"> <li>▪ Annual and sustainability report (annually)</li> <li>▪ Annual general meeting (annually)</li> <li>▪ Extraordinary general meetings (as and when)</li> <li>▪ SGXNet announcements (as and when)</li> <li>▪ Analysts briefing (quarterly)</li> <li>▪ Investor roadshow events (as and when)</li> <li>▪ One-on-one meetings with institutional investors (ongoing)</li> </ul>
Investee Companies	<ul style="list-style-type: none"> <li>▪ Engagement by fund managers (ongoing)</li> <li>▪ Survey (annually)</li> </ul>
Governments and Regulators	<ul style="list-style-type: none"> <li>▪ Annual and sustainability report (annually)</li> <li>▪ Audit reports (ongoing)</li> <li>▪ SGXNet announcements (as and when)</li> <li>▪ SGX StarGate (ongoing)</li> <li>▪ MASNET (for GEM Asset Management Pte. Ltd.)</li> <li>▪ Consultation (ongoing)</li> <li>▪ Seminars and courses</li> <li>▪ Survey (as and when)</li> </ul>
Suppliers/Service Providers	<ul style="list-style-type: none"> <li>▪ Email and phone calls</li> <li>▪ Regular meetings</li> <li>▪ Annual assessment (where required)</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>▪ Donation in cash (as and when)</li> <li>▪ Corporate social responsibility events (as and when)</li> </ul>



# SUSTAINABILITY REPORT

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## ENVIRONMENT

### CLIMATE RISK MANAGEMENT

#### **Introduction**

Climate change has become one of the most pressing global challenges of our generation. The increase in adverse climate-related events is apparent and growing at an alarming rate. Left unchecked, human activities such as the burning of fossil fuels and deforestation will continue to devastate the planet and reach a point of no return.

Today, our industry is facing a new and unprecedented test as we navigate through a complex landscape involving regulations, market, and physical impacts. Furthermore, these risks are dynamic and changing according to evolving government policies. Climate-related risks and opportunities present, whether directly or indirectly, a challenge to our day-to-day operations and capital deployment decisions. Most of these challenges also bring about potential financial impacts.

On that premise, we have a fiduciary duty to our shareholders to proactively manage these climate-related risks and opportunities. Based on the recommendations by TCFD, we have identified a number of risks and opportunities material to our Group and on the portfolio level, which we will monitor, mitigate, and manage. It is important to note that this is the Company's first year of reporting in accordance with the TCFD recommendations. We are committed to progressively improving our implementation and reporting in the following years.

#### **Our Approach**

##### *Context*

We consider climate-related risks and opportunities over a 5-, 10-, and 20-years horizon which are respectively defined as short-, medium-, and long-term. These time horizons are based on the nature and the likelihood of materialization or escalation of the respective risk and opportunity.

##### *Identification of Risks and Opportunities*

We identify our risks and opportunities based on the recommendations provided by the TCFD. Based on the taxonomy, we have contextualised the climate-related factors to our Group. Yangzijiang Financial will review these risks and opportunities on an annual basis and report any changes to our stakeholders via our Sustainability Report.

##### *Assessment*

The Group assesses, on a qualitative basis, the potential financial and operational impacts associated with the identified risks and opportunities. In FY2023, we have outlined a general strategy that will be undertaken in phases to mitigate or capitalise on these risks and opportunities.



## SUSTAINABILITY REPORT

### Climate-related Risks

Risk	Potential Impact	Time Horizon	Approach
<b>PHYSICAL RISK: ACUTE (GROUP LEVEL)</b>			
Context: The Group leases office space in the PRC and Singapore			
<b>Increased incidents and severity of extreme weather events</b>	<ul style="list-style-type: none"> <li>Operational disruptions</li> <li>Increased insurance premiums factored into office leases</li> </ul>	Mid- to long-term	<ul style="list-style-type: none"> <li>Technological capabilities for remote working</li> <li>Ensure that data infrastructure providers have a robust business continuity process to safeguard data storage</li> </ul>
<b>TRANSITION RISK: REGULATORY, POLICY AND LEGAL (GROUP LEVEL)</b>			
Context: The Group is listed on the SGX-ST. Its subsidiary holds a Capital Market Services (CMS) License issued by the Monetary Authority of Singapore (MAS). It also has operations and investments in the PRC.			
<b>Stricter reporting regulations</b>	<ul style="list-style-type: none"> <li>Increased compliance costs</li> <li>Potential fines and penalties for non-compliance</li> </ul>	Short-term	<ul style="list-style-type: none"> <li>Engagement with authorities on regulatory requirements</li> <li>Enhance governance structure to ensure adherence to the latest regulations</li> </ul>
<b>TRANSITION RISK: REGULATORY, POLICY AND LEGAL (INVESTMENT)</b>			
Context: The Group is listed on the SGX-ST. Its subsidiary holds a Capital Market Services (CMS) License issued by the Monetary Authority of Singapore (MAS). It also has operations and investments in the PRC.			
<b>Increased compliance costs for portfolio companies</b>	<ul style="list-style-type: none"> <li>Potential fines and penalties on portfolio companies for non-compliance</li> <li>Carbon tax imposed on portfolio companies</li> <li>Lower asset valuations</li> </ul>	Short-term	<ul style="list-style-type: none"> <li>Engagement with authorities on regulatory requirements</li> <li>Enhance investment due diligence process by considering compliance risks (if material to the industry)</li> </ul>
<b>TRANSITION RISK: MARKET (INVESTMENT)</b>			
Context: The Group invests in various securities (equity, debt, real assets) across multiple jurisdictions.			
<b>Shifts in shareholder and investor preferences</b>	<ul style="list-style-type: none"> <li>Lower asset valuations (portfolio)</li> <li>Lower share price value (Group)</li> <li>Difficulty in raising funds</li> </ul>	Short- to mid-term	<ul style="list-style-type: none"> <li>Enhance investment process by including climate factors into the investment process</li> <li>Consider launching climate-themed funds</li> <li>Consider increasing portfolio exposure to low-carbon/energy transition sectors</li> </ul>



## SUSTAINABILITY REPORT

Risk	Potential Impact	Time Horizon	Approach
<b>TRANSITION RISK: REPUTATION (INVESTMENT)</b>			
Context: The Group invests in various securities (equity, debt, real assets) across multiple jurisdictions.			
<b>Negative stakeholder perception due to non-ESG-friendly investment activities</b>	<ul style="list-style-type: none"> <li>Lower asset valuations (portfolio)</li> <li>Lower share price value (Group)</li> <li>Difficulty in raising funds</li> </ul>	Short- to mid-term	<ul style="list-style-type: none"> <li>Consider launching climate-themed funds</li> <li>Consider increasing portfolio exposure to low-carbon/energy transition sectors</li> <li>Enhance communication and reporting on climate-related initiatives</li> </ul>
<b>TRANSITION RISK: TECHNOLOGY (INVESTMENT)</b>			
<b>Increased threat from competitors with superior climate-related technology</b>	<ul style="list-style-type: none"> <li>Lower asset valuations (portfolio)</li> <li>Increased operational costs for adoption of climate toolkit</li> <li>Difficulty in raising funds</li> </ul>	Mid-term	<ul style="list-style-type: none"> <li>Consider adopting climate toolkits to support investment process</li> <li>Enhance investment process by considering obsolescence risk due to climate-related technology</li> <li>Consider increasing portfolio exposure to clean technology industry</li> </ul>

### Climate-related Opportunities

Opportunity	Potential Impact	Time Horizon	Approach
<b>TRANSITION OPPORTUNITY: PRODUCTS AND SERVICES (INVESTMENT)</b>			
Context: The Group has minimal third-party funds as of 31 December 2023.			
<b>Launch climate-themed products and funds</b>	<ul style="list-style-type: none"> <li>Higher revenue from new products</li> </ul>	Short- to mid-term	<ul style="list-style-type: none"> <li>Consider launching climate-themed funds focusing on technology breakthrough and/or impact</li> <li>Build expertise through new hires or internal upskilling</li> </ul>
<b>TRANSITION OPPORTUNITY: MARKET (INVESTMENT)</b>			
Context: The Group invests in various securities (equity, debt, real assets) across multiple jurisdictions.			
<b>Increased exposure to climate-related investments</b>	<ul style="list-style-type: none"> <li>Higher asset valuations (portfolio)</li> <li>Higher share price value (Group)</li> </ul>	Short- to mid-term	<ul style="list-style-type: none"> <li>Consider increasing portfolio exposure to low-carbon/energy transition sectors</li> <li>Consider adopting climate toolkits to support investment process</li> <li>Build expertise through new hires or internal upskilling</li> </ul>

Note: These climate risks and opportunities and mitigation approaches were discussed but not formally incorporated into a risk management structure. The Group intends to integrate climate-related risks into our Enterprise Risk Management ("ERM") framework in FY2024 to improve the robustness of our system.

## SUSTAINABILITY REPORT

### Scenario Analysis

As we are still in the early stage of integrating climate-related risks and opportunities into our organisation, we have limited data to conduct a quantitative scenario analysis. Hence, the Group has conducted a basic qualitative assessment of potential climate scenarios and their implications on our operations and portfolio. We did not dive into the impact on specific industries of our investment portfolio.

The climate scenarios chosen are based on the Network for Greening the Financial System (NGFS)<sup>1</sup>. For our qualitative assessment, we referred to two scenarios of two extremes, a Net Zero 2050 scenario and a Current Policies scenario. We assess how each scenario may impact us based on the associated physical and transition risks. The narration below aims to give stakeholders a brief overview of the Group's plausible future.

Scenario	Orderly Transition NET ZERO 2050	Hot House World CURRENT POLICIES
NGFS Description	An ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO <sub>2</sub> emissions around 2050.	Based on the assumption that only currently implemented policies are preserved. Emissions will grow until 2080 leading to about 3°C of warming
Physical Risk	Low	High
Transition Risk	<b>Policy</b> – Immediate and smooth <b>Technology</b> – Fast	<b>Policy</b> – Status quo as of end-2021 <b>Technology</b> – Slow



### Net Zero 2050 Scenario

Under this scenario, there will likely be low physical risk on both the Group's operations and our portfolio companies. Renewable energy is expected to increase by 5-fold in the next three decades while the electrification of buildings, industrial production, and transportation is expected to exceed 50% of the share. This will reduce CO<sub>2</sub> and other GHG emissions, limiting global warming and the physical risks it brings.

<sup>1</sup> The Network for Greening the Financial System (NGFS) – <https://www.ngfs.net/ngfs-scenarios-portal/explore/>



## SUSTAINABILITY REPORT

On the other hand, transition risk will be high with regulation risk being a key focal point as government bodies implement policies to phase out the use of coal, oil, and gas in the economy. Additionally, there could also be tax implications with the introduction of carbon pricing and carbon tax for non-complying companies. Changes in consumer preferences will force portfolio companies to increase operational costs to comply with a particular climate-related benchmark which may complicate their existing business models. Meanwhile, changes in investor preferences will impact our portfolio valuation as the demand for non-ESG investments wanes. In terms of technology, we will need to keep pace with the industry by adopting the latest climate toolkit, ensuring that the essential climate data is available for us to identify:

- a. **High climate-risk investments** – assets with relatively higher carbon emissions, that are non-complying (according to their respective industry standard), are lagging in terms of climate-related technology, and/or have no climate transition strategy.
- b. **Opportunities** within the low-carbon/energy transition sector.

### *Current Policies Scenario*

Under the Current Policies scenario, there will be physical impact on both the Group's operations and our portfolio companies. The overall effect on the Group level is relatively subdued as we do not own any real assets (buildings, vehicles, etc.). However, we can expect a rise in extreme weather events globally. If they impact our offices, the ability to conduct our daily operations may be impeded. In this instance, ensuring a remote working protocol is in place is key for business continuity. In addition, increasing global temperature will also impact our investment portfolio as valuation could take a hit with increasing climate-related physical risks such as damaged infrastructure or disruptions in supply chains.

There is a low impact in terms of transition risks as no new policy is expected under this scenario, impact will come solely from the gradual implementation of existing policies. Regulations, technology, and market risks will be minimal and manageable due to the lack of incentives from various stakeholders in pushing for structural changes.

## SUSTAINABILITY REPORT

### ESG INTEGRATION INTO INVESTMENT PROCESS

#### Introduction

In view of the climate-related risks and opportunities identified, we have taken our first steps to integrate climate factors into our investment process. This is part of our overall risk mitigation and management strategy. For the time being, the extent of coverage is limited to our maritime investments (~7.2% of AUM ex-cash and yield enhancement products) and fund investments (~3.2% of AUM ex cash and yield enhancement products), where we invest as a Limited Partner. In the coming years, we are committed to expanding integration to the wider portfolio for better climate risk management.

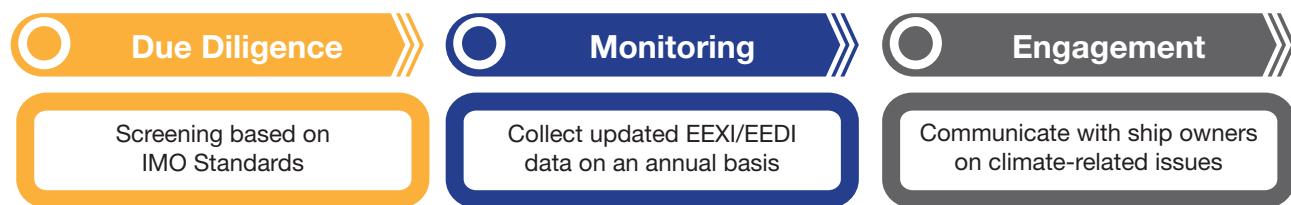
Key Investments	Strategy Implemented/Status
Maritime Fund	<ul style="list-style-type: none"> <li>▪ Climate-related factors are integrated into our due diligence process</li> <li>▪ Monitoring to ensure the minimum threshold of IMO-compliant vessels in our portfolio is maintained</li> <li>▪ Engagement with ship owners on climate-related matters</li> </ul>
Fund Investment	<ul style="list-style-type: none"> <li>▪ Engagement with General Partners to understand ESG policies</li> </ul>
Debt Investment (Singapore)	<ul style="list-style-type: none"> <li>▪ Target to implement ESG factors in FY2024</li> </ul>
Debt Investment (PRC)	<ul style="list-style-type: none"> <li>▪ Target to implement ESG factors in the future</li> </ul>
Equity Investment (PRC)	<ul style="list-style-type: none"> <li>▪ Target to implement ESG factors in the future</li> </ul>

#### Maritime Fund

##### Overview

Our Maritime Fund is a sub-fund of the Gem Growth Fund. It was inceptioned in August 2022 and has an expected fund size of US\$500 million. As of 31 December 2023, the capital invested stood at S\$174 million. A majority of the investment is based on asset-backed financing along with some equity investment. In line with IMO's GHG Strategy of reducing carbon intensity of international shipping by at least 40% by 2030, our approach is in support of this industry-wide transition.

##### ESG Framework for Maritime Fund





## SUSTAINABILITY REPORT

### *Due Diligence*

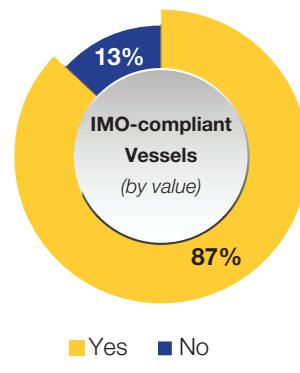
The Group incorporates ESG factors into our investment decision, taking into consideration the target threshold of 40% from a portfolio perspective (the minimum threshold is explained below). The investment team screens each vessel investment according to the emission criteria set out by the International Maritime Organisation (“IMO”). Technical measurements such as the Energy Efficiency Design Index (“EEDI”) and the Energy Efficiency Existing Ship Index (“EEXI”) are collected by ship owners as part of the commercial due diligence process. These measurements are verified by the relevant ship classification societies. Investment decisions are made based on the portfolio composition to ensure that the minimum threshold is maintained.



### *Monitoring*

The Group collects attained EEXI data of its existing investment on an annual basis to ascertain whether the vessels under our portfolio are still compliant with the latest regulations. The fund targets to maintain a minimum threshold of 40% IMO-compliant vessels in our portfolio at any point in time. IMO-compliant vessels are defined as vessels that meet the EEDI or EEXI criteria based on IMO's criteria.

As of 31 December 2023, 87% of the vessels in terms of investment value meet the IMO requirements. Given the fact that the fund is still in the early phase of capital deployment, the percentage of IMO-compliant vessels has exceeded the minimum threshold by a sizeable quantum. However, we opine that the 40% minimum threshold target remains a fair goal at the current state. We will assess and update the target from time to time according to the latest industry developments.



## SUSTAINABILITY REPORT

### Engagement

The Group engages with the vessel owners on a regular basis to understand matters relating to climate-related risks including compliance with the IMO guidelines or other relevant regulations, as well as retrofitting plans for non-IMO-compliant vessels.

### Fund Investment

Under our fund investments, we look at funds invested in asset types including secondaries, private equity, and credit. As of 31 December 2023, we have invested a total of S\$77 million in various funds globally as a Limited Partner.

We engage with these funds on a regular basis. We request for the General Partners ("GPs") to provide the latest updates on climate-related matters. Our questions include matters concerning their latest ESG policy, collaboration with any sustainability organisations, and engagement activities with their investee companies.

As of 31 December 2023, 92% of the firms who manage the funds we invested in are signatories of the United Nations Principles of Responsible Investment ("UN PRI"). UN PRI is the world's leading proponent of responsible investment. In addition, 100% of the GPs have adopted their respective ESG policy into their investment decisions.



■ Yes ■ No



■ Yes ■ No



# SUSTAINABILITY REPORT

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## EMISSIONS

### MANAGING OUR CARBON FOOTPRINT

#### Electricity Consumption

Our operations are conducted in two offices, one in the PRC and one in Singapore. They have a combined office floor area of 19,731 square feet ("sqft"). The energy source comes from respective sole power suppliers of the respective location. The Singapore office is shared among employees from Yangzijiang Financial and Yangzijiang Shipbuilding Holdings Ltd. The figures presented are pro-rated according to the number of employees in each entity.

Electricity consumption rose from 125,573 kilowatt hour ("kWh") to 158,160 kWh for FY2023. This was mainly due to the shorter duration (9 months) of operations for FY2022 and the increased office space in Singapore. Our Singapore office building is certified by the Building and Construction Authority ("BCA") as a Green Mark Platinum building, the highest tier certification. We target to maintain electricity intensity around FY2023's level for FY2024.

#### GHG Emissions

Our Scope 2 emissions are solely from the purchased grid electricity. Our Scope 3 emissions are solely from business air travel. In FY2023, we did not collect any data on our investment portfolio. We do not produce any Scope 1 emissions.

Scope 2 emissions increased from 70.7 tonnes of carbon dioxide ("tCO<sub>2</sub>") for FY2022 to 87.4 tCO<sub>2</sub> for FY2023. Scope 2 intensity remained largely similar at 0.004 tCO<sub>2</sub> per sq ft. We target to keep our Scope 2 intensity at approximately FY2023's level for FY2024.

Scope 3 emissions, which refers to emissions from air travels, rose from 25.3 tCO<sub>2</sub> to 45.6 tCO<sub>2</sub> due to higher cross-border meetings held during the year. We target to maintain our air travel intensity around FY2023's level for FY2024.

#### Water

In FY2023, we consumed 1,168m<sup>3</sup> of water in the PRC office, slightly lower than 1,172m<sup>3</sup> in FY2022. Water intensity per employee stood at 22.0m<sup>3</sup>. Water consumption in the Singapore office is not reported as it is borne by the building owner. Nevertheless, we encourage our employees in both offices to be vigilant and report any leakages in the toilets to the building management team. We target to keep water consumption around FY2023's level for FY2024.

## SUSTAINABILITY REPORT

### Waste

We do not produce any hazardous waste from our operations. The bulk of our work is conducted electronically including documentation, record storage, and employee memos. When printing is necessary, we require our employees to print on both sides of the paper. In addition, we have also set up a box beside our office printers to collect non-confidential paper documents for recycling. Furthermore, our ink cartridges are also sent back to the vendor to be reused.

In FY2023, the waste generation reported is based on paper usage for printing. We used a total of 281.6 kg of paper, translating to 3.7 kg per employee during the period under review for day-to-day activities. We target to keep waste generation around FY2023's level for FY2024.

	FY2023	FY2022
Emissions <sup>(a)</sup>		
Scope 1 (tCO <sub>2</sub> )	n.a.	n.a.
Scope 2 (tCO <sub>2</sub> ) <sup>(b)</sup>	87.4	70.7 <sup>(d)</sup>
Scope 3 (tCO <sub>2</sub> ) <sup>(c)</sup>	45.6	25.3
Total emissions (tCO <sub>2</sub> )	133.0	96.0
Scope 2 intensity (tCO <sub>2</sub> /sqft)	0.004	0.004 <sup>(d)</sup>
Electricity		
Total electricity consumption (kWh)	158,160	125,573 <sup>(d)</sup>
Electricity intensity (kWh/sqft)	8.016	6.804 <sup>(d)</sup>
Water <sup>(e)</sup>		
Total water consumption (m <sup>3</sup> )	1,168	1,172
Water intensity (m <sup>3</sup> /employee)	22.0	18.6
Waste		
Office paper (kg)	281.6	— <sup>(f)</sup>
Waste intensity (kg/employee)	3.7	— <sup>(f)</sup>

- (a) Our approach to carbon emissions is aligned to the GHG Protocol Standards, using the operational control approach to determine carbon emissions boundaries.
- (b) Scope 2 emissions refer to purchased electricity. Scope 2 carbon emissions are reported using location-based approach. Emission factor source: Singapore Energy Market Authority (2022), Ministry of Ecology and Environment of the People's Republic of China (2022)
- (c) Scope 3 emissions refer to air travels conducted by Singapore-based employees. Scope 3 carbon emissions are computed using distance-based method using data from the UK Department for Environment, Food & Rural Affairs (DEFRA) 2022; FY2022 figures were restated for standardization of conversion factor.
- (d) Restated to include Singapore, estimated based on total month in use during the year (Note: from April 2022)
- (e) Only data from the PRC, no data available for the Singapore office as water is borne by the building owner
- (f) No data available for FY2022



## SUSTAINABILITY REPORT

### TRANSITION TO A LOW-CARBON ECONOMY

#### Scope 2 Emissions

As we plan to engage our portfolio companies to reduce their GHG emissions in the coming years, we recognise the need to set clear targets for ourselves before doing so. Hence, the Group has committed to achieve net zero Scope 2 GHG emissions by 2050. Yangzijiang Financial's Scope 2 emissions comprise only the electricity consumption from office buildings, one in Singapore and one in the PRC.

**NET ZERO 2050**

*Scope 2 Emissions*

The Group purchases its electricity from sole power suppliers of the respective operating country. The Singapore government has made commitments to decarbonise the country's power sector and achieve net zero emissions by 2050<sup>2</sup>. In the PRC, the government has pledged to reach carbon neutrality by 2060<sup>3</sup>.

In the near term, the Group will also make efforts to reduce its electricity consumption such as switching our lighting fixture from fluorescent to LED. This is expected to reduce electricity consumption attributed to lighting by circa 50%.

Under a status quo scenario, the Singapore operation is expected to reach net zero by 2050 riding on the national ambition to reach net zero while our operation in PRC is expected to only attain this goal by 2060. In the mid- to long-term, we will consider other options such as the installation of renewable energy, where possible, and/or the purchase of renewable energy certificates or carbon credits to make up for the shortfall in the PRC.

#### Scope 3 Emissions

We strive to expand on our Scope 3 emissions reporting beyond Business Travel in the coming years, including categories such as Investments, Employee Commuting, and so on. Engaging with our portfolio companies to work out possible decarbonisation roadmaps remains a key strategy of the Group. This is part of our efforts to reduce the climate-related risks faced by our portfolio. In the initial stage, we will need to first ensure that such data is available before any consultation with the portfolio companies on potentially reducing emissions can be conducted. We intend to collect GHG emissions data for the Maritime Fund on a best-effort basis during FY2024. As of 31 December 2023, the Maritime Fund is valued at S\$174 million, which is around 7.2% of our total AUM excluding cash and yield enhancement products. Subsequently, we will build up our database by extending our engagement activities regarding climate-related data to other asset classes.

### OUR PEOPLE AND THE COMMUNITY

#### OUR APPROACH

Our industry is highly people-centric and our people are the most important factor when it comes to building a successful business. We treat our employees with respect and value their mental well-being. To retain and attract the best talent, the Group strives to offer competitive remuneration packages and training opportunities to promote professional and personal growth.

We promote two-way communication and encourage our employees to voice their concerns. We operate as a tight-knit team and constantly pay attention to employees' feedback, both formally and informally. Our employees are also given an opportunity to communicate concerns and recommend areas of improvement via the annual stakeholder survey.

<sup>2</sup> <https://www.nccs.gov.sg/media/press-releases/singapore-commits-to-achieve-net-zero/>

<sup>3</sup> <https://www.iea.org/reports/an-energy-sector-roadmap-to-carbon-neutrality-in-china>

## SUSTAINABILITY REPORT

### TALENT MANAGEMENT

#### Employee Benefits

We support employees through every stage of their work and personal lives, which includes employees who are parents. We provide paid maternity and paternity leave to our employees. The number of days varies depending on the jurisdictions where we operate.

In FY2023, three (3) of our female employees in the PRC took paid maternity leave. All of them returned to work after their leave, translating to a 100% return to work rate for the period under review.

Besides that, we also value our employees' health and mental well-being highly. Employees are given medical insurance coverage and free annual health screening.

#### Performance Review

We value meritocracy and aim to cultivate a workplace environment centred around that. This is reflected in our overall talent management approach where we promote and reward our employees based on merit.

The Group conducts our performance review and appraisal on an annual basis. All full-time employees, excluding new hires who joined after the annual performance review and appraisal period, participated in the appraisal process where they were assessed according to their roles and agreed upon Key Performance Index ("KPIs") set at the beginning of the year.

#### Training and Development

In FY2023, we have rolled out a mandatory training policy for the Investment Team with the goal of increasing the sustainability know-how of the Group. This policy is in line with our ongoing efforts to roll out more climate-related initiatives in the near future. With a more skilled and knowledgeable team, we will be on a stronger footing going forward to implement and improve our ESG framework. During the period under review, Yangzijiang Financial sponsored 11 employees of the Investment Team for the programme. Average training hour per eligible employee was three (3) hours for the year. Staff were free to choose a list of approved sustainability courses on the Investment Management Association of Singapore's ("IMAS") iLearn platform.

In addition to that, the Group also hosted a total of six (6) hours of internal training on climate change management and reporting. The lessons were spread across three (3) sessions and were conducted by an external subject matter expert. The lessons were conducted in a hybrid format, allowing all employees in both the PRC and Singapore to take part.

Internal Sustainability Training		
Training	Hours	Attendance
ESG Crash Course: Part 1	2	25
ESG Crash Course: Part 2	2	20
TCFD Recommendations	2	19



## SUSTAINABILITY REPORT

In addition to that, 12 of our employees also attended a one (1)-hour Anti-Money Laundering and Countering the Financing Terrorism (“**AML/CFT**”) training in FY2023.

Going forward, we will continue to support our employees’ professional development with greater emphasis on sustainability-related skills. We will expand the external training programme to employees from other departments beyond the Investment Team. While the investment function remains our primary focus, we see the need to build up capacity in other business functions such as compliance and finance as we prepare the organisation to manage a variety of climate-related risks going forward.

### **Employee Retention**

In Singapore, we recruited 10 new full-time employees and recorded an employee turnover of three (3) for FY2023. In the PRC, we recorded nine (9) employee turnover with zero (0) new hires over the same period. As a result, the number of total full-time employees in Singapore grew from 17 to 23 while the PRC saw a decline from 63 to 53. The hiring and turnover trends were consistent with our portfolio diversification strategy where we are currently decreasing our total exposure in the PRC. As of 31 December 2023, 31% of the Group’s AUM is located outside of the PRC, versus 13% a year ago. Barring any unforeseen market events, we aim to keep the turnover rate around 2023’s level for FY2024.

## DIVERSITY AND INCLUSION

At Yangzijiang Financial, we treat our employees equally regardless of age, race, religion, and gender. This applies across our human capital function including recruitment, training, and performance review. We believe that diversity promotes richer perspectives which could enhance the decision-making process of the Group.

As of 31 December 2023, 38% of our full-time employees are female, slightly higher than the previous year’s 36%. Workforce by age group remained largely similar from over the same period.

## COMMUNITY ENGAGEMENT

We are committed to supporting the local communities around us through various channels. We encourage our employees to take part in corporate social responsibility activities throughout the year. In FY2023, our employees participated in the Seeds of Sustainable Philanthropy event organised by the Community Chest and the Garden City Fund. The initiative aims to plant one million trees across Singapore over 10 years until 2030. Yangzijiang Financial contributed a total sum of S\$10,000 during the period under review to the cause.





