



YANGZIJIANG FINANCIAL HOLDING LTD.

(Company Registration No. 202143180K)

(Incorporated in the Republic of Singapore on 14 December 2021)

CLSA Singapore Pte Ltd is the Issue Manager for the listing of Yangzijiang Financial Holding Ltd. on the Mainboard of the Singapore Securities Exchange Trading Limited by way of an introduction.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Company's Introductory Document dated 1 April 2022 (the "Introductory Document").

YANGZIJIANG FINANCIAL HOLDING LTD.
(Incorporated in Singapore. Registration Number: 202143180K)
AND ITS SUBSIDIARIES

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

A. Condensed Interim Consolidated Statement of Comprehensive Income

		The Group			
		<u>1st Half Year</u>			
Note	1H 2022	% of	1H 2021	+/(-)%	
	SGD'000	Total Income	SGD'000	Variance	
Interest income	5	184,873	190,615	-3%	
Fee income		77	-	n.m.	
Dividend income		7,584	14,646	-48%	
Fair value changes on financial assets, at fair value through profit or loss		(19,015)	33,471	n.m.	
Other income		273	423	-35%	
Non-interest income/(losses)		<u>(11,081)</u>	<u>48,540</u>	n.m.	
Total income		<u>173,792</u>	<u>239,155</u>	-27%	
Employee compensation	6	(1,113)	(676)	65%	
Other expenses	7	(14,451)	(12,625)	14%	
Total expenses		<u>(15,564)</u>	<u>(13,301)</u>	17%	
Profit before allowances		<u>158,228</u>	<u>225,854</u>	-30%	
Reversal of allowances for credit and other losses	8	11,997	34,142	-65%	
Profit after allowances		<u>170,225</u>	<u>259,996</u>	-35%	
Share of results of associated companies, net of tax		(23,316)	(680)	3329%	
Other gains		22,559	-	n.m.	
Profit before income tax		<u>169,468</u>	<u>259,316</u>	-35%	
Income tax expense	9	(33,089)	(62,798)	-47%	
Net profit attributable to equity holders of the company/owners of the Investment Business		<u><u>136,379</u></u>	<u><u>196,518</u></u>	-31%	
Earnings per share attributable to equity holders of the company/owners of the Investment Business					
– Basic and diluted (expressed in \$ cents per share)		<u>3.45</u>	<u>4.97</u>		
Net profit for the period		136,379	196,518		
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
– Currency translation (loss)/gain		<u>(2,564)</u>	<u>125,244</u>		
Other comprehensive (loss)/income, net of tax		<u>(2,564)</u>	<u>125,244</u>		
Total comprehensive income attributable to equity holders of the company/owners of the Investment Business		<u>133,815</u>	<u>321,762</u>		

n.m. denotes not meaningful.