## SUSTAINABILITY REPORT

### EMPLOYMENT DATA

		FY2023	FY2022
<b>Total Full-Time Employees<sup>(a)</sup></b>			
Region	PRC	53	63
	Singapore	23	17
Gender	Male	47	51
	Female	29	29
Age group	< 30	13	16
	30 – 50	51	55
	> 50	12	9
<b>TOTAL</b>		<b>76</b>	<b>80</b>
<b>Senior Management Headcount</b>			
Male		8	8
Female		2	2
<b>TOTAL</b>		<b>10</b>	<b>10</b>
<b>Ratio of Basic Salary and Remuneration of Women to Men</b>			
PRC	Senior Management	<i>n.m.<sup>(b)</sup></i>	0.87
	Other Employees	0.88	0.92
Singapore	Senior Management	1.24	1.14
	Other Employees	0.80	1.29
<b>Total New Hires<sup>(c)</sup></b>			
Region	PRC	0	<i>n.m.</i>
	Singapore	10	<i>n.m.</i>
Gender	Male	4	<i>n.m.</i>
	Female	6	<i>n.m.</i>
Age group	< 30	5	<i>n.m.</i>
	30 – 50	5	<i>n.m.</i>
	> 50	0	<i>n.m.</i>
<b>TOTAL</b>		<b>10</b>	<b><i>n.m.</i></b>



## SUSTAINABILITY REPORT

		FY2023	FY2022
<b>Employee Turnover</b>			
Region	PRC	9	3
	Singapore	3	4
Gender	Male	8	3
	Female	4	4
Age group	< 30	3	2
	30 – 50	8	3
	> 50	1	2
<b>TOTAL</b>		<b>12</b>	<b>7</b>
Turnover rate		15%	8%
<b>Parental Leave<sup>(d)</sup></b>			
Number of employees who took parental leave		3	1
Number of employees returning after parental leave		3	0 <sup>(e)</sup>
Return to work rate		100%	n.m.

n.m. = not meaningful

(a) Total Full-Time Employees are as of 31 December of the respective financial year

(b) No female senior management personnel in the PRC for FY2023

(c) All employees were considered new hires in FY2022 as it was the Group's first year of operation

(d) More details on FY2023 parental leave: Three (3) female employees located in the PRC

(e) The one (1) employee was still on parental leave at the end of FY2022

## OCCUPATIONAL HEALTH AND SAFETY

We recognise that creating safe and healthy working conditions is crucial for employees to perform at their best. Providing this conducive platform goes hand in hand with talent development and retention which ensure the sustainability of our business.

Together with our building owners, we ensure that the necessary safety features including fire extinguishers, fire alarms, and first aid kits are available and maintained.

In addition, we are committed to raising mental health awareness among our employees to enrich their work experience. We operate on a relatively open hierarchical structure whereby employees are able to freely communicate with the senior management or the human resources department to voice out issues including matters concerning their mental well-being.

In FY2023, there was no incident of occupational health and safety ("OHS"). We target to keep incidents at zero for FY2024.



# SUSTAINABILITY REPORT

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## GOVERNANCE

### OUR APPROACH

Our approach to governance is anchored in transparency, accountability, and ethical conduct. We prioritize governance across all levels of our organisation, ensuring that our actions align with our values and objectives. A zero-tolerance approach to all forms of bribery and corruption is fundamental to our Code of Conduct. An effective and easy-to-implement framework, as stated below, is used to identify and act on any areas of misconduct.

- Written policies and procedures
- Risk identification and assessment
- Communication
- Reporting channel
- Review and follow-up

By managing risks, complying with regulations, and creating long-term value, the company strengthens its reputation, accesses capital efficiently, and fosters stakeholder engagement.

We are also committed to communicating material and ESG-related updates to our stakeholders in a timely and transparent manner through various channels including annual reports, sustainability reports, announcements via SGXNet, press releases, investor briefings, and more.

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## ETHICS AND COMPLIANCE

Yangzijiang Financial upholds ethics and compliance through a multifaceted approach that encompasses rigorous policies, proactive monitoring, and transparent reporting mechanisms. Our commitment to ethical conduct is embedded in our corporate culture and is evident in our day-to-day operations.

### Board Independence

We aim to keep our Board composition diverse in order to benefit from varied perspectives and expertise. Spanning various industries, markets, and cultural backgrounds, our directors bring a wealth of experience from both public and private sectors.

Appointments consider factors such as age, gender, industry expertise, tenure, and cultural diversity. Each director undergoes annual assessments for independence, propriety, and performance, ensuring continued alignment with our governance principles and objectives.

60% of our Board members are independent directors.



## SUSTAINABILITY REPORT

### Preventing Financial Crime

Financial crimes present serious legal and reputational risks, threatening the integrity of the financial system and eroding stakeholder confidence. We aim to combat and mitigate these risks through stringent policies and protocols.

These policies are communicated via the employee handbook during the onboarding session. The Compliance Team reviews these policies periodically and updates the ARC regularly.

The list of our governance policies includes the following:

1. AML/Countering the Financing of Terrorism (AML/CFT)
2. Whistle-Blowing Policy
3. Insider Trading Policy
4. Major Transactions Policy
5. Staff Dealing Policy
6. Market Disclosure Policy
7. Conflict of Interest Policy
8. Confidential Information Policy
9. Personal Data Protection Policy
10. Interested Party Transaction Policy

In FY2023, there was no incident of bribery or other compliance breach. We target to keep incidents at zero for FY2024. Additionally, we also intend to provide anti-corruption training to all our employees in FY2024.

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### DATA PRIVACY AND CYBER SECURITY

With the rapid expansion of digital economies and the emergence of innovative data applications, we believe that it is vital to uphold the privacy and rights of our stakeholders. We ensure the confidentiality and security of our stakeholders' information by implementing robust privacy measures, adhering to industry best practices, and complying with relevant laws and regulations like the Personal Data Protection Act 2012 of Singapore ("PDPA"). We rely on policies like the confidential information policy and the personal data protection policy, to govern the collection, storage and processing of data of our stakeholders, including third-party investors, across all operations.

We employ stringent access controls and authentication mechanisms to ensure that only authorized personnel have access to sensitive information. Additionally, we provide regular training and awareness programs to educate our employees about the importance of data protection and cybersecurity best practices.

Any breach of these policies is met with a zero-tolerance approach and may result in disciplinary action being taken by the Group. The ARC will conduct review on the existing infrastructure and practices from time to time to identify vulnerabilities and areas for improvement. Any revision will be brought to the Board's attention for approval.

In FY2023, there was no incident of confidential information leakage. We target to keep incidents at zero for FY2024.



## SUSTAINABILITY REPORT

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## APPENDIX

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Strategy	Description of the climate-related risks and opportunities identified over the short-, mid-, and long-term	24-26
	Description of the impact of climate-related risk and opportunities on a business, strategy and financial planning	25-26
	Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	27-28
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	Processes and approach for mitigating climate-related risks	29-31
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## SUSTAINABILITY REPORT

### GRI CONTENT INDEX

Yangzijiang Financial has reported in reference with the GRI Standards for the period 1 January 2023 to 31 December 2023

GRI Standard	Disclosure	Explanation or Reasons for Omissions (if any)	Page(s)
GRI 2: General Disclosures 2021	2-1 Organisational details		1-3
	2-2 Entities included in the organisation's sustainability reporting		17
	2-3 Reporting period, frequency, and contact point		17
	2-4 Restatements of information		17
	2-5 External assurance	Yangzijiang Financial did not seek external assurance	17
	2-6 Activities, value chain, and other business relationships		1-3
	2-7 Employees		37-38
	2-8 Workers who are not employees	No part-time employees apart from one (1) intern for a period of 3 months.	
	2-9 Governance structure and composition		23, 51-53, 59-68
	2-10 Nomination and selection of the highest governance body		57-58
	2-11 Chair of the highest governance body		54-56
	2-12 Role of the highest governance body in overseeing the management of impacts		21-23
	2-13 Delegation of responsibility for managing impacts		21
	2-14 Role of the highest governance body in sustainability reporting		17, 22
	2-15 Conflicts of interest		48
	2-16 Communication of critical concerns		40, 80



## SUSTAINABILITY REPORT

GRI Standard	Disclosure	Explanation or Reasons for Omissions (if any)	Page(s)
GRI 3: Material Topics 2021	2-17 Collective knowledge of the highest governance body		48
	2-18 Evaluation of the performance of the highest governance body		69-72
	2-19 Remuneration policies		69-72
	2-20 Process to determine remuneration		69-72
	2-21 Annual total compensation ratio	Confidentially constraints due to intense competition for talent	–
	2-22 Statement on sustainable development strategy		19-20
	2-23 Policy commitments		35, 39-40, 72
	2-24 Embedding policy commitments		
	2-25 Processes to remediate negative impacts		80
	2-26 Mechanisms for seeking advice and raising concerns		80
	2-27 Compliance with laws and regulations		40, 80
	2-28 Membership associations	No membership currently	–
	2-29 Approach to stakeholder engagement		23
	2-30 Collective bargaining agreements	Not applicable	–
GRI 201: Economic Performance 2016	3-1 Process to determine material topics		22
	3-2 List of material topics		22
	3-3 Management of material topics		24, 34, 39
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed		88-152



## SUSTAINABILITY REPORT

GRI Standard	Disclosure	Explanation or Reasons for Omissions (if any)	Page(s)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		40
	205-2 Communication and training about anti-corruption policies and procedures		40
	205-3 Confirmed incidents of corruption and actions taken		40
GRI 302: Energy 2016	302-1 Energy consumption within the organisation		32-33
	302-3 Energy intensity		32-33
GRI 303: Water and Effluents 2018	303-5 Water consumption		32-33
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions		32-33
	305-3 Other indirect (Scope 3) GHG emissions		32-33
	305-4 GHG emissions intensity		32-33
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		38-39
	401-3 Parental leave		38
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		38
	403-2 Hazard identification, risk assessment, and incident investigation		38
	403-3 Occupational health services		38
	403-6 Promotion of worker health		35, 38
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		38
	403-9 Work-related injuries		38
	403-10 Work-related ill health		38



## SUSTAINABILITY REPORT

GRI Standard	Disclosure	Explanation or Reasons for Omissions (if any)	Page(s)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	1.68 hours of internal training per employee  2.48 hours of internal training per female employee	35-36
	404-2 Programs for upgrading employee skills and transition assistance programs		35-36
	404-3 Percentage of employees receiving regular performance and career development reviews		35
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		37
	405-2 Ratio of basic salary and remuneration of women to men		37
GRI 408: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		40

## SGX CORE ESG METRICS

Topic	Metric	Explanation or Reasons for Omissions (if any)	Page(s)
GHG	Absolute emissions by (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate		32-33
	Emissions intensities by (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate		32-33
Energy Consumption	Total energy consumption		32-33
	Energy consumption intensity		32-33
Water Consumption	Total water consumption		32-33
	Water consumption intensity		32-33
Waste Generation	Total waste generated		33
Gender Diversity	Current employees by gender		37-38
	New hires and turnover by gender		37-38
Age-Based Diversity	Current employees by age groups		37-38
	New hires and turnover by age groups		37-38



## SUSTAINABILITY REPORT

Topic	Metric	Explanation or Reasons for Omissions (if any)	Page(s)
Employment	Total turnover		38
	Total number of employees		37
Development & Training	Average training hours per employee	1.68 hours of internal training per employee	35
	Average training hours per employee by gender	2.48 hours of internal training per employee	35
Occupational Health & Safety	Fatalities		38
	High-consequence injuries		38
	Recordable injuries		38
	Recordable work-related ill health cases		38
Board Composition	Board independence		51-52
	Women on the board	We currently do not have any female member in our Board	
Management Diversity	Women in the management team		37
Ethical Behaviour	Anti-corruption disclosures		40
	Anti-corruption training for employees	We did not hold any anti-corruption training in FY2023 but we are committed to do so for all employees in FY2024.	
Certifications	List of relevant certifications	No certification.	
Alignment with Frameworks	Alignment with frameworks and disclosure practices	Referencing GRI and TCFD	
Assurance	Assurance of sustainability report	Our sustainability reporting process is internally audited. We did not seek any external assurance for this report.	



## CORPORATE GOVERNANCE REPORT

YANGZIJIANG FINANCIAL HOLDING LTD. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to achieving and maintaining high standards of corporate governance in all activities undertaken by the Group. The Group’s corporate governance practices and processes are guided by the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) and relevant sections of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

This report sets out the Group’s corporate governance practices that were adopted and put in place since the Company’s listing on the Mainboard of the SGX-ST by introduction on 28 April 2022, and which were benchmarked against the Code. The Company has complied with the principles and substantially with the provisions of the Code. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this report.

### BOARD MATTERS

#### The Board’s Conduct of Affairs

**Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

#### Role of the Board (Provisions 1.1 and 1.2)

The board of directors (“**Board**”) has the overall responsibility to oversee the strategic direction, performance and affairs of the Group and provides overall guidance to the management of the Company (“**Management**”). Besides its statutory responsibilities, the Board’s principal duties include:

- (a) providing entrepreneurial leadership, setting the strategic directions and the long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- (b) constructively challenging Management and reviewing its performance;
- (c) ensuring the adequacy of internal controls, risk management, financial reporting and compliance;
- (d) assuming corporate governance responsibilities;
- (e) assessing Management’s performance;
- (f) considering sustainability issues including environmental and social factors in the Group’s strategic formulation; and
- (g) ensuring transparency and accountability to key stakeholder groups.

Directors are fiduciaries of the Company and are collectively and individually always obliged to act objectively in the best interests of the Company. The Board has put in place a code of conduct and ethics to set the appropriate tone from the top for the Group in respect of ethics, values and organisational culture, and ensure proper accountability within the Group.



# CORPORATE GOVERNANCE REPORT

## **Conflicts of Interest Policy**

The Company has adopted a Conflict of Interest Policy. All directors and employees are required to act in a manner that is consistent with the best interests of the Company, free of any actual or possible conflicts of interest. All directors and employees are required to declare any conflict of interest as prescribed in the Conflict of Interest Policy.

If a director considers that he might be in a position where there is a reasonable possibility of conflict between his personal or business interests, the interests of any of his associates, or his duties to any other company, and the interests of the Company or his duties to the Company, the Board requires the director to:

- Fully and truthfully inform the Board about the circumstances giving rise to the conflict.
- Abstain from voting on any motion relating to the matter and recuse himself from all board deliberations relating to the matter, including receipt of board papers bearing on the matter.

If a director believes that he may have a conflict of interest or duty in relation to a particular matter, that director should consult the chairman of the Board immediately.

## **Director Training and Development**

The Board ensures that all incoming new director(s) are given comprehensive and tailored induction programme on joining the Board including onsite visits. This helps to familiarise directors with the business of the Group and corporate governance practices upon their appointments and facilitate the effective discharge of their duties. Newly appointed directors are provided a formal letter setting out their duties and obligations. They are given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. New directors who have no prior experience as a director of a listed company in Singapore must undergo mandatory training programme on his/her roles and responsibilities conducted by the Singapore Institute of Directors (“**SID**”) or jointly by the Institute of Singapore Chartered Accountants (“**ISCA**”) and SAC Capital as prescribed by the SGX-ST.

Following their appointment, directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities and changes to regulations, risk management and accounting standards. The objective is to enable them to be updated on matters that affect or go towards enhancing their performance as directors or board committee members. Directors may also contribute by recommending suitable training and development programmes to the Board.

## **Board Approval (Provision 1.3)**

Matters requiring the Board's approval include the following:

- (a) Group policies, strategies and objectives;
- (b) annual budgets;
- (c) annual and interim financial statements;
- (d) announcements of the Company;
- (e) appointment of directors and key management personnel;



## CORPORATE GOVERNANCE REPORT

- (f) hedging policies;
- (g) interim dividends and other returns to shareholders;
- (h) share or bond issuances;
- (i) annual report and sustainability reports;
- (j) major investments or divestments;
- (k) material acquisitions or disposals of assets; and
- (l) remuneration policy and framework for key management personnel.

Matters requiring the Board's approval have been clearly documented and communicated to Management in writing.

### ***Delegation by the Board (Provision 1.4)***

The Board has delegated specific responsibilities to the committees of the Board, namely, the Nominating Committee ("NC"), the Remuneration Committee ("RC"), the Audit and Risk Committee ("ARC") (collectively, the "Board Committees") to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively and reporting back to the Board. Each board committee has its own specific Terms of Reference ("TOR") which clearly sets out the composition, duties, authority and responsibilities of such committee, qualifications for membership in such committee, and procedures governing the manner in which such committee operates and makes decisions.

### ***Board and Board Committees Meetings (Provision 1.5)***

The Board meets on a regular basis to approve, among others, announcements of the Group's half and full year financial results. Additional board and board committee meetings are also convened to discuss and deliberate on urgent substantive matters or issues when circumstances require. The annual general meeting ("AGM") are scheduled in advance in consultation with the Board. The Board may also have informal discussions on matters requiring urgent attention which would then be formally approved by circular resolutions in writing. In the event when directors are unable to attend meetings in person, the Company's Constitution provides for meetings to be held via telephone conference or other methods of simultaneous communication by electronic or telegraphic means. Management has access to the directors for guidance or exchange of views outside of the formal environment of board meetings.



## CORPORATE GOVERNANCE REPORT

The number of meetings of the Board and Board Committees held during FY2023 and the attendance of each director at those meetings are set out as follows:

Name of Directors	Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee		Annual General Meeting	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting			
	Held	Attended	Held	Attended	Held	Attended	Held	Attended		
Ren Yuanlin	4	4	–	–	–	–	–	–	1	
Chew Sutat	4	4	4	4	1	1	1	1	1	
Yee Kee Shian, Leon	4	4	4	4	1	1	1	1	1	
Chua Kim Leng	4	4	4	4	1	1	1	1	1	
Toe Teow Heng <sup>(1)</sup>	4	4	4*	4*	–	–	–	–	1	

\* *By invitation*  
 Note 1: Mr Toe Teow Heng had tendered his resignation and will cease to be an Executive Director, Chief Executive Officer ("CEO") and Chief Investment Officer ("CIO") – Singapore with effect from 24 April 2024.

The Board values the importance of directors' attendance at board and board committee meetings but is also of the view that attendance should not be the only criterion to measure their contributions. Our directors have made a conscious effort to make themselves available and accessible to the Management for discussion and consultation outside the framework of formal meetings. The Board also takes into consideration other criteria in assessing directors' contributions, including periodical reviews, the nature and extent of their guidance and expertise rendered to the committees on which they sit, and the scope of advice given on various matters relating to the Group. For directors with multiple board representations, the Board assesses that they are able to give sufficient time and attention to the affairs of the Company and fully discharge their fiduciary duties.

### Access to Information (Provision 1.6)

Directors have the opportunity to meet with Management to obtain a better understanding of the business operations. Below are some of the updates provided to the directors in FY2023:

- The external auditors, PricewaterhouseCoopers LLP, has briefed the ARC members on the latest developments in accounting and corporate governance standards at the ARC meetings;
- Information on new audit quality indicators framework;
- The Board Chairman has updated the Board at board meetings on the business outlook, investment risks and opportunities, and the direction of the Group;
- The Chief Financial Officer ("CFO") has updated the Board at board meetings on each segmental business operation and development of the Group; and
- Chief Risk Officer has updated the ARC members on risk exposures and other important risk related matters.

Management recognises the importance of ensuring the flow of complete, adequate, and timely information to directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. Board and board committee papers are generally provided to members prior to the meetings, with sufficient time to enable the directors to obtain further explanations, where necessary, and prepare for the meetings. Any additional material or information requested by the directors is promptly furnished.



## CORPORATE GOVERNANCE REPORT

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Any additional materials or information requested by the directors is promptly furnished. If necessary, employees who can provide additional insight into matters to be discussed are present at the relevant time during the board and board committee meetings. In order to keep directors abreast of the Group's operations, the directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

### ***Access to Management, Company Secretary and Advisers (Provision 1.7)***

All directors have access to the Management, including the CEO, the CFO and other key management staff, as well as the Group's internal and external auditors. To facilitate direct access to management staff, directors are also provided with the names and contact details of the management team. The directors also have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules, and regulations, including requirements of the Securities and Futures Act, Companies Act and SGX-ST Listing Manual ("Listing Manual") are complied with.

The Company Secretary attends all board and board committee meetings and records the proceedings and decisions of the Board and of the Board Committees. The Company Secretary ensures that the corporate secretarial aspects of procedures concerning the Board are duly complied with. The appointment and the removal of the Company Secretary are subject to the Board's approval.

The directors, whether as a full board or in their individual capacity may seek independent professional advice in the furtherance of their duties from time to time. The cost of such professional advice will be borne by the Company. There was no such requirement during the year under review.

### **Board Composition and Guidance**

***Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

### ***Board Independence (Provisions 2.1, 2.2 and 2.3)***

The independence of each Independent Director is assessed at least annually by the NC as mentioned under Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of the SGX-ST (the "Rules").

Each Independent Director has also completed and submitted an independence declaration form annually to confirm his independence. The Singapore Exchange Regulation had announced on 11 January 2023, to impose a maximum tenure of nine years for Independent Directors serving on the boards of issuers listed on SGX-ST. The NC had reviewed and affirmed that no Independent Director has served in aggregate more than nine years on the Board.

A summary of the outcome of the assessment is set out below.

Each of Mr Chew Sutat and Mr Chua Kim Leng does not have any of the relationships and are not faced with any of the circumstances identified under the Rules that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC and the Board are of the view that each of these directors has demonstrated independence in the discharge of his duties and responsibilities as a director and is therefore an Independent Director.



## CORPORATE GOVERNANCE REPORT

Mr Yee Kee Shian, Leon is the Chairman of Duane Morris & Selvam LLP (“**DMS**”), one of several law firms which provides legal services to and receives fees from the Group. He has recused himself from the selection and appointment of legal counsels for the Group in the situations where DMS is involved with the selection process. Although his interest in DMS is more than 5% but the fees paid by the Group to DMS for the provision of its legal services do not form a significant portion of DMS’s revenue.

The NC (with Mr Yee Kee Shian, Leon recusing) also notes that this business relationship has not affected his conduct at meetings where his deliberations and constructive views consistently reflect his independent business judgement and is of the view that he is therefore an Independent Director. The Board is of the view that Mr Yee Kee Shian, Leon has demonstrated independence in the discharge of his duties and responsibilities as a director and is therefore an Independent Director.

The Executive Chairman is part of the management team. The Board has assessed and believes that the Executive Chairman has acted and will continue to act at all times in the best interest of shareholders as a whole and will strive to protect and enhance the long-term shareholder values and the financial performance of the Group.

As the Executive Chairman is not an Independent Director, the Company has complied with the relevant provision as Independent Directors make up a majority of the Board pursuant to Provision 2.2 and 2.3 of the Code.

### ***Board Composition (Provision 2.4)***

The Board has five (5) Directors, comprising two (2) Executive Directors and three (3) Independent Directors. The members of the Board and their membership on the Board Committees of the Company as of FY2023 are as follows:-

Name of Directors	Board Membership	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Ren Yuanlin	Executive Chairman	–	–	–
Chew Sutat	Lead Independent Director	Member	Member	Member
Yee Kee Shian, Leon	Independent Director	Member	Chairman	Chairman
Chua Kim Leng	Independent Director	Chairman	Member	Member
Toe Teow Heng	Executive Director, CEO and CIO – Singapore	–	–	–

The directors bring with them a broad range of business and financial experience, skills and expertise in law, finance, industry, business and management and general corporate matters. Their profiles are set out on pages 9 to 10 of this Annual Report.

The NC is of the view that the board size of five (5) is appropriate for the Group’s present scope of operations to facilitate decision making and the Board has an adequate mix of competency to discharge its duties and responsibilities. Further, no individual or small group of individuals dominates the Board’s decision-making process. The NC also considers other aspects of diversity such as gender and age, and assists the Board to put in place a board diversity policy and progress for implementation of such policy, so as to avoid groupthink and foster constructive debate.



# CORPORATE GOVERNANCE REPORT

## Board Diversity Policy

The Company's Board Diversity Policy recognises and embraces the benefits of having a diverse board, and endeavours to include a broad range of factors in its selection and retention of directors. The Company believes that a diverse board will contribute to the achievement of its strategic and commercial objectives, including to:

- Drive business results
- Raise corporate governance standards
- Enhance quality and responsible decision-making capability
- Ensure sustainable development
- Enhance reputation

The Company is committed to promoting diversity within the Board to support its strategic goals and sustainable development. The Board Diversity Policy emphasises the importance of a well-balanced composition in terms of skills, knowledge, experience and various aspects of diversity.

In pursuit of this policy, the Board aims to include a wide range of perspectives, ideas and insights to harness the full spectrum of talent available. To achieve this, the Board considers various factors when determining the optimal composition and size of the Board and Board Committees, such as skills, knowledge, professional experience, educational background, gender, age, and length of service.

The expertise the Board looks for includes investment, accounting, business acumen, management experience, legal and financial industry knowledge, regulatory familiarity, risk management, audit, corporate governance and internal controls. The NC uses a skills matrix to identify gaps and classify directors' skills into key categories, including environmental, social, and governance ("ESG").

The NC would conduct interviews with short-listed candidates and then present recommendations to the Board, aligning each candidate's skill set with the specific needs of the Board Committees. The final decision is made by the Board, considering the recommendations and ensuring that directors meet the criteria outlined in the Board Diversity Policy and possess the competencies necessary for effective governance.

### Diversity Targets and Progress

**Target 1:** The Board's primary objective is to cultivate diversity that aligns seamlessly with the Company's strategic and business objectives.

**Progress:** In FY2022, the Company welcomed three highly accomplished individuals to the Board:

**Mr Chew Sutat:** A 14-year veteran of Singapore Exchange Limited, pivotal in global expansion and innovative capital-raising.

**Mr Chua Kim Leng:** With a 25-year career at Monetary Authority of Singapore, responsible for banking, insurance and anti-money laundering supervision.

**Mr Yee Kee Shian, Leon:** Chairman at Duane Morris & Selvam, a distinguished international corporate lawyer, and leader in various practice groups.



## CORPORATE GOVERNANCE REPORT

**Target 2:** The Board is committed to ensuring gender diversity on the Board, with a minimum of one female representative.

**Progress:** As of now, the Company does not have a female representative on the Board. However, the NC remains committed to achieving progress in this aspect and is seeking to attract potential female candidates from different sources, aligning with the Company's commitment to enhance gender diversity on the Board.

Certain changes and proposed changes with respect to the Board were announced by the Company on 20 October 2023. Mr Toe Teow Heng will resign from the Board at the close of the Annual General Meeting to be held on 24 April 2024. Following Mr Toe's departure from the Board, Mr Ren Yuanlin will transition from Executive Chairman to Executive Chairman and CEO. Additionally, Ms Liu Hua will transition from CFO and Chief Operating Officer ("COO") to Deputy CEO and CFO of the Company. The Board will consist of four (4) Directors, comprising one (1) Executive Director and three (3) Independent Directors.

### ***Independent Directors meet regularly without the presence of Management (Provision 2.5)***

The Independent Directors communicated without the presence of Management whenever necessary. The chairman of such meetings provides feedback to the Board and/or Executive Chairman as appropriate.

#### **Chairman and CEO**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

#### ***Roles of the Executive Chairman and CEO (Provisions 3.1 and 3.2)***

The roles of the chairman of the Board and the CEO are separate to ensure clear distinction of responsibilities, appropriate balance of power and increased accountability. Mr Ren Yuanlin serves as the Executive Chairman of the Group, whereas Mr Toe Teow Heng is the Group's CEO. Mr Toe Teow Heng reports to the Board led by the Executive Chairman.

The division of responsibilities between the Chairman and the CEO is clearly established in the Constitution of the Company. The Chairman manages the business of the Board whilst the CEO and his management team translate the Board's decisions into executive action. The CEO has executive responsibilities for the Group's businesses and is accountable to the Board.

The Chairman:

- is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, Board Committees and individual directors;
- takes a leading role in the Company's drive to achieve and maintain high standards of corporate governance with the full support of the directors, Company Secretary and Management;
- approves agendas for board meetings and ensures sufficient allocation of time for thorough discussion of agenda items;
- promotes an open environment for debates and ensures participants are able to speak freely and contribute effectively;



## CORPORATE GOVERNANCE REPORT

- ensure the quality, quantity and timeliness of information flow between the Board and Management;
- provides close oversight of, guidance and advice to the CEO and Management; and
- plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management at AGMs and other shareholders' meetings.

The CEO is responsible for:

- running the day-to-day business of the Group, within the authorities delegated by the Board;
- ensuring the implementation of policies and strategy across the Group as set by the Board;
- managing the executives and management team;
- overseeing the training and development of Management;
- ensuring that the chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments; and
- leading the development of the Group's strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

Effective from 24 April 2024, the roles of the Chairman and the CEO will be assumed by the same individual, Mr Ren Yuanlin. The Group is cognisant that there will be no division of responsibilities between the Chairman and the CEO. Nevertheless, the Board has a lead Independent Director in line with the recommendation of Provision 3.3 of the Code. The Group will not adopt the recommendation in Provision 3.1 of the Code to have separate persons appointed as the Chairman and the CEO as the Group believes that vesting the roles of both the Chairman and the CEO in the same individual enables the Group to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr Ren Yuanlin's extensive industrial experience and significant role in the spinoff of the Group from Yangzijiang Shipbuilding (Holdings) Ltd., and the subsequent development of the Group, it is beneficial to the business prospect of the Group that Mr Ren Yuanlin continues to act as both the Chairman and the CEO.

As the CEO, Mr Ren Yuanlin shall deliver the execution of the Group's strategic plans and run the day-to-day management of the Group. Mr Ren Yuanlin will be assisted by Ms Liu Hua, who will transition from CFO and COO to Deputy CEO and CFO of the Group from 24 April 2024. On top of Ms Liu Hua's existing CFO responsibilities, she will assist Mr Ren Yuanlin in expanding the investment management and fund/wealth management businesses in Singapore, by developing and implementing the strategies and policies in pursuit of the Group's key objectives. There is no familial relationship between Mr Ren Yuanlin and Ms Liu Hua.

As the Chairman of the Board, Mr Ren Yuanlin shall lead all Board meetings and set the agenda. He shall ensure that Board members receive accurate and timely information to enable them to be fully cognisant of the affairs of the Group. He shall also promote a culture of openness and debate at the Board and solicit contributions from the Board members to facilitate constructive discussions.



## CORPORATE GOVERNANCE REPORT

All strategic and major decisions relating to the business and management of the Group are jointly and collectively made by the Board. The Board comprises a majority Independent Directors, led by a lead Independent Director. This composition promotes the balance of power and authority, and ensures effective oversight by the Board as a whole. In addition, through delegation of power and authority to various Board Committees each having at least an independent majority, to perform key functions and the putting in place of internal controls for proper accountability, the Board is able to exercise objective judgement independently from the Chairman and CEO as well as Management in the best interest of the Group, where no individual or small group of individuals dominates the decision of the Board in line of the intent of Principle 3 of the Code.

### ***Lead Independent Director (Provision 3.3)***

Mr Chew Sutat is the Lead Independent Director of the Company and his main duties are to facilitate the functioning of, and provide leadership to the Board if circumstances arise in which the Executive Chairman may be (or perceived to be) in conflict. He is a key contact point for shareholders and other stakeholders, especially when the normal channels of communication with the Executive Chairman or the Management are inappropriate or inadequate.

### **Board Membership**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.***

### ***NC Composition and Role (Provisions 4.1 & 4.2)***

The NC consists of three (3) Independent Directors:

Mr Yee Kee Shian, Leon, Chairman	(Independent Director)
Mr Chew Sutat	(Lead Independent Director)
Mr Chua Kim Leng	(Independent Director)

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include the following:

- (a) reviewing and recommending the appointment of new directors and executive officers and re-nomination of the Directors having regard to each director's expertise, contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each director's respective commitments outside the Group, including his or her principal occupation and board representations on other companies, if any. The NC shall conduct such reviews at least once a year or more frequently as it deems fit;
- (b) reviewing the succession plans for the directors, in particular the appointment and/or replacement of the Chairman CEO and key management personnel of the Company;
- (c) reviewing the structure, size and composition of the Board and the Board committees to ensure each committee comprises an appropriate mix of skills, experience, core competencies and knowledge relevant to the needs of the Group that the Board and the relevant Board committees require to function competently and efficiently;
- (d) determining the independence of directors annually in accordance with the Listing Manual of the SGX-ST and the Code of Corporate Governance 2018, and providing its views to the Board for further consideration;



## CORPORATE GOVERNANCE REPORT

- (e) developing an objective process and criteria for evaluating the performance of the Board as a whole and its committees, and for assessing the contribution by the Chairman and each individual director to the effectiveness of the Board;
- (f) approving any proposed assumption of roles outside of the Group by a legal representative of the People's Republic of China (the "PRC") subsidiaries of the Group;
- (g) reviewing and approving the employment of persons related to the directors or substantial shareholders of the Company and the proposed terms of their employment;
- (h) deciding whether or not a director is able to and has been adequately carrying out his/her duties as a director.

### ***Process for the selection, appointment, and re-appointment of Directors (Provision 4.3)***

The NC has in place a formal process for the selection of new directors and re-appointment of directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on the person's qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board, before making its recommendation to the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his/her independence. The Board will ensure that the selected candidate is aware of the expectations and the level of commitment required. The Board, on the recommendation of the NC, appoints new directors.

In accordance with the Regulation 98 of the Company's Constitution, all directors are required to retire from office at least once every three (3) years. Directors will be eligible for re-election at the Company's AGM at which he/she retires. In addition, Regulation 97 of the Company's Constitution stipulates that a director newly appointed by the Board during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, the director is subject to be re-appointed at least once every three years at the Company's AGM.

In this respect, the NC has recommended and the Board has agreed for the following directors for re-election, pursuant to Regulation 99 of the Constitution of the Company, at the forthcoming AGM:

- (a) Mr Ren Yuanlin
- (b) Mr Yee Kee Shian, Leon

Mr Ren Yuanlin will, upon re-election, remain as the Executive Chairman of the Company. As Mr Toe Teow Heng, will resign on 24 April 2024, the Company will also appoint Mr Ren Yuanlin as the CEO upon his re-election as a director at the AGM.

Mr Yee Kee Shian, Leon will, upon re-election, remain as the Chairman of the Nominating and Remuneration Committees and Member of the Audit and Risk Committees and will be considered independent for the purpose of Rule 704(8) of the Listing Manual. As disclosed above, the Board is of the view that Mr Yee Kee Shian, Leon has demonstrated independence in the discharge of his duties and responsibilities as a director and is therefore an Independent Director.

In making the recommendations, the NC considers the overall contribution and performance of the Directors. Mr Yee Kee Shian, Leon is the Chairman of the NC, and had abstained from deliberation in respect of his own nomination and assessment.



# CORPORATE GOVERNANCE REPORT

## **Alternate Director**

Under the Company's Constitution, an alternate director is entitled to perform all the functions of the director appointing him in the director's absence. If a person is proposed to be appointed as an alternate director to an Independent Director, the NC and the Board will review whether that person would similarly qualify as an Independent Director. No alternate director was appointed to the Board in FY2023.

## ***Determination of Independence of a Director (Provision 4.4)***

The NC has reviewed the independence of the directors as mentioned under Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of the SGX-ST. As set out above, the NC has affirmed that Mr Chew Sutat, Mr Yee Kee Shian, Leon and Mr Chua Kim Leng are independent and save as disclosed above, are free from any relationship outlined in the Code. Each of the Independent Directors has completed and submitted an independence declaration form to confirm his independence.

Under Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST, which is effective from 11 Jan 2023, a director will not be independent if he has been a director for an aggregate period of more than nine years. None of the Independent Directors are appointed for an aggregate period of more than nine years.

The Board provides for the appointment of alternate directors when any of the directors think fit. The Board will take into consideration the same criteria for selection of directors such as his qualifications, mix skills sets and competencies.

## ***Directors' Ability to Commit Time and Key Information on Directors (Provision 4.5)***

In assisting the NC to determine whether directors who are on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs, the NC had considered the attendances and contributions of directors to the Board and Board Committees. The NC does not make any recommendation on setting the maximum number of listed company board appointment to which any director may hold as long as the multiple Board representations by that director do not hinder that director from carrying out his duties as a director adequately. Having reviewed each director's directorships in other companies as well as each director's attendance and contribution to the Board in FY2023, the NC is satisfied that the directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities. All Independent Directors are required to declare their Board representations at the Board meeting whenever there is change and at the beginning of each financial year.

Key information of each director's academic, professional qualifications, listed company directorships and other principal commitments can be found on pages 9 and 10 of the "**Board of Directors**" section of this Annual Report.



## CORPORATE GOVERNANCE REPORT

Directors' key information are set out below:

Name of Directors	Date of First Appointment	Present Directorships and Chairmanships in Other Listed Companies	Directorships and Chairmanships in Other Listed Companies over the preceding three years
Ren Yuanlin	14 Dec 2021	Nil	Nil
Chew Sutat	25 Mar 2022	Nil	Nil
Yee Kee Shian, Leon	25 Mar 2022	F J Benjamin Holdings Ltd. Yangzijiang Shipbuilding (Holdings) Ltd. Oxpay Financial Limited.	Federal International (2000) Ltd. Milkyway International Tank Transportation (Holdings) Pte. Ltd. (formerly known as LHN Logistic Limited)
Chua Kim Leng	25 Mar 2022	United Overseas Insurance Ltd. Teho International Inc Ltd.	Nil
Toe Teow Heng	27 Jan 2022	Nil	Yangzijiang Shipbuilding (Holdings) Ltd. Tianjin Zhong Xin Pharmaceutical.

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST, the information relating to the reappointed Directors as set out in Appendix 7.4.1 of the Listing Rules of the SGX-ST are disclosed below:

REN YUANLIN	
Date of Appointment	14 Dec 2021
Date of last re-appointment (if applicable)	21 April 2023
Age	70
Country of principal residence	PRC
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Ren Yuanlin as the Executive Chairman of the Company was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution.
Whether appointment is executive, and if so, the area of responsibility	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman
Professional qualifications	College Diploma from Jiangsu Radio and TV University (1986)



## CORPORATE GOVERNANCE REPORT

	<b>REN YUANLIN</b>
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2023 Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Mr Ren Yuanlin is deemed to be interested in 852,845,825 Shares held by Yangzi International Holdings Limited.
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Yes
Past (for the last 5 years)	<ul style="list-style-type: none"> <li>– JINGJIANG RUNYUAN (GROUP COMPANIES)</li> <li>– JIANGSU YANGZI SHENGDA PAPER TECHNOLOGY DEVELOPMENT CO., LTD.</li> <li>– JIANGSU XINFU HEAVY INDUSTRY MACHINERY CO., LTD.</li> <li>– ZHUHAI LEADING POWER FINANCIAL LEASING CO., LTD.</li> <li>– JINGJIANG XINYUAN INVESTMENT CO., LTD.</li> <li>– JIANGSU YANGZIJIANG SHIPBUILDING CO., LTD.</li> <li>– JIANGSU YANGZI XINFU SHIPBUILDING CO., LTD.</li> <li>– YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD</li> </ul>
Present	<ul style="list-style-type: none"> <li>– YUNNAN DOUYUE MINING CO., LTD.</li> <li>– JIANGSU RUNHUA TECHNOLOGY INVESTMENT CO., LTD.</li> <li>– JIANGSU ZHONGTAI STRUCTURAL STEEL CO., LTD.</li> <li>– JIANGYIN YANGLIUAN MANOR CO., LTD.</li> <li>– JIANGYIN ZHONGJI MINING INVESTMENT CO., LTD.</li> <li>– JIANGSU YANGCHUAN INVESTMENT DEVELOPMENT CO., LTD.</li> <li>– GEM ASSET MANAGEMENT PTE. LTD.</li> <li>– NEWYARD WORLDWIDE HOLDINGS LTD.</li> </ul>



## CORPORATE GOVERNANCE REPORT

REN YUANLIN	
<b><u>Information required</u></b>	
<b>Disclose the following matters concerning an appointment of Director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No



## CORPORATE GOVERNANCE REPORT

	<b>REN YUANLIN</b>
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– <ol style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> </ol>	No  No



## CORPORATE GOVERNANCE REPORT

	<b>REN YUANLIN</b>
<ul style="list-style-type: none"> <li>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</li> </ul> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No  No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Information required</b>	
<b>Disclosure applicable to the appointment of Director only</b>	
<p>Any prior experience as a Director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).</p>	Not Applicable



## CORPORATE GOVERNANCE REPORT

	<b>YEE KEE SHIAN, LEON</b>
Date of Appointment	25 Mar 2022
Date of last re-appointment (if applicable)	21 April 2023
Age	48
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Yee Kee Shian, Leon as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Independent, Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Nominating and Remuneration Committees, and Member of Audit and Risk Committee
Professional qualifications	<ul style="list-style-type: none"> <li>– Advocate &amp; Solicitor, Singapore</li> <li>– Solicitor of England &amp; Wales</li> </ul>
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in the Company's 2023 Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Yes



## CORPORATE GOVERNANCE REPORT

	<b>YEE KEE SHIAN, LEON</b>
Past (for the last 5 years)	<ul style="list-style-type: none"> <li>- CAMBRIDGE ALLIANCE CHINA GROUP PTE. LTD.</li> <li>- CAMBRIDGE ALLIANCE GLOBAL HOLDINGS PTE. LTD.</li> <li>- CAMBRIDGE ALLIANCE REALTOR PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 1 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 10 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 11 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 2 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 3 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 4 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 5 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 6 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 7 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 8 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS FUND NO. 9 PTE. LTD.</li> <li>- CAMBRIDGE RE ASSETS PTE. LTD.</li> <li>- FEDERAL INTERNATIONAL (2000) LTD</li> <li>- KNIGHTSBRIDGE AUTO PTE. LTD.</li> <li>- KNIGHTSBRIDGE FUND NO. 1 PTE. LTD.</li> <li>- KNIGHTSBRIDGE FUND NO. 2 PTE. LTD.</li> <li>- KRYSTAL TITAN PTE. LTD.</li> <li>- LAURA ASHLEY HOLDINGS PLC</li> <li>- PACIFIC STAR DEVELOPMENT LIMITED (F.K.A. LH GROUP LIMITED)</li> <li>- PENTAGON FOOTBALL CENTRE PTE. LTD.</li> <li>- PURPLE SUNSHINE PTE. LTD.</li> <li>- RABBIT COLORS PTE. LTD.</li> <li>- SWEET ORCHID PTE. LTD.</li> <li>- THE KNIGHTSBRIDGE GROUP PTE. LTD.</li> <li>- YELLOW LULLABY PTE. LTD.</li> <li>- MILKYWAY INTERNATIONAL TANK TRANSPORTATION (HOLDINGS) PTE. LTD. (F.K.A. LHN LOGISTICS LIMITED)</li> </ul>
Present	<ul style="list-style-type: none"> <li>- YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.</li> <li>- OXPAY FINANCIAL LIMITED</li> <li>- F J BENJAMIN HOLDINGS LTD.</li> <li>- CHRIST'S COLLEGE, CAMBRIDGE FUND (SINGAPORE) LIMITED.</li> <li>- CHAR YONG (DABU) FOUNDATION LIMITED.</li> <li>- ST. JOSEPH'S INSTITUTION PHILANTHROPIC FUND FOR THE LASALLIAN MISSION LTD.</li> <li>- CAELIUS PTE. LTD.</li> <li>- EE HOE HEAN CLUB.</li> <li>- SELVAM LLC.</li> <li>- CAMBRIDGE ALLIANCE CAPITAL PTE. LTD.</li> <li>- CAMBRIDGE ALLIANCE FUND NO.1 PTE. LTD.</li> <li>- LADDERMAN (HK) LIMITED.</li> <li>- LADDERMAN LIMITED.</li> <li>- DUANE MORRIS &amp; SELVAM LLP.</li> </ul>



## CORPORATE GOVERNANCE REPORT

<b>YEE KEE SHIAN, LEON</b>	
<b><u>Information required</u></b>	
<b>Disclose the following matters concerning an appointment of Director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	<p>Yes, the relevant entity is Laura Ashley Holdings Plc (the "<b>Laura Ashley</b>"). Mr Yee Kee Shian, Leon stepped down as an Independent Director of Laura Ashley on 16 March 2020. Laura Ashley subsequently appointed PricewaterhouseCoopers as administrators on 23 March 2020.</p> <p>This was due to the COVID-19 outbreak, which had an immediate and significant impact on trading of Laura Ashley and its subsidiaries (the "<b>LA Group</b>"). Based on the LA Group's cashflow forecasts and the increased uncertainty, the LA Group expected that it would not be in a position to draw down additional funding in a timely manner sufficient to support its working capital requirements, and therefore Laura Ashley appointed administrators. Laura Ashley subsequently moved into creditors' voluntary liquidation with the appointment of a voluntary liquidator on 31 March 2021. Mr Yee Kee Shian, Leon had not undertaken any executive roles and responsibilities in Laura Ashley. Apart from Laura Ashley, he is not a director of any entities which has been wound up or dissolved at present or at any time within two (2) years from the date that he ceased to be a director.</p>
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No



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	<b>YEE KEE SHIAN, LEON</b>
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No



## CORPORATE GOVERNANCE REPORT

<b>YEE KEE SHIAN, LEON</b>	
ii any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
v. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
vi. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Information required</b>	
<b>Disclosure applicable to the appointment of Director only</b>	
Any prior experience as a Director of an issuer listed on the Exchange?  If yes, please provide details of prior experience.	Yes  Current Listed Company Directorship:  FJ Benjamin Holdings Ltd. Yangzijiang Shipbuilding (Holdings) Ltd. OxPay Financial Limited.  Previous Listed Company Directorships:  Federal International (2000) Ltd. Pacific Star Development Limited. Laura Ashley Holdings Plc. Milkyway International Tank Transportation (Holdings) Pte. Ltd. (formerly known as LHN Logistic Limited).
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange.	
Please provide details of relevant experience and the nominating committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).	



## CORPORATE GOVERNANCE REPORT

### Board Performance

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.***

#### ***Performance Criteria and Assessment Criteria (Provisions 5.1 & 5.2)***

The NC has in place a framework for the evaluation of the Board, the Board Committees, and individual members of the Board to assess their effectiveness. The evaluation is carried out annually by means of a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability, matters concerning CEO/key management personnel and standards of conduct of Board members being completed by each individual Director. Completed questionnaires are collated by the Company Secretary and the findings presented to the NC for discussion. Based on the findings the NC and the Board are generally satisfied as to the effectiveness of the Board as a whole, each Board Committee, and the contribution by each Director. The NC highlighted certain areas for improvement and the Board has agreed to implement measures to address them.

### REMUNERATION MATTERS

#### ***Procedures for Developing Remuneration Policies***

***Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.***

#### ***RC Composition and Role (Provisions 6.1, 6.2 & 6.3)***

The RC consists of three (3) Independent Directors:

Mr Yee Kee Shian, Leon, Chairman	(Independent Director)
Mr Chew Sutat	(Lead Independent Director)
Mr Chua Kim Leng	(Independent Director)

The RC carries out its duties in accordance with a set of terms of reference which includes mainly, the following:

- (a) recommending for the Board's endorsement the proposed fees for Non-Executive Directors for approval by the shareholders of the Company. Each member of the RC shall abstain from any discussions and from voting on any resolutions in respect of his/her fees;
- (b) recommending to the Board a framework of remuneration for the Directors, Chairman and key management personnel of the Company, and determine specific remuneration packages for each Director and key management personnel, such recommendations to be submitted for endorsement by the entire Board, with all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, termination payments and benefits-in-kind, to be reviewed;
- (c) reviewing the ongoing appropriateness and relevance of the Company's remuneration policies;



## CORPORATE GOVERNANCE REPORT

- (d) reviewing annually the remuneration of employees who are related to the directors and substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines of the Group and commensurate with their respective job scopes and levels of responsibilities, as well as reviewing and approving any bonuses, pay increments and/or promotions for such related employees. Each member of the RC shall abstain from any discussions and from voting on any resolutions in respect of employees related to him/her;
- (e) reviewing the design of any share incentive scheme(s) which may be established by the Company from time to time and administering such schemes, if applicable.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of individual directors and key management personnel. All aspects of remuneration frameworks, including but not limited to fees, salaries, allowances, bonuses, and other benefits-in-kind of directors and key management personnel are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies.

### ***Remuneration Consultants (Provisions 6.4)***

The RC may from time to time seek advice on the remuneration of all directors from external remuneration consultants whose independence and objectivity are not affected by any existing relationships with the Company. Aon Solutions Singapore Pte. Ltd. was engaged by the Company in FY2023 to provide professional advice on Board and executive remuneration. Aon Solutions Singapore Pte. Ltd. is not related to the Company or any of its directors and does not otherwise have any relationships with the Company that could affect its independence and objectivity.

### **Level and Mix of Remuneration**

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

### ***Remuneration of Directors and Key Management Personnel (Provisions 7.1, 7.2 & 7.3)***

The remuneration of the Executive Directors and key management personnel has been formulated to attract, retain and motivate such individuals and to create long-term value for its shareholders. The remuneration package of each Executive Director and key management personnel comprises of a fixed component and a variable component, which is based on the Group's and the individual's performance. An appropriate proportion of the remuneration of such individuals is structured to link rewards to corporate and individual performance.

With regard to the remuneration of Non-Executive Directors, the RC ensures that the Non-Executive Directors are remunerated to a level that is commensurate with their level of contribution taking into account factors such as effort and time spent, and their responsibilities. Non-Executive Directors receive a basic fee for their services. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package.

### **Disclosure on Remuneration**

***Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance, and value creation.***



## CORPORATE GOVERNANCE REPORT

### **Disclosure of Remuneration (Provisions 8.1 & 8.3)**

Details of the remuneration of Directors and top five (5) key management personnel of the Group for FY2023 are set out below:

<b>Name of Directors</b>	<b>Breakdown of Remuneration in Percentage (%)</b>				<b>Total (\$\$)</b>
	<b>Fees<sup>(1)</sup> (%)</b>	<b>Salary<sup>(2)</sup> (%)</b>	<b>Variable Bonus (%)</b>	<b>Total (%)</b>	
Ren Yuanlin	–	100	–	100	60,000
Chew Sutat <sup>(3)</sup>	100	–	–	100	115,500
Yee Kee Shian, Leon <sup>(4)</sup>	100	–	–	100	87,000
Chua Kim Leng	100	–	–	100	85,500
Toe Teow Heng	–	70	30	100	790,000

#### **Notes:**

- (1) The Directors' fees are subject to the approval of the shareholders at the 2<sup>nd</sup> AGM.
- (2) In accordance with Service Agreement.
- (3) Mr Chew Sutat was concurrently a member of the investment committees and will receive a fee of \$30,000 for his services rendered in the year.
- (4) Mr Yee Kee Shian, Leon was concurrently the chairman of the sustainability committee and will receive an additional fee of SGD500 per meeting for his services in FY2023, with a total of 3 meetings attended during FY2023.

<b>Name of Top 5 Key Management Personnel</b>	<b>Designation</b>	<b>Breakdown of Remuneration in Percentage (%)</b>		
		<b>Salary (%)</b>	<b>Variable Bonus (%)</b>	<b>Total (%)</b>
<b>S\$500,001 to S\$750,000</b>				
Liu Hua	CFO & COO	80	20	100
Chiang Kheng Hong <sup>(1)</sup>	Chief Risk Officer	78	22	100
<b>S\$250,000 to S\$500,000</b>				
Koh Boon Chiao, Barry <sup>(2)</sup>	General Counsel	100	–	100
<b>Below S\$250,000</b>				
Peng Xingkui <sup>(3)</sup>	Chief Investment Officer-PRC	100	–	100
Su Qing	Chief Compliance Officer-PRC	100	–	100

Note 1: Mr Chiang Kheng Hong had been reassigned to run the Group's Cash Management operations and will join the Group's respective Investment Committees effective 1 April 2024.

Note 2: Mr Koh Boon Chiao, Barry resigned as General Counsel on 31 December 2023.

Note 3: Mr Peng Xingkui had been redesignated from Chief Investment Officer -PRC to a new role within the Group and remain a member of the investment committee. After redesignation, Mr Peng is no longer considered as a Key Management Personnel of the Company effective 24 April 2024.



## CORPORATE GOVERNANCE REPORT

The remuneration of each of the above top five (5) key management personnel. The total remuneration (including CPF contribution thereon and bonus) paid to the top 5 key management personnel in FY2023 was approximately S\$1,166,197.

### ***Remuneration of Immediate Family Members of a Director, CEO or Substantial Shareholder (Provision 8.2)***

The Group does not have any employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeded S\$100,000 during the financial year.

### **ACCOUNTABILITY AND AUDIT**

#### **Risk Management and Internal Controls**

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

#### ***Risk Management (Provision 9.1)***

The Board is responsible for the overall risk management and internal control framework of the Group. The Board recognises the importance of balancing risks and rewards to achieve an optimal level of risk that the Group can tolerate in achieving its strategic objectives. To assist the Board, the Board has established the ARC whose responsibilities include reviewing the risk profile of the Group and making recommendations to the Board on risk strategy, risk appetite and risk limits. Further details on the composition of the ARC can be found in Principle 10.

The Group has established an Enterprise Risk Management (“**ERM**”) policy for the identification of key risks within the business and has adopted the use of a risk register and summary of comfort matrices to document the identified risks as well as take appropriate measures to control and mitigate these risks. The ARC reviews and reports to the Board the Group’s risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure itself and the Board that the process is operating effectively as planned. The risk management policy of the Group consists of the framework of formal, systematic and comprehensive guidelines and rules to identify and manage significant risks that might affect the Group’s achievement of its business objectives. The ERM policy has been in place to assist the Board, the Management, and staff in identifying, reviewing and monitoring potential risks. Comprehensive guidelines and rules are set to identify and manage significant risks that may affect the Group’s achievement of its business objectives, outputs, projects or operating processes. The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. The process identifies relevant potential risks across the Group’s operations with the aim of bringing them to within acceptable cost and tolerance parameters.

The Management regularly reviews and updates the Board on the Group’s business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology risks and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the Board and the ARC for further discussion. The Board and the ARC also work with the internal auditors, external auditors and Management on their recommendations to institute and execute relevant controls with a view to managing such risks.



## CORPORATE GOVERNANCE REPORT

### **Assurances from CEO and CFO (Provision 9.2)**

The Board notes that no cost-effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, external auditors and reviews performed by the Management, the Board Committees and the Board so far, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks, put in place during the financial year were adequate and effective. This is in turn supported by (a) assurance from the CEO and the CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances in accordance with the relevant accounting standards; and (b) the assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of risk management and internal control systems.

### **Audit and Risk Committee**

**Principle 10: The Board has an Audit and Risk Committee ("ARC") which discharges its duties objectively.**

### **Composition, Power, and Duties of the ARC (Provisions 10.1, 10.2 & 10.3)**

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practised, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the ARC to ensure that the Company maintains a sound system of internal controls to safeguard the Group's assets as well as to manage potential risks. The ARC consists of three (3) Independent Directors:

Mr Chua Kim Leng, Chairman	(Independent Director)
Mr Chew Sutat, Member	(Lead Independent Director)
Mr Yee Kee Shian, Leon, Member	(Independent Director)

The Board has ensured that all the ARC members, having the necessary audit, accounting, risk management and/or related financial management expertise, are appropriately qualified to discharge their responsibilities. None of the ARC members comprises former partners or directors of the Company's existing auditing firm or auditing corporation.

The ARC meets on a quarterly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgments to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance. During FY2023, the ARC held four (4) scheduled meetings with full attendance.

The members of ARC carry out their duties in accordance with a set of terms of reference which includes, mainly the following:

- (a) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- (b) review the periodic consolidated financial statements and any formal announcements relating to the financial performance of the Group prior to the submission to the Board;



## CORPORATE GOVERNANCE REPORT

- (c) review the Company's key financial risk areas, with a view to providing an independent oversight of the financial reporting of the Group, the outcome of such review to be disclosed in the annual reports or of the findings are material, to be immediately announced via SGXNET;
- (d) receive and review at least quarterly reports from Management on major risk exposures and the steps taken to monitor, control and mitigate such risks;
- (e) review the assurance from the CEO and CFO on the Group's financial records and financial statements;
- (f) make recommendations to the Board on establishing an adequate, effective and independent audit function (which can be in-house or outsourced to a reputable accounting/auditing firm or corporation) and ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- (g) review with the internal and external auditors, the audit plans, scope of work, their evaluation of the Company's system of internal controls, audit reports, their management letters and the response of the Management and the results of audits compiled by the internal and external auditors;
- (h) review and make recommendations to the Board on the appointment, re-appointment, and termination of the external auditor, including approving the remuneration and terms of engagement of the external auditors;
- (i) review and approve any interested person transactions and significant transactions, if any;
- (j) review the hedging policies and instruments implemented by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (k) review and make recommendations to the Board on the corporate governance policies and practices of the Group, including the code of conduct and compliance manual applicable to the directors and employees of the Group; and
- (l) review the whistle-blowing policy and procedures.