B. Condensed Interim Consolidated Statement of Financial Position

	Note	<u>The Group</u>		<u>The Company</u>	
		As at 30 June 2022 SGD'000	As at 31 Dec 2021 SGD'000	As at 30 June 2022 SGD'000	As at 31 Dec 2021 SGD'000
ASSETS					
Current assets					
Cash and cash equivalents		449,684	18,374	275,488	-
Financial assets, at fair value through profit or loss	13	664	77,881	-	-
Debt investments at amortised cost	15	2,478,001	3,359,868	-	-
Trade and other receivables	16	699,307	25,037	4,127,993	- *
		<u>3,627,656</u>	<u>3,481,160</u>	<u>4,403,481</u>	<u>-</u>
Non-current assets					
Debt investments at amortised cost	15	181,997	154,727	-	-
Trade and other receivables	16	116	10,182	-	-
Investment in subsidiaries		-	-	5,335	-
Investments in associated companies		230,015	227,050	-	-
Investment property		23,725	24,535	-	-
Financial assets, at fair value through profit or loss	13	402,507	427,545	-	-
Property, plant and equipment		1,931	2,078	5	-
Goodwill		1,142	-	-	-
Deferred income tax assets		43,484	72,629	-	-
		<u>884,917</u>	<u>918,746</u>	<u>5,340</u>	<u>-</u>
Total assets		<u>4,512,573</u>	<u>4,399,906</u>	<u>4,408,821</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Other payables		11,242	2,760	546	-
Derivative financial instruments		6	-	-	-
Current income tax liabilities		20,858	65,529	-	-
		<u>32,106</u>	<u>68,289</u>	<u>546</u>	<u>-</u>
Non-current liabilities					
Deferred income tax liabilities		249,380	82,817	239,676	-
		<u>249,380</u>	<u>82,817</u>	<u>239,676</u>	<u>-</u>
Total liabilities		<u>281,486</u>	<u>151,106</u>	<u>240,222</u>	<u>-</u>
NET ASSETS		<u>4,231,087</u>	<u>4,248,800</u>	<u>4,168,599</u>	<u>-</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital/Combined capital	17	4,151,962	2,084,771	4,151,962	- *
Treasury shares		(6,250)	-	(6,250)	-
Owner's net investment		-	984,363	-	-
Other reserves	17	17,121	15,042	-	-
Retained earnings	17	70,818	892,255	24,011	-
Currency translation reserve		(2,564)	272,369	(1,124)	-
Total equity		<u>4,231,087</u>	<u>4,248,800</u>	<u>4,168,599</u>	<u>-</u>

* The company was incorporated on 14 December 2021 with a share capital of S\$100. As of 31 December 2021, there was a share capital receivable of S\$100 and share capital of S\$100.

C. Condensed Interim Consolidated Statement of Cash Flows

	The Group	
	1H2022	1H2021
	SGD '000	SGD '000
Cash flows from operating activities		
Profit after income tax	136,379	196,518
Adjustments for:		
– Income tax expenses	33,089	62,798
– Depreciation of property, plant and equipment	111	109
– Depreciation of investment properties	556	358
– Fair value loss/(gain) on financial assets, at fair value through profit or loss	19,015	(33,471)
– Dividend income	(7,584)	(14,646)
– Fair value loss on derivative financial instruments	6	-
– Share of losses from associated company	23,316	680
	204,888	212,346
Changes in working capital		
– Trade and other receivables	(664,131)	286,507
– Other payables	8,347	(15,434)
– Debt investments at amortised cost	263,032	68,309
Cash generated from operations	(187,864)	551,728
Income tax paid	(51,420)	(74,209)
Net cash (used in)/provided by operating activities	(239,284)	477,519
Cash flows from investing activities		
Proceeds from sale of financial assets, at fair value through profit and loss	3,954	105,538
Proceeds from disposal of associated company	-	15,323
Dividend received	7,584	14,646
Additions to investment properties	(240)	-
Acquisition of financial assets, at fair value through profit and loss	(727)	(22,829)
Acquisition of a subsidiary, net of cash	(1,080)	-
Additions to investments in associated companies	(43,388)	-
Return of capital by associated companies	12,775	-
Net cash (used in)/provided by investing activities	(21,122)	112,678
Cash flows from financing activities		
Share buyback	(6,250)	-
Movement in funding from YZJ Group	771,630	(438,755)
Distributions to owner	(71,099)	(163,528)
Net cash provided by/(used in) financing activities	694,281	(602,283)
Net increase/(decrease) in cash and cash equivalents	433,875	(12,086)
Cash and cash equivalents at the beginning of financial period	18,374	25,863
Effects of currency translation on cash and cash equivalents	(2,565)	3,908
Cash and cash equivalents at the end of financial period	449,684	17,685