The ARC discussed with the Management on the accounting treatment and methodology applied as well as the assumptions used in judgemental assessment which might impact the results of financial statements. The external auditors had reviewed the financial statements of the Group and highlighted some key audit matters ("KAMs") that might significantly impact the financial statements and these were reviewed by ARC.

The ARC has discussed significant financial reporting matters with Management and the external auditors which have been included as KAMs in the independent auditor's report for FY2023, as set on pages 84 to 85 of this Annual Report.

In assessing each KAM, the ARC took into consideration the approach and methodology applied by Management in the determination of revenue recognition, provision of foreseeable losses on debt investments and the valuation of investment assets. The reasonableness of the estimates and key assumptions used were also considered by the ARC. Where necessary, views of subject matter experts such as independent valuers were consulted where necessary.



## CORPORATE GOVERNANCE REPORT

The ARC also considered the report from the external auditors, including their findings and views on the key areas of audit focus. The ARC concluded that the Group's accounting treatment and estimates in each of the KAMs were appropriate.

The ARC also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided to the Group by the external auditors, PricewaterhouseCoopers LLP, the ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditors. The aggregate amount of audit and non-audit fees paid or payable to PricewaterhouseCoopers LLP Singapore for FY2023 were S\$491,000 and S\$0 respectively. The ARC has recommended to the Board the nomination of PricewaterhouseCoopers LLP for re-appointment as external auditors of the Company at the forthcoming 2<sup>nd</sup> AGM.

The Board and ARC have reviewed the appointment of different auditors for its significant foreign-incorporated subsidiaries and/or associated companies and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of SGX-ST in relation to the appointment of its external auditors.

### ***Internal audit (Provision 10.4)***

The Group outsources its internal audit function to Messrs Yang Lee & Associates ("YLA" or "IA"). YLA is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting advisory and assurance services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The ARC has reviewed and is satisfied that YLA is a suitable professional service firm to meet the Company's internal audit needs and obligations, having regard to the adequacy of resources and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audit. IA reports directly to the Chairman of the ARC. The ARC approves the appointment, evaluation, termination and remuneration of the IA. The IA has full access to the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out the internal audit review.

The ARC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The IA completed one review during the financial year ended 31 December 2023 in accordance with the risk-aligned internal audit plan approved by the ARC. The ARC approved the internal audit report and the Management has adopted key recommendations of the IA as set out in the internal audit report.

The ARC has reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced.



# CORPORATE GOVERNANCE REPORT

## ***Meeting with External and Internal Auditors without Management (Provision 10.4)***

The ARC meets with the external auditors and internal auditors, in each case without the presence of the Management, as and when necessary and at least once a year.

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **Shareholder Rights and Conduct of General Meetings**

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position, and prospects.***

### ***General Meetings (Provision 11.1)***

The Company believes that active participation from shareholders in general meetings will greatly enhance the shareholders' visibility of the Group's operations and performance and will further align shareholders' interest with the Group's future directions and strategies. To encourage active participation at general meetings, the Company is committed to providing shareholders with adequate, timely and sufficient information. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website. Shareholders may also download the Annual Report from the Company's website and SGXNET.

### ***Conduct of General Meetings (Provisions 11.2, 11.3 & 11.4)***

The Company does not allow a shareholder to vote in absentia at general meetings except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their vote in their stead. Each shareholder who is entitled to attend and vote may either vote in person or appoint not more than two proxies. Corporations which provide nominee or custodial services are allowed to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies. Separate resolutions on each distinct issue are tabled at general meetings unless the issues are interdependent and linked to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. All directors, senior management and the external auditors are intended to be in attendance at forthcoming 2<sup>nd</sup> AGM to address any queries of the shareholders.

The Board acknowledges voting by poll is integral in the enhancement of corporate governance and lead to greater transparency of the level of support for each resolution where shareholders are accorded rights proportionate to the shareholding and all votes counted. To enhance shareholders' participation, the Group puts all resolutions at general meetings to vote by electronic poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage via SGXNET after the general meetings.

### ***Minutes of General Meetings (Provision 11.5)***

The Company Secretary prepares minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Management and the Board. Such minutes will be available to shareholders upon their written request. Copy of the minutes will also be released via SGXNET and the Company's website as soon as practicable.



## CORPORATE GOVERNANCE REPORT

### ***Dividend Policy (Provision 11.6)***

The Company has adopted a dividend policy of paying out at least 40% of the Group's net profit after tax, excluding non-recurring, one-off and exceptional items, as dividends. The Board is recommending SGD0.022 per ordinary share for FY2023 as the first and final one-tier tax-exempt dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming 2<sup>nd</sup> AGM.

In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- (a) the results of operations and cash flow;
- (b) the expected financial performance and working capital needs;
- (c) future prospects; and
- (d) capital expenditures and other investment plans;

as well as general economic and business operations in the countries in which we operate and other factors deemed relevant by the Board and statutory restrictions on the payment of dividends.

### ***Engagement with Shareholders***

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

### ***Shareholder Communication (Provision 12.1)***

The Group acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. Information is communicated to shareholders on a timely basis through the Company's annual report, circulars to shareholders (if any), interim financial results and the various announcements.

The Company is committed to ensuring that its shareholders have access to accurate information vis-a-vis the Company on a timely basis. This is achieved through posting announcements and news releases on the SGXNet on a timely and consistent basis. The Company will provide shareholders with its half-year and full-year financial statements within the relevant periods prescribed by the Listing Manual. Such half-year and full-year financial statements would be reviewed and approved by the Board prior to release to shareholders by announcement on the SGXNet. In presenting the half-year and full-year financial statements to shareholders, the Board seeks to provide shareholders with a balanced, clear and understandable assessment of the Company and the Group's performance, position and prospects.

In line with the Company's commitment to provide its shareholders with accurate information on a timely basis, the Company provides, on a voluntary basis, with quarterly business updates in between the announcement of its half-year and full-year financial statements. Such business updates contain, among other things, information on the Group's business and operational developments.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via the SGXNET.



# CORPORATE GOVERNANCE REPORT

## ***Internal Investor Relations (Provisions 12.2 & 12.3)***

The Company does not have an internal investor relations team but has designated personnel, assisted by an external investor relations firm, to handle investor queries and deal with all matters related to investor relations.

## **MANAGING STAKEHOLDERS RELATIONSHIPS**

### **Engagement with Stakeholders**

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

## ***Engaging Material Stakeholder Groups (Provisions 13.1 & 13.2)***

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report which is included in this Annual Report.

### **Interested Person Transaction Policy**

The Company's Interested Person Transactions Policy sets out the detailed procedures for the review and approval of interested person transactions ("IPT").

To protect the interests of the Company and its shareholders, the Company has established an internal control system to ensure that all IPTs:

- will not be voted on by director(s) who are involved in transaction(s) where a conflict of interest may arise;
- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of the Company and its shareholders.

Any interested person of the Company is required to promptly notify the Board of any material interest that such person had, has or may have in an IPT. The notice shall include a description of the transaction and the aggregate dollar amount. Following the receipt of such notification of material interest, the Board will carry out a thorough review of the IPT and shall be responsible for the approval or ratification of the IPT.

In determining whether to approve, ratify, disapprove or reject an IPT, the Board will take into account, among other factors it deems appropriate, whether the IPT is entered into on terms no less favourable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances; the results of an appraisal, if any; whether there was a bidding process and the results thereof; review of the valuation methodology used and alternative approaches to valuation of the transaction; and the extent of the interested person's interest in the transaction. The Board will also ensure the relevant IPT is subject to the relevant disclosure and approval requirements of Rules 905 and 906 of the Listing Manual of SGX-ST.



## CORPORATE GOVERNANCE REPORT

In the event the Company becomes aware of an IPT with an interested person that has not been approved prior to its consummation, the matter will be reviewed by the Board, which will consider all relevant facts and circumstances regarding the IPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the IPT. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such IPT to the Board and take any such action as may be appropriate.

### **Personal Data Protection Policy**

The Company is committed to ensuring privacy of all personal data and has instituted a Personal Data Protection Policy, setting out the Company's policy on the collection, use and disclosure of personal data of all individuals.

### ***Corporate Website (Provision 13.3)***

The Company maintains a corporate website at [www.yzjfin.com](http://www.yzjfin.com) to communicate and engage with stakeholders.

## **OTHER CORPORATE GOVERNANCE MATTERS**

### **INTERESTED PERSON TRANSACTIONS**

*(Rule 907 of the Listing Manual of SGX-ST)*

The following table sets out the current total of all relevant transactions with the interested persons for FY2023:

Name of interested persons	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) SGD'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) SGD'000
NIL		

All IPTs are subject to review by the ARC on a timely manner and the transactions are carried out on normal commercial terms and will not be prejudiced to the interests of the Group and its minority shareholders.

### **MATERIAL CONTRACTS**

*(Rule 1207(8) of the Listing Manual of SGX-ST)*

Save for the service agreements between the Company and the CEO and Executive Chairman and except as disclosed in the Directors' Statements and the Financial Statements and in this Corporate Governance Report, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.



# CORPORATE GOVERNANCE REPORT

## **DEALING IN SECURITIES (Rule 1207(19) of the SGX-ST)**

The Group has a policy for the directors and employees of the Group which applies the best practices recommended in the Listing Manual. Under the policy, Directors and employees are prohibited from dealing in the Group's securities while in possession of unpublished material price-sensitive information. The Group, Directors and certain prescribed employees are prohibited from dealing in the Group's securities during the one-month period immediately preceding the announcement of the Company's half-year and full-year financial statements ("blackout period"). An email would be sent to directors and such prescribed employees prior to the commencement of a blackout period to remind them of their obligation not to dealing in securities during the blackout period. Directors and employees are also discouraged from dealing in securities of the Group on short-term considerations. The Company has complied with the best practices recommended in the Listing Manual in FY2023.

## **Whistle-Blowing Policy**

The Company has a whistle-blowing policy which encourages all persons, including employees, to raise concerns about any wrongdoings or improprieties, including the breach of any applicable law and policy, within the Group. The policy provides for independent investigation of any reported incidents and appropriate follow-up actions. The policy encourages reporting of such matters by ensuring, to the extent possible, that the identity of the whistle-blower will be kept confidential and that the Company will not tolerate the harassment or victimization of a whistle-blower who reports in good faith.

The ARC is responsible for the monitoring and oversight of whistle-blowing and whistle-blowing reports are made to the ARC chairman, save where the report is about the ARC chairman, in which case the reports are made to the Lead Independent Director. The ARC will be provided with resources to conduct investigations on any report, either by way of the Company designating the appropriate department or engaging, at the Group's expense, independent advisors to assist in the investigation.

The policy and the procedures for making a report are publicly disclosed on the Company's website and made available to all employees. The policy, including the procedures for raising concerns is covered and explained to employees during their onboarding process.

As at the date of this Report, there were no reports received through the whistle-blowing mechanism.



## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the balance sheet of the Company as at 31 December 2023.

In the opinion of the directors,

- (a) the balance sheet of Yangzijiang Financial Holding Ltd. ("the Company") and the consolidated financial statements of Yangzijiang Financial Holding Ltd. and its subsidiaries ("the Group") as set out on pages 88 to 150 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they fall due.

### **Directors**

The directors in office at the date of this statement are as follows:

Ren Yuanlin  
 Toe Teow Heng  
 Chew Sutat  
 Chua Kim Leng  
 Yee Kee Shian, Leon

### **Arrangements to enable directors to acquire shares and debentures**

Neither at the end of, nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **Directors' interests in shares or debentures**

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

<b>Name of director and corporate in which interests are held</b>	<b>Holdings registered in the name of director or nominee</b>		<b>Holdings in which a director is deemed to have an interest</b>	
	<b>At</b> <b>31.12.2023</b>	<b>At</b> <b>1.1.2023</b>	<b>At</b> <b>31.12.2023</b>	<b>At</b> <b>1.1.2023</b>
<b>The Company</b>				
(No. of ordinary shares)				
Ren Yuanlin	-	-	<b>852,845,825</b>	852,845,825
Chew Sutat	<b>1,088,000</b>	888,000	-	-
Chua Kim Leng	<b>300,000</b>	200,000	-	-
Toe Teow Heng	<b>600,000</b>	600,000	<b>7,386,200</b>	7,386,200



## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### **Share options**

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

### **Audit and Risk Committee**

The members of the Audit and Risk Committee ("ARC") at the end of the financial year were as follows:

Chua Kim Leng (Chairman)

Chew Sutat

Yee Kee Shian, Leon

All members of the ARC are independent non-executive directors.

The ARC carried out its functions in accordance with Section 201B(5) of the Companies Act 1967. In performing those functions, the ARC reviewed the following:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 before their submission to the Board of Directors.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

### **Independent auditor**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

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Ren Yuanlin  
Director

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Toe Teow Heng  
Director



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG FINANCIAL HOLDING LTD.

### Report on the Audit of the Financial Statements

#### Our Opinion

In our opinion, the accompanying consolidated financial statements of Yangzijiang Financial Holding Ltd. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

#### *What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2023;
- the balance sheet of the Group as at 31 December 2023;
- the balance sheet of the Company as at 31 December 2023;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG FINANCIAL HOLDING LTD.

### **Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>1. Debt investments at amortised cost</p> <p>Refer to Notes 3, 16 and 31 to the financial statements.</p> <p>As at 31 December 2023, the carrying amount of the Group's debt investments at amortised cost was S\$1.68 billion, representing 40% of its total assets. This is net of allowance for impairment loss of S\$249.7 million at that date.</p> <p>We focused on this area because of the application of significant judgement and assumptions by management in determining the expected credit loss ("ECL") impairment model in accordance to SFRS(I) 9 Financial Instruments.</p> <p>These included:</p> <ul style="list-style-type: none"> <li>(i) the identification of changes in credit risk associated with the debt investments;</li> <li>(ii) the classification of the debt investments according to credit risk, taking into account the likelihood of default, and</li> <li>(iii) the ECL rates.</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>a. evaluated the key controls and tested the operating effectiveness of those relating to monitoring of debt investments to ensure timeliness of identifying changes in credit risk;</li> <li>b. reviewed the completeness and accuracy of key inputs to the Group's ECL impairment model used, including historical default rate and loss from default;</li> <li>c. assessed the appropriateness of the classification of debt investments against the Group's internal grading guidelines and assessed the proper classification of the debt investments into performing ("Stage 1"), under-performing ("Stage 2") and non-performing ("Stage 3");</li> <li>d. for each material non-performing debt investment, assessed the adequacy of the specific provision by examining management's estimate of future cash flows, including expected cash flows from the realisation of collaterals and timing of those cash flows; and</li> <li>e. involved our internal specialist in reviewing the appropriateness of the ECL impairment model.</li> </ul> <p>Based on our procedures, we found management's judgement and assumptions in the determination of the ECL to be reasonable.</p>



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG FINANCIAL HOLDING LTD.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Valuation of unquoted and illiquid investments  Refer to Notes 3, 9, 15 and 31 of the financial statements.	<p>Our audit procedures in relation to the valuation of unquoted and illiquid investments are as follows:</p> <p><u>Venture capital business and fund of funds investments:</u></p> <ul style="list-style-type: none"><li>a. evaluated the existence and ownership of investments by obtaining confirmations directly from the general partners or venture capital management, agreed the Group's holdings in the investments, and obtaining the latest available quarterly capital account statements;</li><li>b. evaluated the existence and ownership of investments in underlying portfolio companies as of balance sheet date;</li><li>c. obtained and reviewed the general partners' or venture capital management's latest available quarterly capital account statements, where fair value information and/ or audited financial statements is provided to determine the fair value of such investments;</li><li>d. assessed the valuation details in the quarterly capital statements provided by the general partners or venture capital management; and</li><li>e. obtained and reviewed all capital drawdown and distribution during the financial year.</li></ul> <p><u>Private credit investments:</u></p> <ul style="list-style-type: none"><li>a. evaluated the completeness, existence and ownership of private credit investments by inspecting purchase and sale agreements, and obtaining confirmation of holdings from the investees.</li><li>b. tested and validated key observable inputs and assumptions used by management in valuation models for private investments valuation.</li></ul> <p>Based on our procedures, we found management's accounting estimates, judgements and assumptions applied in determining the fair value of investments in the venture capital business and valuation method applied to be reasonable.</p>



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG FINANCIAL HOLDING LTD.

### **Other Information**

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFAS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG FINANCIAL HOLDING LTD.

### Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore in which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Kheng Wah.

### PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants  
Singapore, 28 March 2024



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group	
		2023 S\$'000	2022 S\$'000
<b>Income</b>			
Interest income	4	<b>287,240</b>	332,754
Interest income from financial assets at fair value through profit or loss		<b>6,209</b>	–
Income from maritime fund assets		<b>23,375</b>	–
Dividend income		<b>12,563</b>	7,698
Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	5	<b>17,688</b>	(40,666)
Other income		<b>1,359</b>	655
<b>Total Income</b>		<b>348,434</b>	300,441
Employee compensation	6	<b>(8,123)</b>	(3,612)
Other expenses	7	<b>(38,221)</b>	(25,626)
<b>Total expenses</b>		<b>(46,344)</b>	(29,238)
<b>Profit before allowances</b>		<b>302,090</b>	271,203
Allowances for credit losses	8	<b>(31,208)</b>	(123,853)
<b>Profit after allowances</b>		<b>270,882</b>	147,350
Share of results of associated companies, net of tax	9	<b>(7,386)</b>	6,664
Other gains	10	<b>13,621</b>	42,382
<b>Profit before income tax</b>		<b>277,117</b>	196,396
Income tax expense	11	<b>(74,426)</b>	(34,394)
<b>Net Profit for the year</b>		<b>202,691</b>	162,002
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>201,799</b>	162,002
Non-controlling interests		<b>892</b>	–
		<b>202,691</b>	162,002
<b>Earnings per share attributable to equity holders of the Company</b>			
– Basic and diluted (expressed in S\$ cents per share)	12	<b>5.53</b>	4.22
<b>Net profit for the year</b>		<b>202,691</b>	162,002
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
– Currency translation gain		<b>530</b>	1,107
– Currency translation difference for presentation currency		<b>(142,399)</b>	(298,692)
Items that will not be reclassified subsequently to profit or loss:			
– Currency translation losses		<b>(14)</b>	–
<b>Other comprehensive income, net of tax</b>		<b>(141,883)</b>	(297,585)
<b>Total comprehensive income</b>		<b>60,808</b>	(135,583)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>59,930</b>	(135,583)
Non-controlling interests		<b>878</b>	–
		<b>60,808</b>	(135,583)

The accompanying notes form an integral part of these financial statements.



# BALANCE SHEETS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company		
		2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	13	<b>1,406,173</b>	620,686	<b>165,827</b>	73,026	
Financial assets, at fair value through profit or loss	15	<b>121,617</b>	56,210	—	—	
Derivative financial instruments	18	<b>4,475</b>	—	<b>4,475</b>	—	
Debt investment at amortised cost	16	<b>1,128,214</b>	2,264,600	<b>4,049</b>	—	
Trade and other receivables	19	<b>51,471</b>	26,708	<b>3,554,187</b>	4,084,201	
		<b>2,711,950</b>	2,968,204	<b>3,728,538</b>	4,157,227	
<b>Non-current assets</b>						
Financial assets, at fair value through profit or loss	15	<b>312,206</b>	413,862	—	—	
Debt investments at amortised cost	16	<b>550,669</b>	407,307	—	—	
Trade and other receivables	19	<b>89,934</b>	2,788	—	—	
Investments in subsidiaries	17	—	—	<b>116,361</b>	4,958	
Investments in associated companies	9	<b>295,956</b>	322,643	—	—	
Investment properties	20	<b>19,327</b>	21,540	—	—	
Property, plant and equipment	21	<b>127,097</b>	2,814	<b>732</b>	1,116	
Goodwill	14	<b>1,023</b>	1,061	—	—	
Deferred income tax assets	22	<b>67,833</b>	65,728	—	—	
		<b>1,464,045</b>	1,237,743	<b>117,093</b>	6,074	
<b>Total assets</b>		<b>4,175,995</b>	4,205,947	<b>3,845,631</b>	4,163,301	
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Trade and other payables	23	<b>45,543</b>	52,917	<b>26,917</b>	137,057	
Derivatives financial instruments	18	<b>19,109</b>	6,876	<b>10,478</b>	4,035	
Borrowings	25	<b>374</b>	13,830	<b>374</b>	384	
Current income tax liabilities	11	<b>24,631</b>	28,867	<b>1,450</b>	507	
		<b>89,657</b>	102,490	<b>39,219</b>	141,983	
<b>Non-current liabilities</b>						
Borrowings	25	<b>358</b>	732	<b>358</b>	732	
Deferred income tax liabilities	22	<b>172,441</b>	228,906	<b>166,582</b>	222,747	
		<b>172,799</b>	229,638	<b>166,940</b>	223,479	
<b>Total liabilities</b>		<b>262,456</b>	332,128	<b>206,159</b>	365,462	
<b>NET ASSETS</b>		<b>3,913,539</b>	3,873,819	<b>3,639,472</b>	3,797,839	
<b>EQUITY</b>						
Share capital	26	<b>3,719,408</b>	3,858,695	<b>3,719,408</b>	3,858,695	
Treasury shares	26	(122,288)	(94,120)	(122,288)	(94,120)	
Other reserves	27	<b>49,358</b>	26,963	—	—	
Retained earnings		<b>190,601</b>	84,999	<b>41,956</b>	34,252	
Foreign currency translation reserve	27	(1,027)	(2,718)	<b>396</b>	(988)	
		<b>3,836,052</b>	3,873,819	<b>3,639,472</b>	3,797,839	
Non-controlling interests	17	<b>77,487</b>	—	—	—	
<b>Total equity</b>		<b>3,913,539</b>	3,873,819	<b>3,639,472</b>	3,797,839	

*The accompanying notes form an integral part of these financial statements.*



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

← Attributable to equity holders of the Company →

**The Group**

Note	Foreign currency						Non-controlling interest	Total equity
	Share capital	Treasury shares	Other reserves	translation reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
<b>2023</b>								
<b>Beginning of financial year</b>	<b>3,858,695</b>	<b>(94,120)</b>	<b>26,963</b>	<b>(2,718)</b>	<b>84,999</b>	<b>3,873,819</b>	<b>–</b>	<b>3,873,819</b>
Profit for the year	–	–	–	–	201,799	201,799	892	202,691
Other comprehensive income	–	–	–	(141,869)	–	(141,869)	(14)	(141,883)
Total comprehensive income for the year	–	–	–	(141,869)	201,799	59,930	878	60,808
Transfer to the PRC statutory reserve	27(a)	–	–	23,368	–	(23,368)	–	–
Translation difference arising from translation of equity items to presentation currency	27(b)	(139,287)	3,398	(973)	143,560	(6,698)	–	–
Dividend paid	28	–	–	–	–	(66,131)	(66,131)	(323) (66,454)
Share buyback	26	–	(31,566)	–	–	–	(31,566)	– (31,566)
Capital injection by non-controlling interest	–	–	–	–	–	–	76,932	76,932
<b>End of financial year</b>	<b>3,719,408</b>	<b>(122,288)</b>	<b>49,358</b>	<b>(1,027)</b>	<b>190,601</b>	<b>3,836,052</b>	<b>77,487</b>	<b>3,913,539</b>

*The accompanying notes form an integral part of these financial statements.*



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

← Attributable to equity holders of the Company →

### The Group

Note	Owner's						Foreign		Non-	
	Share capital	net investment	Treasury shares	Other reserves	translation reserve	Retained earnings	Total	controlling interest	Total	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>2022</b>										
<b>Beginning of financial year</b>	2,084,771	984,363	–	15,042	272,369	892,255	4,248,800	–	4,248,800	
Profit for the year	–	–	–	–	–	162,002	162,002	–	162,002	
Other comprehensive income	–	–	–	–	(297,585)	–	(297,585)	–	(297,585)	
Total comprehensive income for the year	–	–	–	–	(297,585)	162,002	(135,583)	–	(135,583)	
Transfer to the PRC statutory reserve	27(a)	–	–	–	15,096	–	(15,096)	–	–	
Translation difference arising from translation of equity items to presentation currency	27(b)	(293,267)	–	–	(902)	294,867	(698)	–	–	
Spin-off process	30	2,067,191	(984,363)	–	(2,273)	(272,369)	(953,464)	(145,278)	– (145,278)	
Share buyback	26	–	–	(94,120)	–	–	–	(94,120)	– (94,120)	
<b>End of financial year</b>	3,858,695	–	(94,120)	26,963	(2,718)	84,999	3,873,819	–	3,873,819	

All reserves are distributable other than the share premium reserve and the foreign currency translation reserve.

*The accompanying notes form an integral part of these financial statements.*



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group	2023 S\$'000	2022 S\$'000
<b>Cash flows from operating activities</b>				
Profit after income tax		<b>202,691</b>	162,002	
Adjustments for:				
– Income tax expenses	11	<b>74,426</b>	34,394	
– Depreciation of property, plant and equipment	21	<b>3,026</b>	215	
– Depreciation of investment properties	20	<b>1,464</b>	1,257	
– Fair value (gain)/loss on financial assets, at fair value through profit or loss	15	<b>(8,246)</b>	34,886	
– Dividend income		<b>(12,563)</b>	(7,698)	
– Share of results of associated companies, net of tax	9	<b>7,386</b>	(6,664)	
– Fair value loss on derivative financial instruments		<b>7,991</b>	6,876	
– Net effect of exchange rate changes in consolidating foreign operations		<b>(5,039)</b>	72,568	
		<b>271,136</b>	297,836	
Changes in working capital:				
– Trade and other receivables	19	<b>(62,052)</b>	5,798	
– Trade and other payables	23	<b>(5,464)</b>	50,022	
– Debt investments at amortised cost	16	<b>896,577</b>	45,227	
Cash generated from operations		<b>1,100,197</b>	398,883	
Income tax paid	11	<b>(75,603)</b>	(87,434)	
Withholding tax paid	11	<b>(51,844)</b>	–	
		<b>972,750</b>	311,449	
<b>Net cash provided by operating activities</b>				
<b>Cash flows from investing activities</b>				
Proceeds from sale of financial assets, at fair value through profit and loss	15	<b>254,731</b>	112,483	
Proceeds from disposal of associated companies	9	<b>–</b>	1,412	
Proceeds from disposal of property plant and equipment	21	<b>827</b>	–	
Dividend received		<b>12,563</b>	7,698	
Purchase of property, plant and equipment	21	<b>(128,042)</b>	(10)	
Additions to investment properties	20	<b>–</b>	(260)	
Acquisition of financial assets, at fair value through profit and loss	15	<b>(278,122)</b>	(226,633)	
Acquisition of subsidiary, net of cash	34	<b>–</b>	(999)	
Additions to investments in associated companies	9	<b>(42,494)</b>	(143,718)	
Return of capital by associated companies	9	<b>50,338</b>	26,347	
		<b>(130,199)</b>	(223,680)	
<b>Net cash used in investing activities</b>				
<b>Cash flows from financing activities</b>				
Dividend paid	28	<b>(66,454)</b>	–	
Capital injection by non-controlling interests	17	<b>76,932</b>	–	
Proceeds from borrowings from banks	25	<b>91,615</b>	61,751	
Repayment of borrowings from banks	25	<b>(104,787)</b>	(47,189)	
Principal repayment of lease liability	24	<b>(399)</b>	–	
Share buyback	26	<b>(31,566)</b>	(94,120)	
Movement in funding from YZJ Group	29	<b>–</b>	631,829	
		<b>(34,659)</b>	552,271	
<b>Net cash (used in)/provided by financing activities</b>				
<b>Net increase in cash and cash equivalents</b>		<b>807,892</b>	640,040	
<b>Cash and cash equivalents</b>				
Beginning of financial year		<b>620,686</b>	18,374	
Effects of currency translation on cash and cash equivalents		<b>(22,405)</b>	(37,728)	
<b>End of financial year</b>		<b>1,406,173</b>	620,686	

The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements and the standalone financial statements.

## 1. GENERAL INFORMATION

Yangzijiang Financial Holding Ltd. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of the Company's registered office is 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (the "YZJ Financial Group", or the "Group") are principally engaged in investment-related activities. The Group's investments include debt investments, venture capital investments, maritime fund investments, micro-financing, and fund management and investment advisory services.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### **Interpretations and amendments to published standards effective in 2023**

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 2.2 Group accounting

#### (i) Subsidiaries

##### 1. Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

##### 2. Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.2 Group accounting (Cont'd)

##### (i) Subsidiaries (Cont'd)

###### 2. Acquisitions (Cont'd)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

Before recognising a gain on a bargain purchase, management shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review. The objective is to ensure that measurements appropriately reflect consideration of all available information as at the acquisition date.

###### 3. Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

##### (ii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

###### 1. Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated companies over the Group's share of the fair value of the identifiable net assets of the associated companies or joint ventures and is included in the carrying amount of the investments.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.2 Group accounting (Cont'd)

(ii) *Associated companies* (Cont'd)

2. *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

3. *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

#### 2.3 Income recognition

(i) *Interest income*

Interest income is recognised using the effective interest rate method.

(ii) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(iii) *Fee income*

Fee income is recognised when the services are rendered.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.3 Income recognition (Cont'd)

##### (iv) Government grants

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

#### 2.4 Financial assets

##### (i) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

##### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### At subsequent measurement

###### 1. Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, debt investments at amortised cost and finance lease receivable.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.4 Financial assets (Cont'd)

##### (i) Classification and measurement (Cont'd)

###### At subsequent measurement (Cont'd)

###### 2. Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss".

##### (ii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31(b) details how the Group determines whether there has been a significant increase in credit risk.

For cash and cash equivalents, debt investments at amortised cost and trade and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

Debt investments carried at amortised cost are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where debt investments carried at amortised cost are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

##### (iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial assets, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

A derivative financial instrument is initially recognised at fair value on the date of the contract is entered into and is subsequently carried at its fair value.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.4 Financial assets (Cont'd)

The fair value of a trading derivatives is presented as a non-current asset or liability if the remaining life of the trading derivatives is more than 12 months, and as a current asset or liability if the remaining expected life of the trading derivatives is less than 12 months.

#### 2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

##### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and the social security plans in People's Republic of China (the "PRC") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

In accordance with the relevant regulations in the PRC, the premiums and welfare benefit contributions borne by the Group are calculated based on certain percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities.

#### 2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.6 Income taxes (Cont'd)

Deferred income tax is measured:

- (a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### 2.7 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

#### 2.8 Property, plant and equipment

##### (i) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

##### (iii) Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives, as follows:

<b>Useful lives</b>	
Buildings	20 years
Right-of-use assets	Lease term
Furniture, fittings and equipment	5 – 12 years
Maritime fund assets – vessels	25 years

The residual values estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

### 2.8 Property, plant and equipment (Cont'd)

#### (iv) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (v) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

### 2.9 Intangible assets

#### *Goodwill*

Goodwill arises on the acquisition of business, represents the excess of the sum of the consideration transferred, the amount of non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the business acquired, in the case of bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Goodwill is allocated to CGU for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested for impairment at the operating segment level, as monitored for internal management purpose, and does not take place at a lower level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains or losses on the disposal of an entity or business include the carrying amount of goodwill relating to entity or business sold.

### 2.10 Investment properties

Investment properties comprise of leasehold buildings that are held for rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life, which is the lease term of the leasehold building.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.10 Investment properties (Cont'd)

The residual value, useful life and depreciation method of investment properties are reviewed and adjusted as appropriate at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

#### 2.11 Impairment of non-financial assets

*Property, plant and equipment*

*Investment properties*

*Investment in subsidiaries*

Property, plant and equipment, investment properties and investments in subsidiaries are tested for impairment whenever there is any indication or objective evidence that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.13 Other payables

Other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

#### 2.14 Leases

- (i) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.14 Leases (Cont'd)

(i) When the Group is the lessee (Cont'd)

- Lease liabilities (Cont'd)

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for the leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(ii) When the Group is the lessor

- Lessor – Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

#### 2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

#### 2.17 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the combined capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

#### 2.18 Currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company and the Group is Renminbi ("RMB") as majority of the Group's business operations is in China. The financial statements are presented in Singapore Dollar ("SGD" or "S\$") ("presentation currency") to serve the needs to the readers of the Group financial statements where the Group is listed.

##### (ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair value are determined.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

#### 2.18 Currency translation (Cont'd)

- (iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. assets, liabilities and share capital are translated at the closing exchange rates at the reporting date;
2. income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
3. all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

#### 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management team who are responsible for allocating resources and assessing performance of the operating segments.

#### 2.20 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Impairment of debt investments at amortised cost*

When measuring expected credit loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account expected cash flows from of collateral and integral credit enhancements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Cont'd)

Probability of default ("PD") constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Management has determined the expected loss rates by grouping the borrowers according to internal risk management grading. S\$33,788,000 loss allowances (2022: Loss allowances of S\$121,504,000) for debt investments at amortised cost was recognised during financial year. The Group's credit risk exposure for debt investments at amortised cost (including the ECL rates applied) is set out in Note 31(b)(iv).

As discussed in Note 31(b)(iv), the forward looking macroeconomic data for LGD and PD incorporates adjustments for weighted average economic scenario outcomes, being 10% upside, 10% downside and 80% base (2022: 10% upside, 10% downside and 80% base) case scenarios. The impact on profit before tax arising from a change in the weighted average economic scenario outcomes as at 31 December is as follows:

	2023 S\$'000	2022 S\$'000
15% upside, 15% downside and 70% base	(5,600)	(16,612)
20% upside, 20% downside and 60% base	<b>(11,800)</b>	<b>(37,538)</b>

#### *Fair value estimation*

The fair values of securities that are not quoted in an active market are determined by using valuation techniques, primarily earnings multiples, discount cash flow ("DCF") analysis and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed on a timely basis. The inputs in these models include observable data, such as earnings multiples of comparable companies to the relevant portfolio company, and unobservable data, such as forecast earnings for the portfolio company, cost of capital, and an additional discount for considerations such as illiquidity and differences between the comparable companies based on company-specific facts and circumstances.

The Group invests in venture capital business which are managed by third-party fund managers. These fund managers provide quarterly statements and annual audited financial statements to the Group to report their assessment of the fair value of the underlying investments.

The Group relies on the fund managers' latest available quarterly capital account statements and/or audited financial statements to estimate the fair value of its investments in the venture capital and other funds, and may make appropriate adjustments accordingly as described in Note 31(e).

The Group believes that any change in the key assumptions used by the fund managers to determine the fair value estimation in these abovementioned statements may cause the fair values to be different and the difference could be material to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 4. INTEREST INCOME

Interest income from:

- debt investments at amortised cost
- micro-financing
- cash and cash equivalents

	2023 S\$'000	2022 S\$'000
<b>263,386</b>	309,622	
<b>2,986</b>	2,569	
<b>266,372</b>	312,191	
<b>20,868</b>	20,563	
<b>287,240</b>	332,754	

### 5. OTHER NET CHANGES IN FAIR VALUE ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets, at fair value through profit or loss

- Realised
- Change in unrealised

	2023 S\$'000	2022 S\$'000
<b>15,681</b>	–	
<b>8,246</b>	(34,886)	
<b>23,927</b>	(34,886)	

	2023 S\$'000	2022 S\$'000
<b>1,752</b>	–	
<b>(7,991)</b>	(5,780)	
<b>(6,239)</b>	(5,780)	
<b>17,688</b>	(40,666)	

### 6. EMPLOYEE COMPENSATION

Wages and salaries  
 Employer's contribution to defined contribution plans  
 Discretionary bonuses  
 Other long-term benefits

	2023 S\$'000	2022 S\$'000
<b>5,852</b>	3,307	
<b>405</b>	224	
<b>1,801</b>	–	
<b>65</b>	81	
<b>8,123</b>	3,612	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 7. OTHER EXPENSES

	2023 S\$'000	2022 S\$'000
Business tax on interest income from debt instruments at amortised cost and loans to non-related parties – micro-financing	<b>14,536</b>	16,870
Tax surcharge	<b>2,031</b>	2,801
Professional fees	<b>2,920</b>	2,580
Management fees	<b>746</b>	–
Operating costs of maritime fund assets	<b>9,235</b>	–
Depreciation of investment properties (Note 20)	<b>1,464</b>	1,257
Depreciation of property, plant and equipment (Note 21)	<b>3,026</b>	215
Client relationship expenses	<b>933</b>	120
Legal fees	<b>942</b>	715
Travel expenses	<b>213</b>	170
Directors' fees	<b>432</b>	144
Finance costs	<b>498</b>	192
Others	<b>1,245</b>	562
	<b>38,221</b>	25,626

### 8. ALLOWANCES FOR/(REVERSAL OF ALLOWANCES FOR) CREDIT LOSSES

	2023 S\$'000	2022 S\$'000
Debt investments at amortised cost (Note 16)	<b>33,788</b>	121,504
Loans to non-related parties – micro-financing (Note 19)	<b>(2,580)</b>	2,349
	<b>31,208</b>	123,853

### 9. INVESTMENTS IN ASSOCIATED COMPANIES

	2023 S\$'000	2022 S\$'000
As at 1 January	<b>322,643</b>	227,050
Additions	<b>42,494</b>	143,718
Return of capital (Note (a))	<b>(50,338)</b>	(26,347)
Disposals (Note (b))	–	(1,412)
Share of (losses)/profits	<b>(7,386)</b>	6,664
Currency translation difference	<b>(11,457)</b>	(27,030)
As at 31 December	<b>295,956</b>	322,643

- (a) In 2023, 11 (2022: 6) associated companies of the Group distributed their capital to all the shareholders based on their respective shareholdings. This did not result in a change of significant influence over these associated companies.
- (b) In 2022, the Group disposed 3 associated companies for a consideration of S\$1,412,000. There were no such disposals in the financial year ended 31 December 2023.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 9. INVESTMENTS IN ASSOCIATED COMPANIES (Cont'd)

The associated companies of the Group engages in venture capital investments and provision of seed funding activities. The associated companies of the Group are as follow:

<b>Name of associated companies<sup>(1)</sup></b>	<b>Principal activities</b>	<b>Place of business/country of incorporation</b>	<b>Effective equity holding</b>	
			<b>2023</b>	<b>2022</b>
			<b>%</b>	<b>%</b>
Everbright Venture Capital Jiangyin Co., Ltd.	Engaging in venture capital investment and providing seed capital	PRC	<b>21.4</b>	21.4
Jiangsu New Material Industrial Venture Capital Enterprise ("Limited Partnership")	Engaging in venture capital investment and providing seed capital	PRC	<b>38.0</b>	38.0
Jiangsu Nantong Yanhai Emerging Industrial Investment Fund ("Limited Partnership")	Engaging in venture capital investment and providing seed capital	PRC	<b>30.0</b>	30.0
Shanghai Chengding New Yangzi Investment Management Partnership Enterprise (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>12.5</b>	12.5
Shanghai Chengding New Yangzi Investment Partnership Enterprise ("Limited Partnership")	Engaging in venture capital investment and providing seed capital	PRC	<b>29.9</b>	29.9
Jiangsu Sushang Joint Industry Investment Partnership ("Limited Partnership")	Engaging in venture capital investment and providing seed capital	PRC	<b>20.3</b>	20.3
Shanghai Qianyue Investment Management Co., Ltd.	Engaging in venture capital investment and providing seed capital	PRC	<b>21.9</b>	21.9
Anhui Shiyin Yang Ship Industry Co., Ltd.	Engaging in venture capital investment and providing seed capital	PRC	<b>40.0</b>	40.0
Wuxi Jinyu Yangchuan Venture Capital Partnership ("Limited Partnership")	Engaging in venture capital investment and providing seed capital	PRC	<b>90.0</b>	90.0
Gongqingcheng Kunshun Venture Capital Partnership (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>60.0</b>	60.0

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 9. INVESTMENTS IN ASSOCIATED COMPANIES (Cont'd)

The associated companies of the Group engages in venture capital investments and provision of seed funding activities. The associated companies of the Group are as follow:

Name of associated companies <sup>(1)</sup>	Principal activities	Place of business/country of incorporation	Effective equity holding	
			2023	2022
			%	%
Wuhu Youli Enterprise Management Center Partnership ("Limited Partnership")	Engaging in venture capital investment and providing seed capital	PRC	<b>71.3</b>	71.3
Changzhou Wuyuefeng Qianlang Shunxin Venture Capital Partnership (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>71.4</b>	71.4
Anhui Jinxuan New Energy Equity Investment Partnership (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>40.0</b>	—
Jiangsu Nantong Jinhui Venture Capital Partnership (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>31.8</b>	—
Nantong Runhe Yangzi Venture Capital Partnership (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>60.0</b>	—
Wuxi Sumin Xihe Intelligent Manufacturing Investment Partnership (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>39.5</b>	—
Ruichang Xinneng Enterprise Management Partnership (Limited Partnership)	Engaging in venture capital investment and providing seed capital	PRC	<b>50.0</b>	—
Shenzhen Doug No. 8 Sports Investment Partnership ("Limited Partnership")	Engaging in venture capital investment and providing seed capital	PRC	<b>34.6</b>	34.6
Shenzhen Yangzi Cheng Xin Investment Co., Ltd.	Engaging in venture capital investment and providing seed capital	PRC	<b>40.0</b>	—

(1) These associated companies are audited by other accounting firms for local statutory purpose.

There are no contingent liabilities relating to the Group's interest in the associated companies. The directors are of the opinion that none of the associated companies contributes significantly to the results or financial position of the Group.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 10. OTHER GAINS

	2023 S\$'000	2022 S\$'000
Foreign exchange gains – net	<b>8,411</b>	42,375
Government grant income	<b>4,463</b>	7
Others	<b>747</b>	–
	<b>13,621</b>	42,382

### 11. INCOME TAXES

#### (a) Income tax expense

	2023 S\$'000	2022 S\$'000
Income tax expense attributable to profit is made up of:		
– Current income tax	<b>75,279</b>	52,217
– Deferred income tax (Note 22)	<b>(853)</b>	(17,823)
	<b>74,426</b>	34,394

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the PRC standard rate of income tax as follows:

	2023 S\$'000	2022 S\$'000
Profit before income tax	<b>277,117</b>	196,396
Share of results of associated companies, net of tax	<b>7,386</b>	(6,664)
Profit before income tax and share of results of associated companies	<b>284,503</b>	189,732
Tax calculated at the applicable tax rate of 25% (2022: 25%)	<b>71,126</b>	47,433
Effects of:		
– Tax exemption and different tax rates	<b>(1,433)</b>	(24,137)
– Deferred tax on undistributed profits	<b>3,715</b>	6,512
– Expenses not deductible for tax purposes	<b>1,018</b>	4,586
Tax charge	<b>74,426</b>	34,394

#### (b) Movement in current income tax liabilities

	2023 S\$'000	2022 S\$'000
Beginning of financial year	<b>28,867</b>	65,529
Tax expense	<b>75,279</b>	52,217
Income tax paid	<b>(75,603)</b>	(87,434)
Currency translation difference	<b>(3,912)</b>	(1,445)
End of financial year	<b>24,631</b>	28,867

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 11. INCOME TAXES (Cont'd)

#### (c) Movement in withholding tax liabilities

	2023 S\$'000	2022 S\$'000
Beginning of financial year	-	-
Transferred from deferred income tax liabilities (Note 22)	<b>51,844</b>	-
Withholding tax paid	<b>(51,844)</b>	-
End of financial year	-	-

### 12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the financial year.

	2023 S\$'000	2022 S\$'000
Net profit attributable to equity holders of the Company	<b>201,799</b>	162,002
Weighted average number of ordinary shares ('000)	<b>3,650,379</b>	3,836,519
Basic earnings per share (S\$ cents)	<b>5.53</b>	4.22

Diluted earnings per share is equivalent to the basic earnings, as the Company does not have any dilutive potential ordinary shares.

### 13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Cash at bank	<b>811,939</b>	564,790	<b>617</b>	59,589
Short-term bank deposits	<b>594,234</b>	55,896	<b>165,210</b>	13,437
	<b>1,406,173</b>	620,686	<b>165,827</b>	73,026

The interest rate for short-term bank deposits held with financial institutions as at balance sheet date ranges from 0.36% to 6.00% (2022: 0.10% to 5.00%) per annum and have maturities of 2 to 59 days (2022: 3 to 86 days) from the balance sheet date.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 14. GOODWILL

	2023 S\$'000	2022 S\$'000
Cost		
Beginning of financial year	1,061	–
Acquisition (Note 34)	–	1,061
Currency translation difference	<u>(38)</u>	–
End of financial year	<u>1,023</u>	1,061

### 15. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 S\$'000	2022 S\$'000
Beginning of financial year	470,072	505,426
Investments transferred to YZJ Group before spin-off	–	(71,361)
Additions	<b>278,122</b>	226,633
Fair value gain/(loss) through profit and loss	<b>8,246</b>	(34,886)
Disposals	<b>(305,653)</b>	(112,483)
Currency translation difference	<b>(16,964)</b>	(43,257)
End of financial year	<b>433,823</b>	470,072

Financial assets, at fair value through profit or loss are analysed as follows:

	2023 S\$'000	2022 S\$'000
<u>Current</u>		
Listed		
– Equity securities	–	27,597
Unlisted		
– Debt securities	<b>121,617</b>	–
– Venture capital funds	<b>–</b>	28,613
	<b>121,617</b>	56,210
<u>Non-Current</u>		
Unlisted		
– Debt securities	<b>49,827</b>	–
– Venture capital funds	<b>262,379</b>	413,862
	<b>312,206</b>	413,862
	<b>433,823</b>	470,072

The instruments are all mandatorily measured at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 16. DEBT INVESTMENTS AT AMORTISED COST

The Group invests in fixed interest debt instruments through intermediary financial institutions for specific borrowings arranged by these intermediaries.

Movements during the year are as follows:

	2023 S\$'000	2022 S\$'000
Beginning of financial year	<b>2,671,907</b>	3,514,595
Investments transferred to YZJ Group before spin-off	-	(536,377)
Additions	<b>320,915</b>	1,714,500
Redemptions	<b>(1,184,367)</b>	(1,638,594)
Impairment losses recognised in profit or loss	<b>(33,788)</b>	(121,504)
Currency translation difference	<b>(95,784)</b>	(260,713)
End of financial year	<b>1,678,883</b>	2,671,907

Presented as:

	2023 S\$'000	2022 S\$'000
<b>Current</b>		
Debt investments	<b>1,203,823</b>	2,461,001
Less: Allowance for impairment loss	<b>(75,609)</b>	(196,401)
	<b>1,128,214</b>	2,264,600
<b>Non-current</b>		
Debt investments	<b>724,777</b>	447,697
Less: Allowance for impairment loss	<b>(174,108)</b>	(40,390)
	<b>550,669</b>	407,307
<b>Total</b>		
Debt investments	<b>1,928,600</b>	2,908,698
Less: Allowance for impairment loss (Note 31(b)(iv))	<b>(249,717)</b>	(236,791)
	<b>1,678,883</b>	2,671,907

The table below analyses the maturity profile of the Group's gross investments in debt investments at amortised cost into relevant maturity groupings based on the remaining maturity period from the balance sheet date.

	2023 S\$'000	2022 S\$'000
Within one year	<b>1,203,823</b>	2,461,001
Between one year to two years	<b>300,843</b>	324,481
Over two years	<b>423,934</b>	123,216
	<b>1,928,600</b>	2,908,698

At the balance sheet date, the carrying amounts of debt investments at amortised cost (current and non-current) approximated their fair values.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 S\$'000	2022 S\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	4,958	–
Additions		
– Incorporation	–	1,658
– Acquisition (Note 34)	–	3,300
– Capital injection	111,582	–
Currency translation difference	(179)	–
End of financial year and net book value	<u>116,361</u>	<u>4,958</u>

Details of significant subsidiaries are provided in Note 39.

### 18. DERIVATIVES FINANCIAL INSTRUMENTS

	Group			Company						
	Contract		Fair value	Contract		Fair value				
	notional	Amount		Asset	Liability		notional	Amount	Asset	Liability
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>31 December 2023</b>										
Currency forwards	253,515	4,475	(1,328)	171,487	4,475	(725)				
Options	1,775,213	–	(17,781)	1,008,975	–	(9,753)				
<b>Total</b>		<u>4,475</u>	<u>(19,109)</u>		<u>4,475</u>	<u>(10,478)</u>				
<b>31 December 2022</b>										
Currency forwards	418,498	96	(5,959)	335,176	96	(3,118)				
Options	11,576	–	(1,013)	11,576	–	(1,013)				
<b>Total</b>		<u>96</u>	<u>(6,972)</u>		<u>96</u>	<u>(4,131)</u>				

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 19. TRADE AND OTHER RECEIVABLES

	Group	Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000
	2022 S\$'000		2022 S\$'000
<i>Current</i>			
Maritime fund assets – finance lease receivables (Note (d))	<b>18,599</b>	–	–
Trade receivables			
– Loans to non-related parties – micro-financing (Note (a))	<b>7,980</b>	23,894	–
– Loans to related parties (Note (b))	–	–	<b>911,447</b>
Less: Allowance for impairment of loans to non-related parties – micro-financing	<b>(2,604)</b>	(6,458)	–
	<b>23,975</b>	17,436	<b>911,447</b>
			437,506
Other receivables			
– Loans to subsidiaries (Note (c))	–	–	<b>2,640,877</b>
– Non-related parties	<b>27,496</b>	9,272	<b>1,863</b>
Trade and other receivables – current	<b>51,471</b>	26,708	<b>3,554,187</b>
			4,084,201

	Group	Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000
	2022 S\$'000		2022 S\$'000
<i>Non-current</i>			
Maritime fund assets – finance lease receivables (Note (d))	<b>88,119</b>	–	–
Trade receivables			
Loans to non-related parties – micro-financing (Note (a))	<b>1,815</b>	2,788	–
Trade and other receivables – non-current	<b>89,934</b>	2,788	–

- (a) Loans to non-related parties related to micro-financing activities relates to loans to small and medium sized entities by a Group's subsidiary.
- (b) Loans to related parties are unsecured, interest-bearing at market interest rate and repayable on demand.
- (c) Loans to subsidiaries are unsecured and interest-free. The settlement of the amounts is neither planned nor likely to occur in the next twelve months.
- (d) The Group has entered into bareboat charter agreements with various non-related parties through its subsidiaries. The bareboat charter agreements expire between 2027 and 2033, and the non-related parties have the obligation to purchase the vessels upon their respective expiry dates.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 19. TRADE AND OTHER RECEIVABLES (Cont'd)

The following table presents the reconciliation between the gross investments in the lease and the present value of the minimum lease payments receivable at the end of the reporting period.

	2023 S\$'000	2022 S\$'000
<u>Maritime fund assets</u>		
Gross receivables due		
– Less than one year	28,489	–
– Later than one year but within five years	98,781	–
– Later than five years but within ten years	18,089	–
	<u>145,359</u>	–
Less: unearned financing income	(38,641)	–
Net investment in finance leases receivable	<u>106,718</u>	–

### 20. INVESTMENT PROPERTIES

Group	2023 S\$'000	2022 S\$'000
<b>Cost</b>		
Beginning of financial year	23,718	25,812
Additions (Note (a))	–	260
Currency translation difference	(856)	(2,354)
End of financial year	<u>22,862</u>	23,718
<b>Accumulated depreciation</b>		
Beginning of financial year	(2,178)	(1,277)
Depreciation charge (Note 7)	(1,464)	(1,257)
Currency translation difference	107	356
End of financial year	<u>(3,535)</u>	(2,178)
<b>Net book value</b>	<u>19,327</u>	21,540

(a) Included in additions is capitalised expenditure of S\$NIL (2022: S\$260,000).

The investment properties were acquired by the Group in 2020 through a PRC court process in 2020, as a form of settlement for default in repayment of certain debt investments at amortised cost.

The following amounts are recognised in profit and loss:

	2023 S\$'000	2022 S\$'000
Rental income	<u>512</u>	405

Rental income recognised is net of direct operating expenses arising from investment property for the financial year ended 31 December 2023 and 2022.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 20. INVESTMENT PROPERTIES (Cont'd)

At the reporting date, the details of the Group's investment properties are as follows:

Location	Description	Tenure	Carrying amount as at 31 December	
			2023	2022
			S\$'000	S\$'000
Jiangyin City Real Estate Property No. 0002049, Ganglong Commercial Plaza No. 209-212	Retail building	32-year lease from June 2020	17,692	19,733
Room 801, No. 95 Dongjin West Road, Hailing District	Commercial building	23-year lease from May 2020	1,635	1,807
			<b>19,327</b>	<b>21,540</b>

The fair value of investment properties at 31 December 2023 is approximately S\$22,028,000 (2022: S\$27,619,000).

The fair value was determined by external, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy and has been derived using the market approach and income method. The most significant input in each valuation approach is the comparable sales price and capitalisation rate respectively.

As at 31 December 2023 and 2022, the Group has determined that the recoverable amount based on fair value is higher than the carrying value of the investment properties and no impairment loss was recognised.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 21. PROPERTY, PLANT AND EQUIPMENT

Group <b>2023</b>	<b>Maritime fund assets</b>		<b>Right-of-use assets</b>	<b>Furniture, fittings &amp; equipment</b>	<b>Total S\$'000</b>
	<b>– vessels S\$'000</b>	<b>Buildings S\$'000</b>	<b>assets S\$'000</b>	<b>S\$'000</b>	
<b>Cost</b>					
Beginning of financial year	–	2,155	1,116	65	3,336
Additions	128,037	–	–	5	128,042
Disposals	–	(827)	–	(48)	(875)
Currency translation difference	–	(78)	(40)	(2)	(120)
End of financial year	<b>128,037</b>	<b>1,250</b>	<b>1,076</b>	<b>20</b>	<b>130,383</b>
<b>Accumulated depreciation</b>					
Beginning of financial year	–	(467)	–	(55)	(522)
Disposals	–	128	–	49	177
Depreciation charge	(2,650)	–	(372)	(4)	(3,026)
Currency translation difference	20	35	28	2	85
End of financial year	<b>(2,630)</b>	<b>(304)</b>	<b>(344)</b>	<b>(8)</b>	<b>(3,286)</b>
<b>Net book value</b>					
<b>End of financial year</b>	<b>125,407</b>	<b>946</b>	<b>732</b>	<b>12</b>	<b>127,097</b>
<b>2022</b>					
<b>Cost</b>					
Beginning of financial year	–	2,368	–	6	2,374
Additions	–	–	1,116	10	1,126
Currency translation difference	–	(213)	–	49	(164)
End of financial year	–	2,155	1,116	65	3,336
<b>Accumulated depreciation</b>					
Beginning of financial year	–	(290)	–	(6)	(296)
Depreciation charge	–	(215)	–	–	(215)
Currency translation difference	–	38	–	(49)	(11)
End of financial year	–	(467)	–	(55)	(522)
<b>Net book value</b>					
<b>End of financial year</b>	–	1,688	1,116	10	2,814

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 21. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Right-of-use assets S\$'000	Total S\$'000
<b>Company</b>		
<b>2023</b>		
Cost		
Beginning of financial year	1,116	1,116
Currency translation difference	(40)	(40)
End of financial year	<u>1,076</u>	<u>1,076</u>
Accumulated depreciation		
Beginning of financial year	-	-
Depreciation charge	(372)	(372)
Currency translation difference	28	28
End of financial year	<u>(344)</u>	<u>(344)</u>
<b>Net book value</b>		
<b>End of financial year</b>	<u>732</u>	<u>732</u>
<b>2022</b>		
Cost		
Beginning of financial year	-	-
Additions	1,116	1,116
End of financial year	<u>1,116</u>	<u>1,116</u>
Accumulated depreciation		
Beginning and end of financial year	-	-
<b>Net book value</b>		
<b>End of financial year</b>	<u>1,116</u>	<u>1,116</u>

### 22. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	31 December		31 December	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Deferred tax assets	67,833	65,728	-	-
Deferred tax liabilities	(172,441)	(228,906)	(166,582)	(222,747)
Net deferred tax liabilities	<u>(104,608)</u>	(163,178)	<u>(166,582)</u>	(222,747)



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 22. DEFERRED INCOME TAXES (Cont'd)

Movements in net deferred income tax accounts are as follows:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Beginning of financial year	(163,178)	(10,188)	(222,747)	–
Spin-off process (Note 30)	–	(167,507)	–	(235,522)
Transferred to withholding tax liabilities (Note 11)	51,844	–	51,844	–
Currency translation differences	5,873	(3,306)	8,115	12,775
Tax credited/(charged) to profit or loss (Note 11)	853	17,823	(3,794)	–
End of financial year	(104,608)	(163,178)	(166,582)	(222,747)

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at balance sheet date, there is no unrecognised tax losses which can be carried forward and used to offset against future taxable income.