D. Condensed Interim Consolidated Statement of Changes in Equity

THE GROUP

Attributable to equity holders of the Group

	<u>Share capital</u>	<u>Owner's net investment</u>	<u>Treasury shares</u>	<u>Other reserve</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance at 1 January 2022	2,084,771	984,363	-	15,042	272,369	892,255	4,248,800
Profit for the financial period	-	-	-	-	-	136,379	136,379
Other comprehensive loss	-	-	-	-	(2,564)	-	(2,564)
Total comprehensive (loss)/income for the period	-	-	-	-	(2,564)	136,379	133,815
Transfer ⁽¹⁾	-	-	-	4,352	-	(4,352)	-
Spin-off process ⁽²⁾	2,067,191	(984,363)	-	(2,273)	(272,369)	(953,464)	(145,278)
Share buyback ⁽³⁾	-	-	(6,250)	-	-	-	(6,250)
As at 30 June 2022	4,151,962	-	(6,250)	17,121	(2,564)	70,818	4,231,087

	<u>Share capital</u>	<u>Owner's net investment</u>	<u>Treasury shares</u>	<u>Other reserve</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance at 1 January 2021	2,167,752	1,657,377	-	13,373	103,176	730,214	4,671,892
Profit for the financial period	-	-	-	-	-	196,518	196,518
Other comprehensive loss	-	-	-	-	125,244	-	125,244
Total comprehensive income for the period	-	-	-	-	125,244	196,518	321,762
Transfer ⁽¹⁾	-	-	-	5	-	(5)	-
Movement in funding	-	(438,755)	-	-	-	-	(438,755)
Dividends	-	-	-	-	-	(163,528)	(163,528)
As at 30 June 2021	2,167,752	1,218,622	-	13,378	228,420	763,199	4,391,371

Yangzijiang Financial Holding Ltd. and its Subsidiaries
Condensed Consolidated Interim Financial Statements
For the six-month period ended 30 June 2022

THE COMPANY

	Attributable to equity holders of the Company				Total equity
	Share capital	Treasury shares	Other reserves	Retained earnings	
	SGD'000	SGD'000	SGD'000	SGD'000	
Balance at 1 January 2022	-*	-	-	-	-*
Issuance of shares	4,151,962	-	-	-	4,151,962
Profit for the year	-	-	-	77,057	77,057
Other comprehensive loss for the year	-	-	(1,124)	-	(1,124)
Total comprehensive (loss)/ income for the year	-	-	(1,124)	77,057	75,934
Share buyback ⁽³⁾	-	(6,250)	-	-	(6,250)
Dividend distributed to owner before spin-off	-	-	-	(53,047)	(53,047)
Balance at 30 June 2022	4,151,962	(6,250)	(1,124)	24,011	4,168,598

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the People's Republic of China ("PRC") where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.
- (2) This represents the effect of spin-off of the Company and its subsidiaries from Yangzijiang Shipbuilding (Holdings) Ltd. ("YZJ Group"), the previous owner of the Company before the spin-off, on the equity of the Group in April 2022.
- (3) The Company held its 1st extraordinary general meeting on 8 June 2022 and was granted the share buyback mandate (the "Buy-back Mandate") by its shareholders. Thereafter in June 2022, the Company bought back 13,000,000 shares of the Company by way of market acquisition, which are held as treasury shares.

* The company was incorporated on 14 December 2021 with a share capital of S\$100. As of 31 December 2021, there was a share capital of S\$100.

E. Notes to the Condensed Interim Financial Statements

1. Corporate information

On 29 November 2021, Yangzijiang Shipbuilding (Holdings) Ltd. ("YZJ") announced its plan to sharpen its strategic focus by spinning off the investment business ("Investment Business") of YZJ and its subsidiaries (collectively the "YZJ Group") via the transfer of existing investments to a newly incorporated company. To achieve this transformation, YZJ embarked on a Reorganisation Exercise to separate its existing investment business into a separate legal structure. For this purpose, Yangzijiang Financial Holding Ltd. (the "Company") was incorporated in Singapore on 14 December 2021 as a private company limited by shares under the name of "Yangzijiang Financial Holding Pte. Ltd.". On 25 March 2022, the Company was converted into a public company limited by shares and the name was changed to "Yangzijiang Financial Holding Ltd.". The address of the Company's registered office is 80 Robinson Road #02-00 Singapore 068898.

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, micro-financing, and fund management and investment advisory services.

YZJ Financial Group, comprising the former Investment Business of the YZJ Group, historically did not exist as a separate legal entity and reporting group and no separate (statutory) financial statements were therefore prepared. Accordingly, for the purpose of the evaluation of the historical financial results and the preparation of capital markets access, combined financial statements of YZJ Financial Group for the financial years ended 31 December 2019, 2020 and 2021 (collectively referred to as the "Track Record Period") have been prepared. For the 1st half year of 2022, financial performance of YZJ Financial Group also includes the profit and loss from the Investment Business of the YZJ Group before the spin-off in April 2022.

2. Basis of Preparation

These combined financial statements prior to the spin-off had been prepared on a "carve-out basis" from the YZJ Group Consolidated Financial Statements for the purpose of presenting the financial positions, financial performances and cash flows of the Investment Business on a stand-alone basis for the Track Record Period.

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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 is Renminbi ("RMB") and the financial statements are presented in Singapore Dollar ("SGD") ("presentation currency").

2.1 New and amended standards adopted by the Group

The adoption of the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the condensed consolidated interim financial statements of the Group.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements disclosed in the introductory document dated 1 April 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11 – impairment of debt investments at amortised costs: key assumptions applied in estimating the expected loss rates.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the Executive Chairman and head of respective business departments (collectively known as "Management Team") that are used to make strategic decisions.

The principal activities of the Group consist of micro-financing, debt investments at amortised cost, fund management and other investments and therefore management considers that the Group operates in one single business segment at two geographical locations.

The Management Team considers the business mainly from a geographical perspective. Geographically, management manages and monitors the business from both Singapore and the PRC.

Geographical information

The Group's interest income based on the customers' locations are as follows:

	6 months ended 30 June 2022 SGD'000	6 months ended 30 June 2021 SGD'000
PRC	183,220	190,615
Singapore	1,653	-
	184,873	190,615

5. Interest Income

	6 months ended 30 June 2022 SGD'000	6 months ended 30 June 2021 SGD'000
Interest income from:		
– debt investments at amortised cost	177,615	186,290
– microfinance	1,866	3,661
	179,481	189,951
– cash and cash equivalents	5,392	664
	184,873	190,615

6. Employee compensation

	6 months ended 30 June 2022 SGD'000	6 months ended 30 June 2021 SGD'000
Salaries, wages and employer's contributions to defined contribution plans	1,113	676

7. Other expenses

	6 months ended 30 June 2022 SGD'000	6 months ended 30 June 2021 SGD'000
Business tax on interest income from debt instruments at amortised cost and loans to non-related parties – microfinance	10,270	9,154
Tax surcharge	1,409	1,295
Professional fees	1,471	295
Depreciation of investment properties	556	358
Depreciation of property, plant and equipment	111	109
Business hospitality expenses	49	21
Travel expenses	53	34
Legal fees	206	1,196
Equipment	25	-
Others	301	163
	14,451	12,625

8. Allowances for/(reversal of allowances for) credit and other losses

	6 months ended 30 June 2022	6 months ended 30 June 2021
	SGD'000	SGD'000
Allowances for/(reversal of allowances) for credit and other losses		
– Debt investments at amortised cost	(10,088)	(35,035)
– Loans to non-related parties – microfinance	(1,909)	894
	<u>(11,997)</u>	<u>(34,142)</u>

9. Income taxes

	6 months ended 30 June 2022	6 months ended 30 June 2021
	SGD'000	SGD'000
Income tax expense/(credit) attributable to profit is made up of:		
- Current income tax	36,455	32,941
- Deferred income tax	(3,366)	29,857
	<u>33,089</u>	<u>62,798</u>

10. Related party transactions

	1H2022 SGD'000	1H2021 SGD'000
Interest income from related parties	-	3,667
Capital injection from YZJ Group	4,151,962	-
Capital return to YZJ Group	-	(82,981)
Debt investment at amortised costs – loan to a related party	-	8,245
Distributions to owner	(71,099)	(163,528)
Movement in funding to YZJ Group	(984,363)	(438,755)
Acquisition of a subsidiary	(1,680)	-

11. Net Asset Value

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net asset value per ordinary share based on issued share capital excluding treasury shares (SGD cents)	107.45	107.55	105.87	N/A

The Group's and the Company's net assets value per ordinary share as at 30 June 2022 and 31 December 2021 have been computed based on the share capital of 3,937,589,220 shares and 3,950,589,220 shares respectively.