The movement in deferred income tax assets and liabilities is as follows:

#### Group

##### Deferred income tax assets

	Impairment losses S\$'000	Fair value losses S\$'000	Total S\$'000
<b>2023</b>			
As at 1 January	59,385	6,343	65,728
(Charged)/credited to profit or loss	5,076	(508)	4,568
Currency translation difference	(2,244)	(219)	(2,463)
As at 31 December	62,217	5,616	67,833
<b>2022</b>			
As at 1 January	72,629	–	72,629
(Charged)/credited to profit or loss	(9,948)	6,706	(3,242)
Currency translation difference	(3,296)	(363)	(3,659)
As at 31 December	59,385	6,343	65,728

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 22. DEFERRED INCOME TAXES (Cont'd)

#### Group (Cont'd)

##### *Deferred income tax liabilities*

	<b>Undistributed profits of subsidiaries S\$'000</b>	<b>Fair value gain S\$'000</b>	<b>Total S\$'000</b>
<b>2023</b>			
As at 1 January	(228,906)	–	(228,906)
Transferred to withholding tax liabilities (Note 11)	51,844	–	51,844
(Charged)/credited to profit or loss	(3,715)	–	(3,715)
Currency translation difference	8,336	–	8,336
As at 31 December	<b>(172,441)</b>	–	<b>(172,441)</b>
<b>2022</b>			
As at 1 January	(55,240)	(27,577)	(82,817)
Spin-off process (Note 30)	(167,507)	–	(167,507)
(Charged)/credited to profit or loss	(6,512)	27,577	21,065
Currency translation difference	353	–	353
As at 31 December	<b>(228,906)</b>	–	<b>(228,906)</b>

#### Company

##### *Deferred income tax liabilities*

	<b>Undistributed profits S\$'000</b>
<b>2023</b>	
As at 1 January	(222,747)
Transferred to withholding tax liabilities (Note 11)	51,844
Charged to profit or loss	(3,794)
Currency translation difference	8,115
As at 31 December	<b>(166,582)</b>
<b>2022</b>	
As at 1 January	–
Spin-off process (Note 30)	(235,522)
Charged to profit or loss	–
Currency translation difference	12,775
As at 31 December	<b>(222,747)</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 23. OTHER PAYABLES

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Amount due to related parties	—	—	25,458	136,211
Cash collateral	18,597	31,401	—	—
Other payables	26,946	21,516	1,459	846
Net deferred tax liabilities	45,543	52,917	26,917	137,057

Amount due to related parties is unsecured, interest-free, and repayable on demand.

### 24. LEASES – THE GROUP AS A LESSEE

#### Nature of the Group's and the Company's leasing activities

The Group and the Company leases office space for the purpose of head office operations.

- (a) Carrying amount

#### ROU asset classified within property, plant and equipment

	2023 S\$'000	2022 S\$'000
Leasehold building	732	1,116
	732	1,116

- (b) Depreciation charge during the year

	2023 S\$'000	2022 S\$'000
Leasehold building	372	—
	372	—

- (c) Interest expense

	2023 S\$'000	2022 S\$'000
Interest expense on lease liabilities	40	—
	40	—

- (d) Total cash outflow for all leases in 2023 was S\$399,000 (2022: S\$NIL).

- (e) Addition of ROU assets during the financial year was S\$NIL (2022: S\$1,116,000).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 25. BORROWINGS

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
<i>Current</i>				
Bank borrowings	–	13,446	–	–
Lease liabilities	<b>374</b>	384	<b>374</b>	384
	<b>374</b>	13,830	<b>374</b>	384
<i>Non-current</i>				
Bank borrowings	–	–	–	–
Lease liabilities	<b>358</b>	732	<b>358</b>	732
	<b>358</b>	732	<b>358</b>	732
Total borrowings	<b>732</b>	14,562	<b>732</b>	1,116

All the above borrowings are measured at amortised cost. Information about the Group's and Company's exposure to interest rate and liquidity risks is included in Note 31.

### 26. SHARE CAPITAL AND TREASURY SHARES

	Number of shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital	Treasury shares
			S\$'000	S\$'000
<i>Group and Company</i>				
<b>2023</b>				
Beginning of financial year	<b>3,950,589</b>	(259,611)	<b>3,858,695</b>	(94,120)
Treasury shares purchased	–	(93,096)	–	(31,566)
Currency translation difference	–	–	(139,287)	3,398
End of financial year	<b>3,950,589</b>	(352,707)	<b>3,719,408</b>	(122,288)

	Number of shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital	Treasury shares
			S\$'000	S\$'000
<i>Group and Company</i>				
<b>2022</b>				
Beginning of financial year	3,950,589	–	2,084,771	–
Treasury shares purchased	–	(259,611)	–	(94,120)
Spin-off process <sup>#</sup> (Note 30)	–	–	2,067,191	–
Currency translation difference	–	–	(293,267)	–
End of financial year	<b>3,950,589</b>	(259,611)	<b>3,858,695</b>	(94,120)

# Represents the effect of spin-off of the Company and its subsidiaries from Yangzijiang Shipbuilding (Holdings) Ltd., the previous owner of the Company before the spin-off, on the equity of the Group in April 2022.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 26. SHARE CAPITAL AND TREASURY SHARES (Cont'd)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

(a) Treasury shares

The Company acquired 93,096,000 (2022: 259,611,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was S\$31,566,000 (2022: S\$94,120,000) and this was presented as a component within shareholder's equity.

### 27. OTHER RESERVES

	Group 31 December		Company 31 December	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
<b>Movement:</b>				
<b>(i) Currency translation reserve</b>				
Beginning of financial year	<b>(2,718)</b>	272,369	<b>(988)</b>	–
Currency translation difference for presentation currency	<b>(141,869)</b>	(297,585)	<b>(136,694)</b>	(294,255)
Translation differences arising from translation of equity items to presentation currency	<b>143,560</b>	294,867	<b>138,078</b>	293,267
Spin-off process (Note 30)	–	(272,369)	–	–
End of financial year	<b>(1,027)</b>	(2,718)	<b>396</b>	(988)
<b>(ii) Statutory reserve</b>				
Beginning of financial year	<b>26,963</b>	15,042	–	–
Transfer from retained earnings	<b>23,368</b>	15,096	–	–
Spin-off process (Note 30)	–	(2,273)	–	–
Translation differences arising from translation of equity items to presentation currency	<b>(973)</b>	(902)	–	–
End of financial year	<b>49,358</b>	26,963	–	–

(a) Statutory reserves

In accordance with the relevant rules and regulations, the Group's subsidiaries in the PRC are required to appropriate certain percentage of their profits to various statutory reserves.

All subsidiaries which are considered as Wholly Owned Foreign Enterprise may discontinue the contribution to the statutory reserves when the aggregate sum of the statutory reserves is more than 50% of the registered capital in accordance with the "Law of the PRC on Enterprise Operated Exclusively with Foreign Capital".

During the financial year ended 31 December 2023, the Group's subsidiaries have appropriated S\$23,368,000 (2022: S\$15,096,000) from their profits to statutory reserves.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 27. OTHER RESERVES (Cont'd)

#### (b) Currency translation reserves

Currency translation reserves represents the currency translation differences resulting from the translation of the Group's entities financial statements that have functional currency different from the Group's presentation currency as well as differences in functional and presentation currency of the Group's financial statements.

### 28. DIVIDENDS

	Group	
	2023 S\$'000	2022 S\$'000
<i>Ordinary dividends</i>		
Final exempt dividend paid in respect of the previous financial year of S\$0.018 per share	<b>66,131</b>	—

A final exempt (one-tier) dividend of 2.20 Singapore cents per share amounting to S\$79,513,411 has been recommended for the shareholders' approval at the Annual General Meeting on 24 April 2024. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

### 29. OWNER'S NET INVESTMENT

YZJ Financial Group operated and was managed as part of the YZJ Group prior to the spin-off on 28 April 2022. The owner's net investment reflects the net funding position between YZJ Financial Group and YZJ Group. The net funding position relates to all balances with YZJ Group, except for intercompany current accounts with YZJ Group that are settled periodically based on instructions from YZJ Group treasury department.

### 30. SPIN-OFF PROCESS

YZJ Financial Group's spin-off took effect in April 2022. The combined capital was replaced by share capital of YZJ Group. The owner's net investment, reserves and retained earnings of the Investment Business up to the spin-off date were distributed back to YZJ Group prior to the spin-off date.

### 31. FINANCIAL RISK MANAGEMENT

#### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Group, including establishing operating guidelines governing the activities of the Group, such as risk identification and measurement, risk management, oversight responsibilities, authority levels and exposure limits.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (a) Market risk

##### (i) *Currency risk*

The Group's currency risk arises mainly from its foreign currency denominated cash balances, financial assets at fair value through profit or loss and debt investments at amortised cost. The Group aims to mitigate the currency risk by entering into currency swaps and forwards, in accordance with the Group's financial risk management policies.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S\$'000	RMB S\$'000	USD S\$'000	JPY S\$'000	EUR S\$'000	HKD S\$'000	AUD S\$'000	GBP S\$'000	Total S\$'000
<u>The Group</u>									
<b>At 31 December 2023</b>									
<b>Financial assets</b>									
Cash and cash equivalents	757	1,059,531	236,790	82,312	26,783	-	-	-	1,406,173
Financial assets at fair value through profit or loss	26,489	113,924	291,839	-	1,571	-	-	-	433,823
Debt investments at amortised cost	-	1,600,625	76,592	-	-	-	-	1,666	1,678,883
Trade and other receivables	214	24,678	116,513	-	-	-	-	-	141,405
	<b>27,460</b>	<b>2,798,758</b>	<b>721,734</b>	<b>82,312</b>	<b>28,354</b>	<b>-</b>	<b>-</b>	<b>1,666</b>	<b>3,660,284</b>
<b>Financial liabilities</b>									
Trade and other payables	(3,429)	(38,497)	(3,617)	-	-	-	-	-	(45,543)
Borrowings	(732)	-	-	-	-	-	-	-	(732)
	<b>(4,161)</b>	<b>(38,497)</b>	<b>(3,617)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46,275)</b>
Currency contracts	29,389	(1,855,654)	1,757,658	80,238	26,750	(39,943)	(14,762)	1,690	
Net financial assets/(liabilities)	<b>52,688</b>	<b>904,607</b>	<b>2,475,775</b>	<b>162,550</b>	<b>55,104</b>	<b>(39,943)</b>	<b>(14,762)</b>	<b>3,356</b>	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (a) Market risk (Cont'd)

##### (i) Currency risk (Cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S\$'000	RMB S\$'000	USD S\$'000	JPY S\$'000	EUR S\$'000	GBP S\$'000	Total S\$'000
<b>The Group</b>							
<b>At 31 December 2022</b>							
<b>Financial assets</b>							
Cash and cash equivalents	16,151	497,811	15,362	91,362	–	–	620,686
Financial assets at fair value through profit or loss	–	328,547	141,525	–	–	–	470,072
Debt investments at amortised cost	18,057	2,402,236	219,720	–	21,083	10,811	2,671,907
Trade and other receivables	9,739	19,757	–	–	–	–	29,496
	43,947	3,248,351	376,607	91,362	21,083	10,811	3,792,161
<b>Financial liabilities</b>							
Trade and other payables	–	–	(52,917)	–	–	–	(52,917)
Borrowings	(1,116)	–	(13,446)	–	–	–	(14,562)
	(1,116)	–	(66,363)	–	–	–	(67,479)
Currency contracts	(33,154)	(418,890)	440,857	36,834	(21,478)	(11,045)	
Net financial assets/(liabilities)	9,677	2,829,461	751,101	128,196	(395)	(234)	



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (a) Market risk (Cont'd)

##### (i) Currency risk (Cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD S\$'000	RMB S\$'000	USD S\$'000	JPY S\$'000	EUR S\$'000	Total S\$'000
<b>The Company</b>						
<b>At 31 December 2023</b>						
<b>Financial assets</b>						
Cash and cash equivalents	384	93,084	72,359	-	-	165,827
Debt investment at amortised cost	-	-	4,049	-	-	4,049
Trade and other receivables	116	2,859,878	615,667	77,045	1,481	3,554,187
	500	2,952,962	692,075	77,045	1,481	3,724,063
<b>Financial liabilities</b>						
Trade and other payables	(1,368)	(25,549)	-	-	-	(26,917)
Borrowings	(732)	-	-	-	-	(732)
	(2,100)	(25,549)	-	-	-	(27,649)
Currency contracts	(23,295)	(1,163,171)	1,099,797	80,666	-	
Net financial assets/(liabilities)	(24,895)	1,764,242	1,791,872	157,711	1,481	
<b>At 31 December 2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	267	6	13,602	59,151	-	73,026
Trade and other receivables	-	3,646,569	467,118	-	-	4,113,687
	267	3,646,575	480,720	59,151	-	4,186,713
<b>Financial liabilities</b>						
Trade and other payables	(30,334)	(135,059)	(1,150)	-	-	(166,543)
	(30,334)	(135,059)	(1,150)	-	-	(166,543)
Currency contracts	-	(418,890)	357,535	57,320	-	
Net financial assets/(liabilities)	(30,067)	3,092,626	837,105	116,471	-	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (a) Market risk (Cont'd)

##### (i) Currency risk (Cont'd)

If the SGD, USD, JPY, EUR, GBP, HKD and AUD change against the RMB with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) excluding equity instruments that are exposed to the currency risk will be as follows:

	Increase/(Decrease)		Possible rate change	
	Profit after tax		2023	
	2023 S\$'000	2022 S\$'000	2023	2022
<b>The Group</b>				
SGD against RMB:				
– Strengthened	<b>1,581</b>	803	<b>4%</b>	10%
– Weakened	<b>(1,581)</b>	(803)	<b>4%</b>	10%
USD against RMB:				
– Strengthened	<b>37,137</b>	56,107	<b>2%</b>	9%
– Weakened	<b>(37,137)</b>	(56,107)	<b>2%</b>	9%
JPY against RMB:				
– Strengthened	<b>4,877</b>	5,320	<b>4%</b>	5%
– Weakened	<b>(4,877)</b>	(5,320)	<b>4%</b>	5%
EUR against RMB:				
– Strengthened	<b>2,480</b>	(10)	<b>6%</b>	3%
– Weakened	<b>(2,480)</b>	10	<b>6%</b>	3%
<b>The Company</b>				
SGD against RMB:				
– Strengthened	<b>(747)</b>	(2,496)	<b>4%</b>	10%
– Weakened	<b>747</b>	2,496	<b>4%</b>	10%
USD against RMB:				
– Strengthened	<b>26,878</b>	62,532	<b>2%</b>	9%
– Weakened	<b>(26,878)</b>	(62,532)	<b>2%</b>	9%
JPY against RMB:				
– Strengthened	<b>4,731</b>	4,834	<b>4%</b>	5%
– Weakened	<b>(4,731)</b>	(4,834)	<b>4%</b>	5%



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (a) Market risk (Cont'd)

##### (ii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Sensitivity analysis to change in fair value arising from discount rate movement is disclosed in Note 31(e).

The Group's interest rate risks arise primarily from its cash and cash equivalents, restricted cash, debt investments at amortised cost, finance lease receivables from maritime fund assets and loans to non-related parties – micro-financing.

As at balance sheet date, the Group's investments in debt investments at amortised cost and loans to non-related parties – microfinancing were not significantly exposed to cash flow interest rate risk as they are primarily fixed rate instruments.

##### (iii) *Price risk*

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as financial assets, at FVPL. To manage its price risk arising from these investments, the Group ensures that the investments are within authorised mandate based on its approved financial risk management and operating guidelines.

If prices for equity security measured at fair value through profit or loss had increased/decreased by 10% (2022: 10%) with all other variables including tax rate being held constant, the net of tax effects on profit after tax ("PAT") would have been:

	<b>Increase/(decrease)</b>	
	<b>2023</b>	<b>2022</b>
	<b>PAT</b>	<b>PAT</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Increased by	19,678	35,255
Decreased by	<b>(19,678)</b>	<b>(35,255)</b>

#### (b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group.

Except as disclosed below, the maximum exposure to credit risk for those financial assets which the Group and the Company do not hold collaterals is the carrying amount of that class of financial instruments presented on the balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (b) Credit risk (Cont'd)

The Group's and the Company's credit risk exposure in relation to financial assets at amortised cost and contract assets under SFRS(I) 9 as at 31 December 2023 and 2022 are set out in the as follows:

##### (i) Cash and cash equivalents

Cash and cash equivalents are considered to have low credit risk as the Group and the Company adopt the policy of dealing only with major banks of high credit standing throughout the world.

To mitigate credit risk, the Company adopts the policy of dealing only with financial institutions and other counterparties with high credit ratings.

##### (ii) Loans to non-related parties – microfinancing

Loans to non-related parties – microfinancing are related to the micro-credit provided to enterprises and individuals.

All the loans to non-related parties – microfinancing are secured by either single or a group of collaterals or by guarantees. The Group monitors the market value of these collaterals on a periodic basis and has contractual safeguards in place to minimise credit risk as they have the right to call for additional collateral if the value of the initial collateral is inadequate. The Group uses internal credit risk rating to determine the credit risk and determine the credit loss allowance.

The Group applies a general 3 stage approach to measure expected credit loss. In measuring expected credit loss, the Group considers the probability of default upon the initial recognition of the loan and assess whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if there is a decline in internal credit risk grading. A default on a loan is when the counterparty fails to make contractual payments for a prolonged period when they fall due.

The fair value of the collaterals is considered when providing for loss allowance. The carrying amounts of loans to non-related parties – microfinancing before loss allowance presented by the type of collaterals held are as follows:

	2023 S\$'000	2022 S\$'000
Collateralised by:		
– Properties and land use rights	5,163	10,255
– Guaranteed by non-related individuals	1,283	14,702
– Guaranteed by non-related corporations	3,349	1,725
	<b>9,795</b>	26,682



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### **31. FINANCIAL RISK MANAGEMENT (Cont'd)**

#### (b) Credit risk (Cont'd)

##### (ii) *Loans to non-related parties – microfinancing (Cont'd)*

As at 31 December 2023 and 2022, the Group measures loss allowance for loans to non-related parties – microfinancing for 12-month expected credit losses.

	<b>2023</b> <b>S\$'000</b>	<b>2022</b> <b>S\$'000</b>
As at 1 January	<b>6,458</b>	4,655
Loss allowance recognised in profit or loss during the year on:		
– Assets acquired/originated	–	2,349
– Reversal of unutilised amount	<b>(2,580)</b>	–
	<b>(2,580)</b>	2,349
Utilisation of credit losses	<b>(1,093)</b>	–
Currency translation difference	<b>(181)</b>	(546)
As at 31 December	<b>2,604</b>	6,458

##### (iii) *Finance lease receivables, other receivables and other financial assets*

Management has performed credit evaluation before entering into finance lease with bareboat charter agreement. Other receivables and other financial assets are due substantially from counterparties with a good collection track record with the Group and subject to immaterial credit losses.

##### (iv) *Debt investments at amortised cost*

For each debt investment, the Group's credit risk management strategy is to obtain a principal collateral of higher liquidity, and additional collaterals on top of the principal collateral, where necessary.

The Group applies general 3 stage approach to measure expected credit loss. In measuring expected credit loss, the Group considers the probability of default upon initial recognition of investment and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group uses internal credit risk grading for its debt investments and these internal credit risk grading is established by reference to industry practice.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (b) Credit risk (Cont'd)

##### (iv) Debt investments at amortised cost (Cont'd)

The summary of impairment assessment is presented as follows:

Category	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Write-off
Definition of category	Borrowers have a low risk of default or a strong capacity to meet contractual cash flows	Borrowers for which there is a significant increase in credit risk; significant increase in credit risk is presumed if there is a decline in internal credit risk grading (which could result from interest payments past due)	Principal and/or interest payments past due; Borrowers facing litigations; or extension of principal repayment date due to financial difficulties	No reasonable expectation of recovery
Basis of recognition of expected credit loss	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	Asset is written off

Over the term of the investment, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward looking macroeconomic data. The forward looking macroeconomic data incorporates adjustments for weighted average economic scenario outcomes, being 10% upside, 10% downside and 80% base (2022: 10% upside, 10% downside and 80% base) case scenarios, and are derived using publicly available data and internal forecast.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (b) Credit risk (Cont'd)

##### (iv) Debt investments at amortised cost (Cont'd)

The Group provides for credit losses against debt investments as follows:

Category	Performing S\$'000	Under- performing S\$'000	Non- performing S\$'000	Total S\$'000
<b>2023</b>				
Expected credit loss rates	7.3%	23.5%	—*	
Gross carrying amount	836,823	218,731	790,702	1,846,256
Credit loss allowance	(61,366)	(51,360)	(136,991)	(249,717)
Net carrying amount of fixed interest debt instruments through intermediary financial institutions in China	775,457	167,371	653,711	1,596,539
Government bonds and other short-term investments offered by various banks	82,344	—	—	82,344
Net carrying amount	857,801	167,371	653,711	1,678,883
<b>2022</b>				
Expected credit loss rates	5.6%	10.9%	—*	
Gross carrying amount	1,347,746	149,382	1,141,897	2,639,025
Credit loss allowance	(75,262)	(16,226)	(145,303)	(236,791)
Net carrying amount of fixed interest debt instruments through intermediary financial institutions in China	1,272,484	133,156	996,594	2,402,234
Government bonds and other short-term investments offered by various banks	269,673	—	—	269,673
Net carrying amount	1,542,157	133,156	996,594	2,671,907

\* The ECL for non-performing investment is determined on an individual basis using a discounted cash flow methodology. Expected future cash flows are based on the management estimates as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries. Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on its estimated fair value of collateral at the time of expected realisation, less costs for obtaining and selling the collateral. The cash flows are discounted at the original effective interest rate.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (b) Credit risk (Cont'd)

##### (iv) Debt investments at amortised cost (Cont'd)

The loss allowance for debt investments as at 31 December 2023 and 2022 reconciles to the opening loss allowance for that provision as follows:

	<b>Stage 1 S\$'000</b>	<b>Stage 2 S\$'000</b>	<b>Stage 3 S\$'000</b>	<b>Total S\$'000</b>
<b>2023</b>				
Balance at 1 January	<b>75,262</b>	<b>16,226</b>	<b>145,303</b>	<b>236,791</b>
Transfer to Stage 3	(4,619)	(1,135)	5,754	–
Transfer to Stage 2	(291)	291	–	–
Transfer to Stage 1	1,130	(1,130)	–	–
Loss allowance recognised in profit or loss during the year on:				
– Asset acquired/originated*	<b>25,358</b>	<b>3,073</b>	–	<b>28,431</b>
– Reversal of unutilised amount	(27,211)	(835)	(48,794)	(76,840)
– Changes in risk parameters**	(5,837)	36,140	51,894	82,197
	(7,690)	38,378	3,100	33,788
Utilisation of credit losses	–	–	(12,088)	(12,088)
Currency translation difference	(2,426)	(1,270)	(5,078)	(8,774)
Balance at 31 December	<b>61,366</b>	<b>51,360</b>	<b>136,991</b>	<b>249,717</b>
<b>2022</b>				
Balance at 1 January	127,336	5,847	272,380	405,563
Transfer to Stage 3	(56,927)	(422)	57,349	–
Transfer to Stage 2	(1,762)	1,762	–	–
Spin-off process	–	–	(262,151)	(262,151)
Loss allowance recognised in profit or loss during the year on:				
– Asset acquired/originated*	18,826	–	3,265	22,091
– Reversal of unutilised amount	(3,829)	(684)	–	(4,513)
– Changes in risk parameters**	808	10,097	93,021	103,926
	15,805	9,413	96,286	121,504
Currency translation difference	(9,190)	(374)	(18,561)	(28,125)
Balance at 31 December	<b>75,262</b>	<b>16,226</b>	<b>145,303</b>	<b>236,791</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (b) Credit risk (Cont'd)

##### (iv) Debt investments at amortised cost (Cont'd)

- \* This relates to the loss allowance recorded in profit or loss on debt investments acquired/originated in the same year and for which the debt investment remains outstanding as at balance sheet date. These debt investments dropped to Stage 2 or 3 after origination and during the financial year.
- \*\* For the performing and under-performing debt investments, the change in the loss allowance is due to change in the probability of default used or estimated loss given default to calculate the expected credit losses.

For the non-performing debt investments, the change in the loss allowance is due to change in the estimated loss given default to calculate the lifetime expected credit loss.

The fair value of the collaterals is considered when providing for loss allowance. The carrying amounts of debt investments before loss allowance, presented by the type of collaterals held, are as follows:

	2023 S\$'000	2022 S\$'000
Collateralised by:		
– Listed shares in the PRC*	<b>320,425</b>	551,769
– Unlisted shares in the PRC	<b>372,134</b>	521,697
– Properties and land use rights	<b>677,998</b>	1,037,234
– Guaranteed by government corporations and non-related corporations	<b>558,043</b>	797,998
	<b>1,928,600</b>	2,908,698

- \* In 2022, included in the listed shares in the PRC has an amount of S\$90,789,000 of shares which will only be available for trading after the expiry of their restriction period. There are no restricted listed shares in the financial year ended 31 December 2023.

The Company's debt investments at amortised cost are subject to immaterial credit risk as it is held with financial institutions with high credit ratings.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (c) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and marketable securities to enable them to meet their normal operating commitments.

The table below analyses the maturity profile of the Group's non-derivative financial liabilities into relevant maturity groupings on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 1 year S\$'000</b>	<b>Between 1 and 2 years S\$'000</b>	<b>Between 2 and 5 years S\$'000</b>	<b>Over 5 years S\$'000</b>
<u>The Group</u>				
<b>As at 31 December 2023</b>				
Undrawn capital commitments	<b>585,986</b>	—	—	—
Bank borrowings	—	—	—	—
Lease liabilities	<b>374</b>	<b>358</b>	—	—
Other payables	<b>45,543</b>	—	—	—
	<b>631,903</b>	<b>358</b>	—	—
<b>As at 31 December 2022</b>				
Undrawn capital commitments	425,624	—	—	—
Bank borrowings	13,446	—	—	—
Lease liabilities	384	374	358	—
Other payables	52,917	—	—	—
	492,371	374	358	—
<u>The Company</u>				
<b>As at 31 December 2023</b>				
Lease liabilities	<b>374</b>	<b>358</b>	—	—
Other payables	<b>26,917</b>	—	—	—
	<b>27,291</b>	<b>358</b>	—	—
<b>As at 31 December 2022</b>				
Lease liabilities	384	374	358	—
Other payables	137,057	—	—	—
	137,441	374	358	—



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### **31. FINANCIAL RISK MANAGEMENT (Cont'd)**

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Group monitors capital on the basis of the total liabilities to total assets ratio.

The Group's strategy is to maintain a stable total liabilities to total assets ratio. The ratios at balance sheet date were as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Total liabilities	<b>262,456</b>	332,128
Total assets	<b>4,175,995</b>	4,205,947
Liability-to-asset ratio	<b>6.3%</b>	7.9%

The Group's subsidiary, GEM Asset Management Pte. Ltd., holds a Capital Market Services License. Management monitors its capital in accordance with the Securities and Futures (Financial and Margin Requirements for Holders of Capital Market Services Licenses) Regulations. The Group is in compliance with all regulatory imposed capital requirements for the financial years ended 31 December 2023 and 2022.

(e) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (e) Fair value measurements (Cont'd)

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<u>The Group</u>				
<b>31 December 2023</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	–	121,617	312,206	433,823
Derivative financial instruments	–	4,475	–	4,475
<b>Liabilities</b>				
Derivative financial instruments	–	19,109	–	19,109
<b>31 December 2022</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	27,597	–	442,475	470,072
<b>Liabilities</b>				
Derivative financial instruments	–	6,876	–	6,876
<u>The Company</u>				
<b>31 December 2023</b>				
<b>Assets</b>				
Derivative financial instruments	–	4,475	–	4,475
<b>Liabilities</b>				
Derivative financial instruments	–	10,478	–	10,478
<b>31 December 2022</b>				
<b>Liabilities</b>				
Derivative financial instruments	–	4,035	–	4,035

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 of the fair value hierarchy.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (e) Fair value measurements (Cont'd)

The fair value of debt securities and private credit investments are determined using brokers' quotation and net present value of estimated future cash flows based on a DCF model at the balance sheet date.

The fair values of unlisted equity securities, classified as financial assets at fair value through profit or loss have been determined by reference to the Company's share in attributable net assets in the investee companies. The Group relies on general partners' or venture capital management's latest available quarterly capital account statement and/or audited financial statements to determine the fair value of such investments where the investee companies have measured their own investments at fair value. The fair values are within Level 3 of the fair value hierarchy. The Group reviews the valuation details in the statements provided by the general partners or venture capital management based on considerations such as:

- Cash flow (drawdowns/distributions) since the date of the statement used; and
- Other significant observable or unobservable data that would indicate amendments are required.

The Group's investments in equities and debt securities measured at fair value through profit or loss would increased/decreased by 10% (2022: 10%) with all other variables including tax rate being held constant, the net of tax effect on profit after tax would have been higher or lower by S\$32,537,000 (2022: S\$35,255,000).