12. Earnings per share

Earnings per share	The Group	
	1H2022	1H2021
(a) Based on weighted average number of ordinary shares in issue (SGD cents) – Basic EPS	3.45	4.97
Weighted average number of Ordinary shares	3,947,930,316	3,950,589,220
(b) On fully diluted basis (SGD cents)	3.45	4.97

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is equal to basic earnings per share as at the period ended 30 June 2022 and 2021 as the Company has no potential dilutive ordinary shares.

13. Financial assets, at fair value through profit or loss

	The Group	
	6 months ended 30 June 2022 SGD'000	6 months ended 30 June 2021 SGD'000
Beginning of financial period	505,426	535,150
Investments transfer to owners before spin-off	(71,361)	-
Additions	727	22,829
Fair value gain/(loss) through profit and loss	(19,015)	33,471
Disposals	(3,954)	(105,538)
Currency translation difference	(8,652)	14,682
End of financial period	403,171	500,594

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

	The Group	
	30 June 2022 SGD'000	31 December 2021 SGD'000
<u>Current</u>		
Listed		
- Equity securities - PRC	-	75,761
Unlisted		
- Equity securities - PRC	664	2,120
	664	77,781
<u>Non-Current</u>		
Unlisted		
- Equity securities - PRC	402,507	427,545
	403,171	505,426

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

14. Fair value measurement

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).

	Level 1 SGD'000	Level 2 SGD'000	Level 3 SGD'000	Total SGD'000
The Group				
30 June 2022				
Assets				
Financial assets, at fair value through profit or loss	-	-	403,171	403,171
Liabilities				
Derivative financial instruments	-	6	-	6
31 December 2021				
Assets				
Financial assets, at fair value through profit or loss	75,761	-	429,665	505,426

15. Debt investments at amortised cost

The Group invests in fixed interest debt instruments through intermediary financial institutions for specific borrowings arranged by these intermediaries, government bonds and other short-term investments offered by various banks that the Group intends to hold till maturity.

Movements during the period are as follows:

	The Group 6 months ended 30 June 2022 SGD'000	6 months ended 30 June 2021 SGD'000
Beginning of financial period	3,514,595	3,438,717
Investments transfer to YZJ Group before spin-off	(536,377)	-
Addition	914,656	2,663,004
Redemptions	(1,187,773)	(2,766,348)
Reversal of impairment losses recognized in profit or loss	10,088	35,035
Currency Translation Difference	(55,191)	126,488
End of financial period	<u>2,659,998</u>	<u>3,461,861</u>

Yangzijiang Financial Holding Ltd. and its Subsidiaries
Condensed Consolidated Interim Financial Statements
For the six-month period ended 30 June 2022

Presented as:

	<u>The Group</u>	
	30 June 2022	31 December 2021
	SGD'000	SGD'000
Current		
Debt investments	2,574,768	3,736,103
Less: Allowance for impairment loss	(98,910)	(369,873)
Currency transaction difference	2,143	(6,362)
	2,478,001	3,359,868
Non-current		
Debt investments	206,432	184,055
Less: Allowance for impairment loss	(24,361)	(28,832)
Currency transaction difference	(74)	(496)
	181,997	154,727
Total		
Debt investments	2,781,200	3,920,158
Less: Allowance for impairment loss	(123,271)	(398,705)
Currency transaction difference	2,069	(6,858)
	2,659,998	3,514,595

The Group provides for credit losses against debt investments as follows:

<u>Category</u>	<u>Performing</u> SGD'000	<u>Under- performing</u> SGD'000	<u>Non- performing</u> SGD'000	<u>Total</u> SGD'000
30 June 2022				
Expected credit loss rates	3.4%	11.7%	- *	
Gross carrying amount	2,566,258	162,022	52,920	2,781,200
Credit loss allowance	(88,298)	(19,028)	(15,945)	(123,271)
Currency translation difference	1,524	312	233	2,069
Net carrying amount	2,479,484	143,306	37,208	2,659,998
31 December 2021				
Expected credit loss rates	4.0%	4.7%	- *	
Gross carrying amount	3,158,504	123,430	638,224	3,920,158
Credit loss allowance	(125,182)	(5,749)	(267,774)	(398,705)
Currency translation difference	(2,154)	(98)	(4,606)	(6,858)
Net carrying amount	3,031,168	117,583	365,844	3,514,595

* The ECL for non-performing investment is determined on an individual basis using a discounted cash flow methodology. The 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.

16. Trade and other receivables

	30 June 2022	31 December 2021
	SGD'000	SGD'000
<i>Current</i>		
Trade receivables		
– Loans to non-related parties – microfinance	24,322	27,047
– Non-related customers	24	-
Less: Allowance for impairment of loans to non-related parties – microfinance	(2,667)	(4,576)
Currency translation difference	(12)	(79)
	21,667	22,392
Other receivables		
– Non-related parties – Other assets	677,640	2,645
Trade and other receivables – current	699,307	25,037
	30 June 2022	31 December 2021
	SGD'000	SGD'000
<i>Non-current</i>		
Trade receivables		
– Loans to non-related parties – microfinance	116	10,182
Less: Allowance for impairment of loans to non-related parties – microfinance	-	-
	116	10,182

17. Share capital/Combined capital, retained earnings and other reserves

a) Share Capital/Combined capital and retained earnings

The combined financial statements have been prepared as if the Group structure after the Reorganisation had been in existence throughout the financial years ended 31 December 2019, 2020 and 2021.

Combined capital and retained earnings as at 31 December 2019, 2020 and 2021 represent the share capital and retained earnings of the dedicated Investment Business legal entities, now comprising part of the Group. After the spin-off, the combined capital was replaced by share capital of the Group. Reserves and retained earnings of the Investment Business related to non-dedicated legal entities were distributed back to YZJ Group prior to the spin-off.

b) Other reserves (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 reserve funds.

All subsidiaries which are considered as Wholly Owned Foreign Enterprise may discontinue the contribution to the reserve fund when the aggregate sum of the reserve fund is more than 50% of the registered capital in accordance with the "Law of the PRC on Enterprise Operated Exclusively with Foreign Capital".

Other reserves relate to the reserve funds of the dedicated Investment Business legal entities, now comprising part of the Group.

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Yangzijiang Financial Holding Ltd. and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no outstanding convertible securities as at 30 June 2022 and 30 June 2021.

3. Number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares ('000)			
	As at 30 June 2022	%	As at 30 June 2021	%
Shares held as treasury shares	13,000	0.33%	-	0.00%
Issued shares excluding treasury shares	3,937,589	99.67%	3,950,589	100%
Total number of shares	<u>3,950,589</u>	100%	<u>3,950,589</u>	100%

The Company did not have subsidiary holdings as at 30 June 2022 and 30 June 2021.

4. The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of Shares ('000)	
	As at 30 June 2022	As at 31 December 2021
Issued shares at the end of periods	3,950,589	3,950,589
Treasury shares at the end of periods	(13,000)	-
Issued shares excluding treasury shares	<u>3,937,589</u>	<u>3,950,589</u>

5. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Treasury shares	Number of Shares ('000)	SGD '000
Balance as at 1 January 2022	-	-
Repurchased during 1H2022	13,000	6,250
Treasury shares re-issued	-	-
Balance as at 30 June 2022	<u>13,000</u>	<u>6,250</u>

6. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company does not have any subsidiary holdings.

7. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income statement review

Total Income

Total income decreased by approximately S\$65.0 million or 27% from S\$239.2 million in 1H2021 to S\$173.8 million in 1H2022. Our total income is mainly derived from the following items:

Total Income	1H2022	1H2021
	SGD'000	SGD'000
Interest income	184,873	190,615
Fee income	77	-
Dividend income	7,584	14,646
Fair value changes on financial assets, at fair value through profit or loss	(19,015)	33,471
Other income	273	423
Non-interest (losses)/income	<u>(11,081)</u>	<u>48,540</u>
Total income	<u>173,792</u>	<u>239,155</u>

Interest income

Interest Income, our main income generator in the Period Under Review, is mainly derived from our Group's Debt Investments Business, which comprise debt investments and microfinancing loans. Interest income derived from our Group's Debt Investments Business was approximately S\$179.5 million for 1H2022. This represents approximately a 5.5% decrease or S\$10.5 million from S\$190.0 million for 1H2021, mainly due to a S\$8.7 million decrease or 4.7% decrease in interest income earned on our Group's Debt Investments. This was a result of lower average debt investments balance in 1H2022 as compared to same period last year.

On the other hand, interest income from cash and cash equivalents increased significantly by S\$4.7 million from S\$0.7 million for 1H2021 to S\$5.4 million in 1H2022, the increase was mainly a result of higher cash balance and higher return from offshore yield enhancement cash management products denominated in USD and SGD.

The breakdown of our interest income for the Period Under Review is as follows:

	1H2022		1H2021	
	SGD'000	%	SGD'000	%
Interest income from:				
Debt investments (at amortised costs)	177,615	96.1%	186,290	97.7%
Microfinance	1,866	1.0%	3,661	1.9%
	<u>179,481</u>	<u>99.8%</u>	<u>189,951</u>	<u>99.9%</u>
Cash and cash equivalents	5,392	2.9%	664	0.3%
Total Interest income	184,873	100.0%	190,615	100.0%

Non-interest income

Our Group's non-interest income comprises of fee income, dividend income earned on our investments in financial assets at fair value through profit or loss, net changes in fair values of our investments in financial assets at fair value through profit or loss and other income including rental income from investment properties and service income earned from consultation services.

Fee income of S\$0.08m represents the fund management service fees earned by our newly acquired subsidiary, GEM Asset Management Pte. Ltd. ("**GEM Asset**") a capital markets services-licensed fund management company incorporated in Singapore.

Dividend income from our Group's investments was approximately S\$7.6 million for 1H2022. This represents approximately a 48.2% decrease or S\$7.1 million from S\$14.6 million for 1H2021. The decrease was mainly due to less dividend declared by our Venture Capital investments this year.

In 1H2022, a loss of S\$19.0 million was recorded from net change in fair value of our investments in financial assets, at fair value through profit or loss, as compared to a S\$33.5 million fair value gain for 1H2021. Out of the S\$19.0 million losses, approximately S\$13.3 million loss attributable to fair value movement of listed shares, those shares are retained with YZJ Group after the spin-off, while the remaining S\$5.7 million loss was a result of overall market losses from listed shares within the PE funds we have invested in. Our portfolio of investments is diversified into various industries including petrochemicals, materials, electronic vehicles, pharmaceuticals etc.

Other income was approximately S\$0.3 million for 1H2022, representing approximately 35.4% decrease from S\$0.4 million for 1H2021, the decrease was mainly due lower service income earned from consultation services this year.

Total Expenses

For the Period Under Review, our expenses were mainly incurred from:

- 1) employee compensation, which accounted for approximately 7.3%, 5.1% of our total expenses in 1H2022 and 1H2021 respectively and
- 2) other expenses, which accounted for approximately 92.7% and 94.9%, respectively.

Our Group recorded approximately 17.0% increase or S\$2.3 million in total expenses, from S\$13.3 million in 1H2021 to S\$15.6 million in 1H2022.