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (e) Fair value measurements (Cont'd)

The following table presents the changes in Level 3 instruments:

	<b>Unlisted equity securities and private credit investments</b> <b>S\$'000</b>
<b>2023</b>	
Beginning of the financial year	442,475
Purchases	155,833
Disposal	(268,830)
Fair value losses included in:	
– Profit and loss (Note (a))	(1,507)
Currency translation difference	(15,765)
End of financial year	<u>312,206</u>
Fair value losses for the period included in profit or loss for financial assets held at the end of the financial year (Note (a))	<u>(11,852)</u>
<b>2022</b>	
Beginning of the financial year	429,665
Spin-off process	(3,162)
Purchases	186,241
Disposal	(112,483)
Fair value losses included in:	
– Profit and loss (Note (a))	(23,673)
Currency translation difference	(34,113)
End of financial year	<u>442,475</u>
Fair value losses for the period included in profit or loss for financial assets held at the end of the financial year (Note (a))	<u>(863)</u>

- (a) The losses are presented in "fair value changes on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 31. FINANCIAL RISK MANAGEMENT (Cont'd)

#### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheets, except for the following:

	Group		Company	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Financial assets, at amortised cost	<b>3,226,461</b>	3,322,089	<b>3,724,063</b>	4,157,227
Financial liabilities, at amortised cost	<b>(46,275)</b>	(67,479)	<b>(27,649)</b>	(138,173)

### 32. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the combined financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

#### (a) Related party transactions

	2023 S\$'000	2022 S\$'000
Capital injection from YZJ Group	-	4,151,962
Movement in funding to YZJ Group	-	(1,055,462)
Acquisition of a subsidiary	-	(1,680)

Related parties comprise mainly companies which are controlled or jointly controlled by the YZJ Group and companies which are controlled or jointly controlled by a member of the Group's key management personnel or a close member of that person's family.

Other outstanding balances with related parties at balance sheet date are disclosed in Notes 19 and 23 respectively.

#### (b) Key management personnel compensation

	The Group	
	2023 S\$'000	2022 S\$'000
<b>Directors</b>		
Basic salaries	<b>600</b>	445
Contribution to defined contribution plans	<b>21</b>	18
Discretionary bonuses	<b>250</b>	-
<b>Senior management</b>		
Basic salaries	<b>1,272</b>	766
Contribution to defined contribution plans	<b>50</b>	30
Discretionary bonuses	<b>323</b>	4
	<b>2,516</b>	1,263

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 33. SEGMENT INFORMATION

Management considers the business from a geographic and business segment perspective. Geographically, management manages and monitors the business in the two primary geographic areas namely, Singapore and the PRC. From a business segment perspective, management considers the investment business of the Group as a single business segment. The following table analyses the total assets and total income by geography:

	2023 S\$'000	2022 S\$'000
<b>Segment income</b>		
China	293,876	297,901
Singapore	<u>54,558</u>	2,540
	<b>348,434</b>	300,441
<b>Segment assets</b>		
China	2,849,720	3,668,332
Singapore	<u>1,326,275</u>	537,615
	<b>4,175,995</b>	4,205,947

### 34. BUSINESS COMBINATION

There were no significant business combination activity by the Group for the financial year ended 31 December 2023.

On 28 April 2022, the Group acquired 100% equity interest in GEM Asset Management Pte. Ltd. ("GEM"). The principal activity of GEM is to provide fund management services in Singapore. As a result of the acquisition, the Group is expected to diversify its investment holding activities and enter into new business opportunities to provide fund management services.

Details of consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	2022 S\$'000
(a) Purchase consideration	
Cash paid by the Group	<u>3,300</u>
<b>Consideration transferred for the acquisition</b>	<u>3,300</u>
	<b>S\$'000</b>
(b) Effect on cash flows of the Group	
Cash paid by the Group (as above)	3,300
Less: Cash and cash equivalents acquired	<u>(2,301)</u>
<b>Cash outflow from acquisition</b>	<u>999</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 34. BUSINESS COMBINATION (Cont'd)

- (c) Identifiable assets acquired and liabilities assumed

	<b>At fair value S\$'000</b>
Trade receivables	73
Cash and cash equivalents	2,301
Total assets	2,374
Trade and other payables	135
Total liabilities	135
<b>Total identifiable net assets</b>	<b>2,239</b>
Add: Goodwill (Note 14)	1,061
<b>Consideration transferred for the acquisition</b>	<b>3,300</b>

### 35. CONTINGENT LIABILITIES

As at date of these financial statements, the Group had no material contingent liabilities.

### 36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

#### **Amendments to SFRS(I) 1-1 Presentation of Financial Statements:**

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with covenants.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (Cont'd)

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Company does not expect any significant impact arising from applying these amendments.

### 37. COMPARATIVES

Where necessary, certain comparative figures have been reclassified to conform with current year presentation.

### 38. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Yangzijiang Financial Holding Ltd. passed on 28 March 2024.

### 39. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of companies	Principal activities	Place of business/ country of incorporation	Equity holding	
			2023 %	2022 %
<b>Significant subsidiaries directly held</b>				
GEM Asset Management Pte. Ltd.^	Provide fund management services	Singapore	<b>100</b>	100
GEM Direct Investments Pte. Ltd.#	Investment holdings	Singapore	<b>100</b>	100
GEM Yield Pte. Ltd.#	Investment holdings and cash management activities	Singapore	<b>100</b>	100
Gaohong International Limited^	Investment holdings	British Virgin Islands	<b>100</b>	100
Jiangsu Yangchuan Investment Development Co., Ltd.*	Investment holdings	PRC	<b>100</b>	100



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 39. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (Cont'd)

<b>Name of companies</b>	<b>Principal activities</b>	<b>Place of business/ country of incorporation</b>	<b>Equity holding</b>	
			<b>2023</b>	<b>2022</b>
<b>Indirectly held through GEM Direct Investments Pte. Ltd.</b>				
GEM Growth Fund VCC and its sub-funds				
– GEM Asia Private Equity Fund#	Investment holdings	Singapore	<b>89</b>	–
– Yangzijiang Maritime Fund#	Investment holdings	Singapore	<b>98</b>	–
– GEM Global Fund Investment Partners#	Investment holdings	Singapore	<b>93</b>	–
– GEM Asia Private Credit Fund#	Investment holdings	Singapore	<b>96</b>	–
Apatite River Shipping Pte. Ltd.#	Investment holdings	Singapore	<b>100</b>	–
Oynx River Shipping Limited&	Investment holdings	British Virgin Islands	<b>50</b>	–
Carnelian River Shipping Limited&	Investment holdings	British Virgin Islands	<b>50</b>	–
Emerald River Shipping Limited&	Investment holdings	British Virgin Islands	<b>50</b>	–
Diamond River Shipping Limited&	Investment holdings	British Virgin Islands	<b>50</b>	–
Pearl River Shipping Limited&	Investment holdings	British Virgin Islands	<b>50</b>	–
Kyanite River Shipping Limited&	Investment holdings	British Virgin Islands	<b>100</b>	–
Ammolite River Shipping Limited&	Investment holdings	British Virgin Islands	<b>100</b>	–

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 39. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (Cont'd)

Name of companies	Principal activities	Place of business/ country of incorporation	Equity holding	
			2023 %	2022 %
<b><u>Indirectly held through GEM Direct Investments Pte. Ltd.</u> (Cont'd)</b>				
Ruby River Shipping Limited <sup>&amp;</sup>	Investment holdings	British Virgin Islands	<b>100</b>	–
Beryl River Shipping Limited <sup>&amp;</sup>	Investment holdings	British Virgin Islands	<b>100</b>	–
Silver River Shipping Limited <sup>&amp;</sup>	Investment holdings	British Virgin Islands	<b>100</b>	–
Lazurite River Shipping Pte. Ltd. <sup>#</sup>	Investment holdings	Singapore	<b>100</b>	–
Ocean Atlantic Holding Company Limited <sup>&amp;</sup>	Investment holdings	British Virgin Islands	<b>67</b>	–
<b><u>Indirectly held through Jiangsu Yangchuan Investment Development Co., Ltd.</u></b>				
Jingjiang Runyuan Rural Microfinance Co., Ltd.*	Provide microcredit to enterprise and individuals	PRC	<b>100</b>	100
Jiangsu New Yangzi Commerce & Trading Co., Ltd.*	Investment holdings	PRC	<b>100</b>	100
Anhui Ningyang Import and Export Trade Co., Ltd.*	Import and export and trading, with focus on marine equipment, materials and/or component, vessels and metal and minerals	PRC	<b>100</b>	100
Hainan Yangheng Trading Co., Ltd.*	Import and export and trading, with focus on marine equipment, materials and/or component, vessels and metal and minerals	PRC	<b>100</b>	100



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 39. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (Cont'd)

<b>Name of companies</b>	<b>Principal activities</b>	<b>Place of business/ country of incorporation</b>	<b>Equity holding</b>	
			<b>2023</b>	<b>2022</b>
<b>Indirectly held through Jiangsu Yangchuan Investment Development Co., Ltd. (Cont'd)</b>				
Jiujiang Yangchuan Import and Export Trading Co., Ltd.*	Import and export and trading, with focus on marine equipment, materials and/or component, vessels and metal and minerals	PRC	<b>100</b>	-
Jiangyin City Yangchuan Import and Export Co., Ltd*	Import and export and trading, with focus on marine equipment, materials and/or component, vessels and metal and minerals	PRC	<b>100</b>	-
Yangzhou Yangchuan Import and Export Trading Co., Ltd*	Import and export and trading, with focus on marine equipment, materials and/or component, vessels and metal and minerals	PRC	<b>100</b>	-

# Audited by PricewaterhouseCoopers LLP, Singapore

^ Audited by Foo Kon Tan LLP, Singapore

& Not required to be audited under the laws of the country of incorporation

\* These subsidiaries are audited by other accounting firms for local statutory purpose.

## STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2024

Issued and fully paid-up shares capital:	S\$3,719,408,000
Number of shares (excluding treasury share):	3,537,339,320
Class of shares:	Ordinary Shares
Voting per share:	One vote per share
Treasury Share:	136,638,800
Subsidiary Holdings:	Nil

### DISTRIBUTION OF SHAREHOLDINGS\*

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	%
		%		
1 – 99	16	0.08	128	0.00
100 – 1,000	1,807	8.60	1,586,909	0.05
1,001 – 10,000	10,553	50.23	61,963,360	1.75
10,001 – 1,000,000	8,543	40.66	525,082,814	14.83
1,000,001 AND ABOVE	91	0.43	2,951,706,109	83.37
<b>TOTAL</b>	<b>21,010</b>	<b>100.00</b>	<b>3,540,339,320</b>	<b>100.00</b>

\* The information in this table does not take into account the 3,000,000 shares acquired on 7 March and 8 March 2024.

### TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	1,413,396,312	39.92
2	HSBC (SINGAPORE) NOMINEES PTE LTD	399,419,616	11.28
3	DBSN SERVICES PTE. LTD.	312,416,436	8.82
4	DBS NOMINEES (PRIVATE) LIMITED	171,748,007	4.85
5	RAFFLES NOMINEES (PTE.) LIMITED	84,962,756	2.40
6	PHILLIP SECURITIES PTE LTD	75,555,965	2.13
7	MAYBANK SECURITIES PTE. LTD.	71,274,900	2.01
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	33,459,500	0.95
9	IFAST FINANCIAL PTE. LTD.	27,076,200	0.76
10	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	26,289,600	0.74
11	OCBC SECURITIES PRIVATE LIMITED	23,685,100	0.67
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	21,973,400	0.62
13	TJENDRI ANASTASIA	19,510,100	0.55
14	UOB KAY HIAN PRIVATE LIMITED	19,395,500	0.55
15	KGI SECURITIES (SINGAPORE) PTE. LTD	19,004,800	0.54
16	EDB INVESTMENTS PTE LTD	18,587,360	0.53
17	SOON LI HENG CIVIL ENGINEERING PTE LTD	16,000,000	0.45
18	LIM & TAN SECURITIES PTE LTD	14,976,700	0.42
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	14,275,306	0.40
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	10,334,781	0.29
	<b>TOTAL</b>	<b>2,793,342,339</b>	<b>78.88</b>



## STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2024

<b>Substantial Shareholders</b>	<b>Direct Interest</b>	<b>Deemed Interest</b>	<b>Total Percentage Interest (%)<sup>(2)</sup></b>
Ren Yuanlin <sup>(1)</sup>	–	852,845,825	24.1098
Yangzi International Holdings Limited	852,845,825	–	24.1098
Julius Baer Trust Company (Singapore) Limited as trustee of YZJ Settlement <sup>(3)</sup>	–	852,845,825	24.1098
Sapphire Skye Limited (as nominee of Zedra Trust Company (Singapore) Limited) <sup>(4)</sup>	–	394,134,000	11.1421
Lido Point Investments Ltd	394,134,000	–	11.1421

- (1) Ren Yuanlin is the settlor and sole beneficiary of the YZJ Settlement (the "Trust"), which is revocable by the settlor and established as a "purpose trust". Under the terms of the Trust, Ren Yuanlin has the powers, as settlor, to direct Julius Baer Trust Company (Singapore) Limited, as trustee, as to the investment in the Shares which form the assets of the Trust. Such powers include decisions relating to any purchase, sale, exchange, letting or retention and exercising of any voting and other rights in relation to the Shares. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the Trust. Accordingly, Ren Yuanlin is deemed to be interested in the 852,845,825 Shares held by Yangzi International Holdings Limited, by virtue of Section 4 of the SFA.
- (2) Based on 3,537,339,320 Shares in issue as at the Latest Practicable Date, excluding subsidiary holdings and 136,638,800 treasury shares as at the Latest Practicable Date.
- (3) Julius Baer Trust Company (Singapore) Limited is the trustee of the Trust. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the Trust. For further details on the Trust, please refer to note 1. By virtue of Section 4 of the SFA, Julius Baer Trust Company (Singapore) Limited is deemed to have an interest in the 852,845,825 Shares held by Yangzi International Holdings Limited.
- (4) Sapphire Skye Limited is wholly-owned by Zedra Trust Company (Singapore) Limited which is the trustee of an employee benefit trust set up for the purpose of rewarding employees of the YSL and its subsidiaries ("Lido Trust"). Under the terms of Lido Trust, Zedra Trust Company (Singapore) Limited manages 394,134,000 Shares held by Lido Point Investments Ltd. By virtue of Section 4 of the SFA, Sapphire Skye Limited (as nominee of Zedra Trust Company (Singapore) Limited) is deemed interested in the 394,134,000 Shares held by Lido Point Investments Ltd.

### SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 64.48% of the shareholding of the Company is held in the hands of the public as at 11 March 2024 and Rule 723 of the Listing Manual is complied with.

## NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("AGM") of Yangzijiang Financial Holding Ltd. (the "Company") will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Wednesday, 24 April 2024 at 2.00 p.m. to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a tax exempt (one-tier) final dividend of S\$0.022 per ordinary share in respect of the financial year ended 31 December 2023. **(Resolution 2)**
3. To approve the proposed Directors' fees of S\$288,000 for the financial year ended 31 December 2023. **(Resolution 3)**
4. To re-elect Mr Ren Yuanlin, who is retiring pursuant to Regulation 98 of the Company's Constitution.  
*[See Explanatory Note (a)]* **(Resolution 4)**
5. To re-elect Mr Yee Kee Shian, Leon, who is retiring pursuant to Regulation 98 of the Company's Constitution.  
*[See Explanatory Note (b)]* **(Resolution 5)**
6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:

#### 7. AUTHORITY TO ALLOT AND ISSUE SHARES

THAT:

- (a) pursuant to Section 161 of the Companies Act 1967 (the "Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:
  - (i) issue ordinary shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements, or options (each an "Instrument") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, or other instruments convertible into Shares; and/or

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and



## NOTICE OF SECOND ANNUAL GENERAL MEETING

- (b) issue Shares in pursuance of any Instruments made or granted by the Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

- (1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares shall be based on the issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time such authority was conferred, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities or the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and
  - (b) any subsequent consolidation or subdivision of the Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and otherwise, and the Constitution of the Company for the time being; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.  
*[See Explanatory Note (c)]*

**(Resolution 7)**

## NOTICE OF SECOND ANNUAL GENERAL MEETING

### 8. RENEWAL OF SHARE PURCHASE MANDATE

THAT:

- (a) for the purposes of the Act and the Listing Manual of the SGX-ST, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
  - (i) on-market purchases ("Market Purchases") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
  - (ii) off-market purchases ("Off-Market Purchases") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act, and otherwise in accordance with all other provisions of the Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "Share Purchase Mandate");
- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
  - (i) the date on which the next Annual General Meeting of the Company is held or required by law or the Constitution to be held;
  - (ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by the shareholders of the Company in a general meeting;
- (c) in this Resolution:

"**Prescribed Limit**" means that number of Shares representing 10% of the issued ordinary share capital as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

"**Relevant Period**" means the period commencing from the date on which the Annual General Meeting at which this Resolution is passed and expiring on the date the next Annual General Meeting is held or is required by law or the Constitution to be held, whichever is the earlier, after the date of this Resolution; and



## NOTICE OF SECOND ANNUAL GENERAL MEETING

**"Maximum Price"** in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme: 120% of the Average Closing Price,

where:

**"Average Closing Price"** means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period; and

**"day of the making of the offer"** means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

*[See Explanatory Note (d)]*

**(Resolution 8)**

- 9. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Lee Wei Hsiung  
Company Secretary  
9 April 2024  
Singapore

## NOTICE OF SECOND ANNUAL GENERAL MEETING

### Explanatory Notes:

- (a) Detailed information on Mr Ren Yuanlin, who is seeking re-election as a Director of the Company, is under "Board of Directors" section on page 9 and "Disclosure of information on seeking re-election pursuant to Rule 720(6) of the Listing Rules of the SGX-ST" on pages 59 to 63 of the Annual Report 2023.

Mr Ren Yuanlin will, upon re-election, remain as an Executive Chairman of the Company and be appointed as the Chief Executive Officer upon his re-election as a Director at the AGM.

- (b) Detailed information on Mr Yee Kee Shian, Leon, who is seeking re-election as a Director of the Company, is under "Board of Directors" section on page 10 and "Disclosure of information on seeking re-election pursuant to Rule 720(6) of the Listing Rules of the SGX-ST" on pages 64 to 68 of the Annual Report 2023.

Mr Yee Kee Shian, Leon will, upon re-election, remain as the Chairman of the Nominating and Remuneration Committees and Member of the Audit and Risk Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual. There are no relationships (including immediate family relationships) between Mr Yee Kee Shian, Leon and the other Directors, or the Company, or its substantial shareholders.

- (c) The proposed ordinary resolution 7, if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company with a sub-limit of 20% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

- (d) The proposed ordinary resolution 8, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting of the Company to purchase or acquire up to 10% of the issued ordinary share capital (excluding the shares held in treasury and subsidiary holdings) of the Company as at the date of the passing of this Resolution. Details of the proposed Share Purchase Mandate are set out in the Appendix to the Annual Report 2023 which is available online for information.

- (i) As at 11 March 2024 (the "**Latest Practicable Date**"), the Company has, since the date of the last annual general meeting, purchased a total of 136,638,800 shares by way of market purchase at an aggregate consideration of S\$45,290,666.
- (ii) The amount of financing required for the Company to further purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of the AGM as this will depend on the number of the shares purchased or acquired and the price at which such shares were purchased or acquired.
- (iii) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Purchase Mandate on the Group's audited financial statements for the financial year ended 31 December 2023 are set out in the Appendix to the Annual Report 2023 and are for illustration only.

### NOTES:

1. The Company is pleased to announce that its Second AGM will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Wednesday, 24 April 2024 at 2.00 p.m. (Singapore time). There will be no option for shareholders to participate virtually.
2. The Notice of AGM 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.yzjfin.com](http://www.yzjfin.com). Printed copies of this Notice of AGM and the accompanying Proxy Form will be sent to shareholders via post. Printed copies of the Annual Report will not be sent to shareholders. Shareholders who wish to receive a printed copy of the Annual Report should request the same via email to [public@yzjfin.com](mailto:public@yzjfin.com).

3. Participation in the AGM

Shareholders, proxyholders and persons who hold shares of the Company through relevant intermediaries ("**Relevant Intermediaries**") (as defined in Section 181 of the Act), including Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors will be able to attend the AGM by:

- Attending the physical AGM in person;
- Submitting questions in relation to any agenda item in this Notice of AGM in advance of, or at the AGM; and/or
- Voting at the AGM by (i) the shareholders themselves; or (ii) through duly appointed proxy(ies)

Shareholders, including CPF and SRS investors will need to register in person at the registration counter(s) outside the AGM venue on the day of the event. Please bring along your NRIC/passport to enable the Company to verify your identity. The Company reserves the right to refuse admittance to the AGM if the attendee's identity cannot be verified accurately.

Investors who hold shares through a Relevant Intermediaries (as defined in Section 181 of the Act), and who wish to attend the AGM should approach their Relevant Intermediaries as soon as possible in order for the Relevant Intermediary to make the necessary arrangements for their attendance.



## NOTICE OF SECOND ANNUAL GENERAL MEETING

### 4. Question and answer

Shareholders, proxyholders, CPF and SRS investors who have questions in relation to any agenda items in this Notice of AGM can ask questions during the AGM physically.

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 AGM or ask questions during the AGM.

Shareholders, including CPF and SRS investors are also encouraged to submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM in the following manner no later than seven (7) calendar days in advance of the AGM (i.e. by 2.00 p.m. on 17 April 2024):

- (a) By e-mail to [raymond@gem-comm.com](mailto:raymond@gem-comm.com)/[roystontan@gem-comm.com](mailto:roystontan@gem-comm.com); or
- (b) If submitted by post, to be deposited at the: 1 Temasek Avenue Level 30 Singapore 039192 Millenia Tower.
- (c) 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 AGM, substantial and relevant questions (as determined by the Board in its sole opinion) submitted by Participating Members.

### 5. The form of an instrument appointing a proxy ("Proxy Form"), which may be used to vote at the AGM, is released together with this Notice of AGM.

### 6. Voting

Shareholders will be able to vote at the AGM in person, or by appointing proxy(ies) to vote on their behalf. The proxy need not be a member of the Company.

### 7. Appointment of Proxies

Shareholders who are not Relevant Intermediaries are entitled to appoint not more than two proxies and Shareholders who are Relevant Intermediaries are entitled to appoint more than two proxies wish to vote at the AGM via a proxy(ies) must submit the Proxy Form, which is released together with this Notice of AGM, to appoint the proxy(ies) or the Chairman of the AGM 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 AGM (i.e. by 2.00 p.m. on 21 April 2024) ("proxy form cut-off date/time") in the following manner:

- (a) By Post: To be deposited at the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
- (b) By e-mail: To be emailed to [public@yzifin.com](mailto:public@yzifin.com) (Attn: YZJFH Team).

### 8. Persons who hold shares through relevant intermediaries

- (a) Persons who hold shares through Relevant Intermediaries (as defined in Section 181(6) of the Act, other than those investors 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 AGM by (i) attending; (ii) submitting questions in advance of, or live at the AGM; and/or (iii) voting at the AGM 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 AGM.

- (b) 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.

### 9. The proxy need not be a member of the Company.

### 10. 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.

### 11. 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 AGM in order for the Depositor to be entitled to vote at the AGM.

## NOTICE OF SECOND ANNUAL GENERAL MEETING

### PERSONAL DATA PRIVACY

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



## APPENDIX

### YANGZIJIANG FINANCIAL HOLDING LTD.

(Company Registration number: 202143180K)  
(Incorporated in the Republic of Singapore)

### LETTER TO SHAREHOLDERS

#### Directors:

Mr Ren Yuanlin (Executive Chairman and Director)  
Mr Chew Sutat (Lead Independent Non-Executive Director)  
Mr Yee Kee Shian, Leon (Independent Non-Executive Director)  
Mr Chua Kim Leng (Independent Non-Executive Director)  
Mr Toe Teow Heng (Executive Director, CEO and CIO – Singapore)

#### Registered Office:

9 Raffles Place #26-01  
Republic Plaza  
Singapore 048619

#### To: The Shareholders of Yangzijiang Financial Holding Ltd.

Dear Sir/Madam

#### THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

##### 1. Introduction

- 1.1 Yangzijiang Financial Holding Ltd. (the “**Company**”) proposes to seek the approval of shareholders of the Company (the “**Shareholders**”) at the Second Annual General Meeting of the Company (the “**2<sup>nd</sup> AGM**”) to be held on Wednesday, 24 April 2024 at 2.00 p.m. at Big Picture Theatre, level 9, Capital Tower, 168 Robinson Road, Singapore 068912 for the proposed renewal of the share purchase mandate to authorise the Company’s directors (the “**Directors**”) from time to time to purchase (whether by market purchases and/or off-market purchases in accordance with an equal access scheme) up to 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of proposed ordinary resolution 8 at the 2<sup>nd</sup> AGM, at the price of up to but not exceeding the Maximum Price (as defined below), subject to the constitution of the Company (the “**Constitution**”) and the listing rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) as set out in the SGX-ST Listing Manual (the “**Listing Manual**”) (the “**Share Purchase Mandate**”).
- 1.2 The Companies Act 1967 of Singapore (the “**Companies Act**”) allows a Singapore incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company’s constitution. Any purchase or acquisition of Shares (as defined in paragraph 2.1 below) by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution for the time being and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on the Mainboard of the SGX-ST, it is also required to comply with Part XIII of Chapter 8 of the Listing Manual, which relates to the purchase or acquisition by an issuer of its own shares. Regulation 11(C) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued shares.
- 1.3 It is a requirement under the Companies Act and the Listing Manual for a company that wishes to purchase or otherwise acquire its own shares to obtain the approval of its shareholders.

## APPENDIX

- 1.4 The Shareholders had at the extraordinary general meeting of the Company ("EGM") held on 8 June 2022, approved the Share Purchase Mandate for the Directors to exercise all the powers of the Company to purchase or acquire up to 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) on the terms of that mandate. The Share Purchase Mandate was renewed at the last AGM held on 21 April 2023 with such mandate taking effect until the conclusion of the forthcoming 2<sup>nd</sup> AGM.
- 1.5 If the proposed ordinary resolution 8 under the heading of "Special Business" in the Notice of the 2<sup>nd</sup> AGM for the renewal of the Share Purchase Mandate is approved at the 2<sup>nd</sup> AGM (the "**Share Purchase Mandate Renewal Resolution**"), the mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next annual general meeting ("AGM") of the Company is held or is required by law to be held, whichever is earlier.
- 1.6 The purpose of this appendix ("**this Appendix**") is to provide information relating to and explain the rationale for the proposed renewal of the Share Purchase Mandate.
- 1.7 Shareholders who are in doubt as to the course of action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers at the earliest opportunity.
- 1.8 Duane Morris & Selvam LLP is the legal adviser to the Company in relation to the proposed renewal of the Share Purchase Mandate.

### 2. Rationale for the Proposed Renewal of the Share Purchase Mandate

- 2.1 The proposed renewal of the Share Purchase Mandate authorising the Company to purchase or acquire ordinary shares in the issued and paid-up share capital of the Company (the "**Shares**") will continue to give the Directors the flexibility to undertake share purchases or acquisitions up to the 10% limit described in paragraph 3.1 below at any time during the period when the Share Purchase Mandate is in force.
- 2.2 The rationale for the Company to undertake the purchase or acquisition of its issued Shares, as previously stated in its circular to Shareholders dated 24 May 2022, is as follows:
  - (a) When circumstances permit, to increase Shareholders' value by improving, *inter alia*, the Return on Equity ("ROE") of the Company and its subsidiaries (the "**Group**"). A share buy-back made at an appropriate price level is one of the ways through which the ROE of the Group may be enhanced.
  - (b) The Share Purchase Mandate will provide the Company with a mechanism to facilitate the return of surplus cash over and above the Group's working capital requirements in an expedient and cost-efficient manner.
  - (c) Share buy-backs allow Directors to exercise control over the Company's share structure and, depending on market conditions, may lead to an enhancement of the earnings per Share and/or net tangible asset per Share.
  - (d) Share purchase programmes help to mitigate short-term share price volatility and offset the effects of share price speculation.



## APPENDIX

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the duration referred to in paragraph 3.2 below, Shareholders should note that the Share Purchase Mandate may not be exercised to the full extent authorised. Purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

### **3. Authority and Limits on the Share Purchase Mandate**

The authority and limitations placed on share purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, are similar in terms to those previously approved by Shareholders, and are summarised below:

#### 3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be repurchased by the Company. In accordance with Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) ascertained as at the date of the 2<sup>nd</sup> AGM at which the Share Purchase Mandate Renewal Resolution is passed (the “**Approval Date**”) (unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined below), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered).

“**Relevant Period**” means the period commencing from the Approval Date and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier, after the date the Share Purchase Mandate Renewal Resolution is passed.

As at 11 March 2024 (the “**Latest Practicable Date**”), the Company holds 136,638,800 Shares in treasury and does not have subsidiary holdings.

**For illustrative purposes only**, on the basis of 3,537,339,320 Shares in issue as at the Latest Practicable Date (excluding treasury shares and subsidiary holdings), and assuming on or prior to the 2<sup>nd</sup> AGM:

- (a) no further Shares are issued and the Company does not reduce its share capital;
- (b) no Shares are held as subsidiary holdings; and
- (c) no further Shares are purchased or acquired by the Company, or held as treasury shares,

not more than 353,733,932 Shares, representing 10% of the total number of Shares (excluding treasury shares and subsidiary holdings) as at that date, may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the Relevant Period.

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### 3.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the 2<sup>nd</sup> AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

- (a) the date on which the next AGM of the Company is held or required by law to be held; or
- (b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at the next AGM (after the 2<sup>nd</sup> AGM) or an EGM to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous twelve (12) months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

### 3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchase(s) ("Market Purchase"), transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) ("Off-Market Purchase") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as amended or modified from time to time, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Pursuant to the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.



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Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-over and Mergers (the “**Take-over Code**”) or other applicable take-over rules;
- (e) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any purchase or acquisition of Shares made by the Company in the previous twelve (12) months (whether through Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

### 3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Manual for any corporate action which occurs during the relevant period of five (5) Market Days and the day on which the Market Purchase is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and

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**"date of the making of the offer"** means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

**"Market Day"** means a day on which the SGX-ST is open for trading in securities.

### 3.5 Status of Purchased Shares

Under Section 76B of the Companies Act, Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

### 3.6 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act and the Listing Manual are summarised below:

#### 3.6.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. In the event that the Company holds more than 10% of the total number of its issued Shares as treasury shares, the Company shall dispose of or cancel the excess treasury shares in the manner set out under paragraph 3.6.3 of this Appendix below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Accounting and Corporate Regulatory Authority ("ACRA") may allow.

#### 3.6.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.



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### 3.6.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

### 3.6.4 Reporting obligation under Listing Manual

Under Rule 704(28) of the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “**usage**”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares if they are used for a sale, transfer, or cancelled.

## 4. Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition, the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of shares cancelled, the number of Shares held as treasury shares, the Company's total number of issued Shares before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

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The Company is required under Rule 886 of the Listing Manual to notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its Shares, and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchase or acquisition of Shares to the SGX-ST shall be in the form of Appendix 8.3.1 to the Listing Manual and shall comprise such details as the SGX-ST may prescribe, including, *inter alia*, details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest prices paid for such Shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued Shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

### 5. Source of Funds

The Company may only apply funds for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits, so long as the Company is solvent. Under the Companies Act, it is an offence for a director or chief executive officer of a company to approve or authorise the purchase or acquisition of shares, knowing that the company is not solvent.

For this purpose, pursuant to the Companies Act, a company is solvent:

- (a) if there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
  - (i) it is intended to commence winding up of the company within the period of twelve (12) months immediately after the date of the payment, the company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (c) if the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.



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### 6. Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The financial effects are the same whether the Shares are purchased on-market or off-market. The Company's total number of issued Shares will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The net tangible assets ("NTA") of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be affected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view of enhancing the earnings per share (the "EPS") and/or the NTA value per Share.

**For illustrative purposes only**, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the financial statements of the Group for the financial period ended 31 December 2023 are based on the assumptions set out below:

- (a) based on 3,537,339,320 Shares in issue as at the Latest Practicable Date (excluding treasury shares and subsidiary holdings), and assuming that no further Shares are issued and that the Company does not reduce its share capital, on or prior to the 2<sup>nd</sup> AGM, not more than 353,733,932 Shares, representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2<sup>nd</sup> AGM, may be purchased by the Company pursuant to the proposed Share Purchase Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 353,733,932 Shares at the Maximum Price of S\$0.337 for one (1) Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 353,733,932 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$119,208,335; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 353,733,932 Shares at the Maximum Price of S\$0.385 for one (1) Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 353,733,932 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$136,187,564.

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**For illustrative purposes only** and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed solely by internal sources of funds; (ii) the Share Purchase Mandate had been effective on 31 December 2023; and (iii) the Company had on 31 December 2023 purchased or acquired 353,733,932 Shares, representing 10% of its total number of issued Shares at the Latest Practicable Date (excluding treasury shares and subsidiary holdings), the financial effects of the purchase or acquisition of 353,733,932 Shares by the Company pursuant to the Share Purchase Mandate:

- (1) by way of purchases made entirely out of capital and held as treasury shares; and
- (2) by way of purchases made entirely out of capital and cancelled,

on the financial statements of the Company and the Group for the financial period ended 31 December 2023 are set out below:

**(1) Purchases made entirely out of capital and held as treasury shares**

**(A) Market Purchases**

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2023</b>				
Issued capital and reserves	3,958,340	3,953,572	3,761,760	3,756,992
Treasury shares	(122,288)	(241,496)	(122,288)	(241,496)
Total shareholders' equity	3,836,052	3,712,076	3,639,472	3,515,496
NTA (excl. non-controlling interests)	3,836,052	3,712,076	3,639,472	3,515,496
Profit after taxation and minority interest	201,799	197,031	76,024	71,265
Net debt	Net Cash	Net Cash	Net Cash	(45,887)
Number of Shares (excluding treasury shares) ('000)	3,537,339	3,183,605	3,537,339	3,183,605
Treasury shares ('000)	136,639	490,373	136,639	490,373
<b>Financial Ratios</b>				
NTA per share (cents)	108.44	116.60	102.89	110.42
Gross debt gearing (%)	0.02	3.23	0.02	3.41
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	(1.31)
Current ratio (times)	30.25	12.96	95.07	23.50
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	566.58	53.57	–	16.94
<i>Basic EPS (cents)</i>				
(before exceptional items)	5.53	5.98	2.08	2.16
(after exceptional items)	5.53	5.98	2.08	2.16
Return on equity (%)	5.26	5.31	2.09	2.03



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**(B) Off-Market Purchases**

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2023</b>				
Issued capital and reserves	3,958,340	3,952,892	3,761,760	3,756,312
Treasury shares	(122,288)	(258,476)	(122,288)	(258,476)
Total shareholders' equity	3,836,052	3,694,416	3,639,472	3,497,836
NTA (excl. non-controlling interests)	3,836,052	3,694,416	3,639,472	3,497,836
Profit after taxation and minority interest	201,799	196,351	76,024	70,576
Net debt	Net Cash	Net Cash	Net Cash	(28,907)
Number of Shares (excluding treasury shares) ('000)	3,537,339	3,183,605	3,537,339	3,183,605
Treasury shares ('000)	136,639	490,373	136,639	490,373
<b>Financial Ratios</b>				
NTA per share (cents)	108.44	116.05	102.89	109.87
Gross debt gearing (%)	0.02	3.71	0.02	3.91
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	(0.83)
Current ratio (times)	30.25	11.98	95.07	21.23
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	566.48	47.45	–	14.83
<i>Basic EPS (cents)</i>				
(before exceptional items)	5.53	5.96	2.08	2.14
(after exceptional items)	5.53	5.96	2.08	2.14
Return on equity (%)	5.26	5.31	2.09	2.02

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**(2) Purchases made entirely out of capital and cancelled**

**(A) Market Purchases**

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2023</b>				
Issued capital and reserves/Total shareholders' equity	3,836,052	3,712,075	3,639,472	3,515,495
NTA (excl. non-controlling interests)	3,836,052	3,712,075	3,639,472	3,515,495
Profit after taxation and minority interest	201,799	197,031	76,024	71,256
Net debt	Net Cash	Net Cash	Net Cash	(45,887)
Number of Shares (excluding treasury shares) ('000)	3,537,339	3,183,605	3,537,339	3,183,605
Treasury shares ('000)	136,639	490,373	136,639	490,373
<b>Financial Ratios</b>				
NTA per share (cents)	108.44	116.60	102.89	110.42
Gross debt gearing (%)	0.02	3.23	0.02	3.41
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	(1.31)
Current ratio (times)	30.25	12.96	95.07	23.50
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	566.48	53.57	–	16.94
<i>Basic EPS (cents)</i>				
(before exceptional items)	5.53	5.98	2.08	2.16
(after exceptional items)	5.53	5.98	2.08	2.16
Return on equity (%)	5.26	5.31	2.09	2.03



## APPENDIX

**(B) Off-Market Purchases**

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2023</b>				
Issued capital and reserves/Total shareholders' equity	3,836,052	3,694,417	3,639,472	3,497,837
NTA (excl. non-controlling interests)	3,836,052	3,694,417	3,639,472	3,497,837
Profit after taxation and minority interest	201,799	196,351	76,024	70,576
Net debt	Net Cash	Net Cash	Net Cash	(28,907)
Number of Shares (excluding treasury shares) ('000)	3,537,339	3,183,605	3,537,339	3,183,605
Treasury shares ('000)	136,639	490,373	136,639	490,373
<b>Financial Ratios</b>				
NTA per share (cents)	108.44	116.05	102.89	109.87
Gross debt gearing (%)	0.02	3.71	0.02	3.91
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	(0.83)
Current ratio (times)	30.25	11.98	95.07	21.23
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	566.48	47.45	–	14.83
<i>Basic EPS (cents)</i>				
(before exceptional items)	5.53	5.96	2.08	2.14
(after exceptional items)	5.53	5.96	2.08	2.14
Return on equity (%)	5.26	5.31	2.09	2.02

**Shareholders should note that the financial effects set out above are purely for illustrative purposes only and are based on the assumptions set out above. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares (excluding Shares held in treasury and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.**

**Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers at the earliest opportunity.**

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### 7. Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 7.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and person(s) acting in concert with him increases to 30% or more, or, if the Shareholder and person(s) acting in concert with him holds between 30% and 50% of the Company's voting capital, would increase by more than 1% in any six (6) months' period, such Shareholder or group of Shareholders acting in concert would be obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

#### 7.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of such company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert with each other:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any companies whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and



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- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Takeover Code.

### 7.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (a) the voting rights of such Directors and their concert parties would increase to 30% or more; or
- (b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares and subsidiary holdings shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the Share Purchase Mandate Renewal Resolution.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council ("SIC") and/or their professional advisers at the earliest opportunity.**

### **8. Application of Take-over Code**

#### 8.1 Ren Concert Party Group

Mr. Ren Yuanlin is the Executive Chairman and a Director of the Company. Under the Take-over Code, Mr. Ren Yuanlin is presumed to be acting in concert with the companies controlled by him, (Yangzi International Holdings Limited), and the company controlled by his son Mr. Ren Letian (Hengyuan Asset Investment Limited) (collectively, the "**Ren Concert Party Group**").

## APPENDIX

The following table sets out the interests of the Ren Concert Party Group in the Shares as at the Latest Practicable Date:

Shareholder	Number of Shares		Total Percentage Interest (%) <sup>(2)</sup>
	Direct Interest	Deemed Interest	
Ren Yuanlin <sup>(1)</sup>	–	852,845,825	24.11
Yangzi International Holdings Limited	852,845,825	–	24.11
Julius Baer Trust Company (Singapore) Limited as trustee of YZJ Settlement <sup>(3)</sup>	–	852,845,825	24.11
Ren Letian <sup>(4)</sup>	–	165,797,370	4.69
Hengyuan Asset Investment Limited	165,797,370	–	4.69

**Notes:**

- (1) Ren Yuanlin is the settlor and sole beneficiary of the YZJ Settlement (the “**YZJ Trust**”), which is revocable by the settlor and established as a “purpose trust”. Under the terms of the YZJ Trust, Ren Yuanlin has the powers, as settlor, to direct Julius Baer Trust Company (Singapore) Limited, as trustee, as to the investment in the Shares which form the assets of the YZJ Trust. Such powers include decisions relating to any purchase, sale, exchange, letting or retention and exercising of any voting and other rights in relation to the Shares. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the YZJ Trust. Accordingly, Ren Yuanlin is deemed to be interested in the 852,845,825 Shares held by Yangzi International Holdings Limited, by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore (“**SFA**”).
- (2) Based on 3,537,339,320 Shares in issue as at the Latest Practicable Date, excluding subsidiary holdings and 136,638,800 treasury shares as at the Latest Practicable Date.
- (3) Julius Baer Trust Company (Singapore) Limited is the trustee of the YZJ Trust. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the YZJ Trust. By virtue of Section 4 of the SFA, Julius Baer Trust Company (Singapore) Limited is deemed to have an interest in the 852,845,825 Shares held by Yangzi International Holdings Limited.
- (4) Ren Letian is deemed to be interested in 165,797,370 Shares which are held by Hengyuan Asset Investment Limited (“**Hengyuan**”) through his interests in Hengyuan by virtue of Section 4 of the SFA.

As at the Latest Practicable Date, the members of the Ren Concert Party Group collectively hold 1,018,643,195 Shares, which is equivalent to approximately 28.80% of the total issued share capital of the Company.

**8.2 Consequences of Share Purchases**

Based on 3,537,339,320 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the exercise in full of the Share Purchase Mandate by the Company would result in the purchase of 353,733,932 Shares. If the exercise in full of the Share Purchase Mandate by the Company causes the Ren Concert Party Group’s aggregate interest in the issued Shares to increase to 30% or more, the Ren Concert Party Group would incur an obligation to make a mandatory offer under Rule 14 of the Take-over Code.

Based on the respective shareholdings of the members of the Ren Concert Party Group as at the Latest Practicable Date, and assuming that:-

- (A) there is no change in their interest in Shares between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Purchase Mandate (being the date of the AGM); and
- (B) no new shares are issued by the Company and the Company does not reduce its share capital between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Purchase Mandate (being the date of the AGM),



## APPENDIX

the aggregate holdings of Shares of the Ren Concert Party Group as at the date of the resolution to be passed in relation to the Share Purchase Mandate (being the date of the AGM) and after the purchase or acquisition by the Company of 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) pursuant to the Share Purchase Mandate will increase from 28.797% to 31.997%, thereby resulting in the Ren Concert Party Group incurring an obligation to make a general offer under Rule 14 of the Take-over Code.

An illustration of this increase in voting rights held by each member of the Ren Concert Party Group is shown below:

<b>Name</b>	<b>Before Share Purchase (As at the Latest Practicable Date)</b>				<b>After the Share Purchase</b>			
	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>
Ren Yuanlin	–	–	852,845,825	24.11	–	–	852,845,825	26.79
Yangzi International Holdings Limited	852,845,825	24.11	–	–	852,845,825	26.79	–	–
Ren Letian	–	–	165,797,370	4.69	–	–	165,797,370	5.21
Hengyuan Asset Investment Limited	165,797,370	4.69	–	–	165,797,370	5.21	–	–

### 8.3 Dispensation from Rule 14

Pursuant to Appendix 2 of the Take-over Code, the members of the Ren Concert Party Group will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code as a result of any Share Purchase carried out by the Company pursuant to the Share Purchase Mandate, subject to the following conditions:-

- (a) this Appendix contains advice to the effect that by voting for the Share Purchase Mandate, Shareholders are waiving their right to a general offer at the required price from each Ren Concert Party Group, who as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, and the names of each member of the Ren Concert Party Group, their voting rights at the time of the resolution relating to the Share Purchase Mandate (which is the date of the AGM) and after the purchase or acquisition of Shares by the Company under the Share Purchase Mandate are disclosed in this Appendix;
- (b) the resolution to authorise a share buyback is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buyback;
- (c) each member of the Ren Concert Party Group abstains from voting for and/or recommending Shareholders to vote in favour of the resolution to authorise the Share Purchase Mandate; Please see paragraph 15 below regarding the abstention from voting by the members of the Ren Concert Party Group;
- (d) within seven (7) days after the passing of the resolution to authorise a buyback, each of the directors submits to the SIC a duly signed form as prescribed by the SIC; and

## APPENDIX

- (e) the Ren Concert Party Group has not acquired and will not acquire any Shares between the date on which they know that the announcement of the renewal of the Share Purchase Mandate is imminent and the earlier of ("Relevant Period"):-
- (i) the date on which the authority of the Share Purchase Mandate expires; and
  - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with those purchased or acquired by the Company under the Share Purchase Mandate, would cause their aggregate voting rights to increase to 30% or more.

As such, if the aggregate voting rights held by the Ren Concert Party Group increases to more than 30% solely as a result of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, and none of them has acquired any Shares during the Relevant Period, then the Ren Concert Party Group would be eligible for the exemption from the requirement to make a general offer under Rule 14 of the Takeover Code, or where such exemption had been granted, would continue to enjoy the exemption.

**Shareholders are advised that by voting in favour of the ordinary resolution relating to the renewal of the Share Purchase Mandate, they will be waiving their rights to a take-over offer at the required price from the Ren Concert Party Group who, as a result of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, would increase their aggregate interest in the Shares to 30% or more.**

Save as disclosed in this Appendix, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

### 9. Listing Rules

While the Listing Manual does not expressly prohibit purchase or acquisition of shares by a listed company during any particular time or times, the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of consideration and/or a decision of the Board of Directors until such time as the price-sensitive information has been publicly announced. In particular, in line with the Principles of Best Practice for Handling of Confidential Information and Dealings in Securities issued by SGX-ST in December 2017 and in order to comply with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

- (a) two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcements of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise); and
- (b) one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), as the case may be, and ending on the date of announcement of the relevant results.



## APPENDIX

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares (excluding Shares held in treasury and subsidiary holdings) are in the hands of the public. The “public”, as defined under the Listing Manual, are persons other than the Directors, chief executive officer, substantial shareholders (as defined in the Securities and Futures Act 2001 of Singapore) (the “**Substantial Shareholders**”) or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 2,280,985,295 Shares, representing approximately 64.48% of the issued Shares (excluding Shares held in treasury and subsidiary holdings), are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to approximately 1,913,587,483 Shares, representing approximately 60.11% of the total number of issued Shares (excluding Shares held in treasury and subsidiary holdings). Accordingly, the Company is of the view that there is a sufficient number of issued Shares (excluding Shares held in treasury and subsidiary holdings) held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

### **10. Shares Purchased During The Previous 12 Months**

The details of the share purchases made by the Company in the previous twelve (12) months prior to the Latest Practicable Date are as follows:-

- (a) the total number of Shares purchased was 133,638,800. All such Shares were acquired by way of Market Purchases;
- (b) the highest and lowest price paid for such Shares purchases were S\$0.365 and S\$0.300 respectively; and
- (c) the total consideration paid by the Company for such Share purchases was S\$45,290,666.

### **11. Directors’ and Substantial Shareholders’ Interests**

#### **11.1 Directors’ Interests**

The interests of the Directors in the Shares as recorded in the Register of Directors’ Shareholdings as at the Latest Practicable Date are set out below:

<b>Director</b>	<b>Number of Shares</b>	
	<b>Direct Interest</b>	<b>Deemed Interest</b>
Ren Yuanlin <sup>(1)</sup>	–	852,845,825
Toe Teow Heng <sup>(2)</sup>	600,000	7,386,200
Chew Sutat	1,088,000	–
Chua Kim Leng	300,000	–
Yee Kee Shian, Leon	–	–

## APPENDIX

### 11.2 Substantial Shareholders' Interests

The interests of the Substantial Shareholders of the Company in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholders	Number of Shares		Total Percentage Interest (%) <sup>(3)</sup>
	Direct Interest	Deemed Interest	
Ren Yuanlin <sup>(1)</sup>	–	852,845,825	24.11
Yangzi International Holdings Limited	852,845,825	–	24.11
Julius Baer Trust Company (Singapore) Limited as trustee of YZJ Settlement <sup>(4)</sup>	–	852,845,825	24.11
Sapphire Skye Limited (as nominee of Zedra Trust Company (Singapore) Limited) <sup>(5)</sup>	–	394,134,000	11.14
Lido Point Investments Ltd	394,134,000	–	11.14

#### Notes:

- (1) Ren Yuanlin is the settlor and sole beneficiary of the YZJ Settlement (the “**Trust**”), which is revocable by the settlor and established as a “purpose trust”. Under the terms of the Trust, Ren Yuanlin has the powers, as settlor, to direct Julius Baer Trust Company (Singapore) Limited, as trustee, as to the investment in the Shares which form the assets of the Trust. Such powers include decisions relating to any purchase, sale, exchange, letting or retention and exercising of any voting and other rights in relation to the Shares. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the Trust. Accordingly, Ren Yuanlin is deemed to be interested in the 852,845,825 Shares held by Yangzi International Holdings Limited, by virtue of Section 4 of the SFA.
- (2) By virtue of Section 4 of the SFA, Toe Teow Heng is deemed to be interested in 7,386,200 Shares through his 29.90% interest in ICH Group Ltd which holds the Shares through its wholly owned subsidiaries.
- (3) Based on 3,537,339,320 Shares in issue as at the Latest Practicable Date, excluding subsidiary holdings and 136,638,800 treasury shares as at the Latest Practicable Date.
- (4) Julius Baer Trust Company (Singapore) Limited is the trustee of the Trust. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the Trust. By virtue of Section 4 of the SFA, Julius Baer Trust Company (Singapore) Limited is deemed to have an interest in the 852,845,825 Shares held by Yangzi International Holdings Limited.
- (5) Sapphire Skye Limited is wholly-owned by Zedra Trust Company (Singapore) Limited which is the trustee of an employee benefit trust set up for the purpose of rewarding employees of the YSL and its subsidiaries (“**Lido Trust**”). Under the terms of Lido Trust, Zedra Trust Company (Singapore) Limited manages 394,134,000 Shares held by Lido Point Investments Ltd. By virtue of Section 4 of the SFA, Sapphire Skye Limited (as nominee of Zedra Trust Company (Singapore) Limited) is deemed interested in the 394,134,000 Shares held by Lido Point Investments Ltd.

### 12. Directors' Recommendations

Save for Mr. Ren Yuanlin who is required to abstain from recommending Shareholders to vote in favour of the proposed renewal of the Share Purchase Mandate, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interest of the Company. Accordingly, save for Mr. Ren Yuanlin, the Directors recommend that Shareholders vote in favour of the Share Purchase Mandate Renewal Resolution as set out in the Notice of the 2<sup>nd</sup> AGM.

### 13. Annual General Meeting

The 2<sup>nd</sup> AGM, notice of which is set out on pages 153 to 159 of the Notice of 2<sup>nd</sup> AGM attached to the Annual Report 2023 of the Company, will be held on Wednesday, 24 April 2024 at 2.00 p.m. at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 for the purpose of, *inter alia*, considering and, if thought fit, passing the Share Purchase Mandate Renewal Resolution as set out in the Notice of the 2<sup>nd</sup> AGM.



## APPENDIX

### **14. Action To Be Taken By Shareholders**

Shareholders' approval for the proposed renewal of the Share Purchase Mandate is sought at the AGM. The resolution relating to the proposed renewal of the Share Purchase Mandate is contained in the Notice of AGM as ordinary resolution 8.

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on its behalf, that Shareholder should complete, sign and return the Proxy Form attached to the Annual Report in accordance with the instructions printed thereon.

The completion and lodgement of a Proxy Form by a Shareholder does not preclude that Shareholder from attending and voting in person at the AGM if it so wishes.

### **15. Abstention from Voting**

Each member of the Ren Concert Party Group who is a Shareholder shall abstain from voting on the resolution in relation to the proposed renewal of the Share Purchase Mandate at the AGM. Mr Ren Letian, Mr Ren Yuanlin and the parties acting in concert with them will not accept appointment as proxies for shareholders to vote on the resolution relating to the proposed renewal of the Share Purchase Mandate, unless specific instructions have been given in the proxy forms on how the votes are to be cast in respect of such resolution.

### **16. Directors' Responsibility Statement**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

### **17. SGX-ST's Disclaimer**

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinion expressed in this Appendix.

### **18. Documents Available for Inspection**

The following documents may be inspected at the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 during normal business hours from the date hereof up to and including the date of the 2<sup>nd</sup> AGM:

- (a) the Constitution; and
- (b) the unaudited consolidated financial statements of the Group for the financial period ended 31 December 2023.

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

Ren Yuanlin  
Executive Chairman

## Proxy Form

### YANGZIJIANG FINANCIAL HOLDING LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 202143180K)

#### IMPORTANT:

- The Annual General Meeting ("AGM") will be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Wednesday, 24 April 2024 at 2.00 p.m. (Singapore time). There will be no option for shareholders to participate virtually.
- The Notice of AGM 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.yzfin.com](http://www.yzfin.com). Printed copies of this Notice of AGM and the accompanying Proxy Form will be sent to shareholders via post.
- 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 at the AGM if they are 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 AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators by 2.00 p.m. on 12 April 2024 to submit their votes.
- 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 AGM.**

I/We \_\_\_\_\_ (name) \_\_\_\_\_ (NRIC/Passport No.)

of \_\_\_\_\_ (address)  
being a member/members of Yangzijiang Financial Holding Ltd. (the "Company"), hereby appoint

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

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

or the Chairman of the Meeting, as \*my/our proxy to attend and to vote for \*me/us on \*my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Big Picture Theatre, Level 9, Capital Tower, 168 Robinson Road, Singapore 068912 on Wednesday, **24 April 2024 at 2.00 p.m.** and at any adjournment thereof. \*I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	Resolutions	For**	Against**	Abstain**
<b>ORDINARY BUSINESS</b>				
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' Statement and Auditors' Report thereon.			
2.	To declare a tax exempt (one-tier) final dividend of S\$0.022 per ordinary shares in respect of the financial year ended 31 December 2023.			
3.	To approve the payment of Directors' fees of S\$288,000 for the financial year ended 31 December 2023.			
4.	To re-elect Mr Ren Yuanlin as Director.			
5.	To re-elect Mr Yee Kee Shian, Leon as Director.			
6.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.			
<b>SPECIAL BUSINESS</b>				
7.	To authorise Directors to allot and issue shares.			
8.	To renew the Share Purchase Mandate.			

\* 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 AGM.

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

Total Number of Shares Held in:	
(a) Depository Register	
(b) Register of Members	

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

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



## **IMPORTANT NOTES**

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A member who is a Relevant Intermediary\* is entitled to appoint more than two proxies to attend and vote at the meeting. A member shall specify the proportion of his/her/its shares (expressed as a percentage of the whole) to be represented by each proxy.

\*Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or
- (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. This instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarial certified copy thereof, must be submitted via one of the following means: (a) mail to the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 not later than 2.00 p.m. on 21 April 2024. or (b) email to [public@yzjfin.com](mailto:public@yzjfin.com) (Attn: YZJFH Team), not later than 2.00 p.m. on 21 April 2024.
6. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members (maintained by or on behalf of the Company), he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
7. The Company shall be entitled to reject the instrument appointing the proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (including any related attachment or supporting documents). In addition, in the case of a member whose Shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the proxy or proxies lodged if such member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
8. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

AFFIX  
POSTAGE  
STAMP

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

# CORPORATE INFORMATION

(Stock code: SGX YF8)

## BOARD OF DIRECTORS

### **Ren Yuanlin**

*Executive Chairman*

### **Toe Teow Heng**

*Executive Director, CEO and CIO – Singapore*

### **Chew Sutat**

*Lead Independent Non-Executive Director*

### **Chua Kim Leng**

*Independent Non-Executive Director*

### **Yee Kee Shian, Leon**

*Independent Non-Executive Director*

## AUDIT AND RISK COMMITTEE:

**Chua Kim Leng** (*Chairman*)

**Yee Kee Shian, Leon**

**Chew Sutat**

## NOMINATING COMMITTEE:

**Yee Kee Shian, Leon** (*Chairman*)

**Chew Sutat**

**Chua Kim Leng**

## REMUNERATION COMMITTEE:

**Yee Kee Shian, Leon** (*Chairman*)

**Chew Sutat**

**Chua Kim Leng**

## COMPANY SECRETARY:

Lee Wei Hsiung (ACIS)

## SHARE REGISTRAR:

**Boardroom Corporate & Advisory Services Pte. Ltd.**

1 Harbourfront Avenue #14-07

Keppel Bay Tower

Singapore 098632

## AUDITOR:

**PricewaterhouseCoopers LLP**

7 Straits View Level 12,

Marina One East Tower

Singapore 018936

Partner-in Charge

**Mr Lim Kheng Wah (Lin Qinghua)**

(a member of the Institute of Singapore Chartered Accountants)

Appointed on 19 April 2022

## REGISTERED OFFICE:

9 Raffles Place #26-01 Republic Plaza

Singapore 048619

## PRINCIPAL PLACE OF BUSINESS:

9 Raffles Place #54-01

Republic Plaza

Singapore 048619

## INVESTOR RELATIONS:

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