Employee compensation

Our employee compensation comprises mainly of salaries, wages and employer's contributions to defined contribution plans. Our employee compensation expense as a percentage of our total income was approximately 0.7% and 0.3% in 2H2022 and 2H2021, respectively. Employee compensation expense incurred by our Group is small given the nature of our businesses. Our employee compensation expense increased by approximately S\$0.5 million or 68.8% from S\$0.7 million in 1H2021 to S\$1.1 million in 1H2022. The increase for the Period Under Review was mainly due to we have started to increase Singapore employee headcount as a result of our Group's expanding business operations into Singapore.

Other expenses

Other expenses comprise mainly of business tax on interest income from debt investments at amortised costs and loans to non-related parties – microfinance. Other expenses contributed approximately 92.7% of total expenses or S\$14.4 million in 1H2022. This represents a 14.2% increase or S\$1.8 million from S\$12.6 million in 1H2021. The increase in other expenses was mainly attributed to a S\$1.2 million increase in professional fees as a result of listing related expenses incurred this year, partially offset by lower legal fees as compared to same period last year.

Reversal of allowances for credit and other losses

Our Group has recorded allowances for or reversal of allowances for credit and other losses on our debt investments (at amortised costs) and loans to non-related parties – microfinance. Such allowances relate to the expected credit losses of debt investments (at amortised costs) and loans to non-related parties – microfinance.

	1H2022	1H2021
	SGD'000	SGD'000
Allowances for/(reversal of allowances for)credit and other losses		
– Debt investments (at amortised costs)	(10,088)	(35,035)
– Loans to non-related parties – microfinance	(1,909)	894
	<u>(11,997)</u>	<u>(34,142)</u>

The reversal of allowances of S\$10.1 million recognised in 1H2022 mainly due to the net reversal of unutilised allowance on debt investments (at amortised costs) and loans to non-related parties - microfinance, which were fully repaid during 1H2022.

Profit before/after allowances

As a result of the above changes to income and expenses, profit before allowances decreased by approximately 29.9%, or S\$67.6 million from S\$225.9 million for 1H2021 to S\$158.2 million for 1H2022. This decrease was furthered by an approximately S\$22.1 million lower reversal for credit losses from a reversal of allowance of S\$34.1 million for 1H2021 to a reversal of allowance of S\$12.0 million for 1H2022.

As a result, profit after allowances decreased by 34.5% or S\$89.8 million from S\$260.0 million for 1H2021 to S\$170.2 million of 1H2022.

Share of results of associated companies, net of tax

Our Group's share of results of associated companies, net of tax, comprise of Venture Capital investments and provision of seed funding activities carried out by such associated companies. For the Period Under Review, the share of losses increased by approximately S\$22.6 million to S\$23.3 million in 1H2022 from S\$0.7 million of 1H2021, mainly due to increased share of losses by associated companies as a result of overall market losses from listed shares within those associated companies we have invested in, who engage in Venture Capital investments and provision of funding activities.

Other gains/(losses)

Other gains of S\$22.6 million mainly relate to foreign translation gain of approximately US\$297 million and S\$65.6 million cash balance kept at Singapore as a result of appreciation of USD and SGD against RMB in 2Q2022.

Profit before income tax

As a result of the above, profit before income tax decreased by approximately 34.6% or S\$89.8 million from S\$259.3 million in 1H2021 to S\$169.5 million in 1H2022.

Income tax expenses

Our Group is subject to income tax at the applicable rates in Singapore and the PRC. The statutory tax rate in Singapore and the PRC was 17.0% and 25.0%, respectively under the Period Under Review. Our effective tax rates were approximately 19.5% and 24.2% in 1H2022 and 1H2021 respectively. Our income tax expenses also comprise deferred tax on undistributed profits of PRC subsidiaries. Relatively lower effective tax rate in 1H2022 was mainly due to certain dividend income and fair value gain on financial assets, at fair value through profit or loss, and unrealised currency gains are tax exempt or not subject to tax.

Net Profit

Overall, net income decreased by approximately 30.6% or S\$60.1 million from S\$196.5 million for 1H2021 to S\$136.4 million for 1H2022.

REVIEW OF FINANCIAL POSITION

Our total assets increased by approximately 2.6% or S\$112.7 million from approximately S\$4.4 billion as at 31 December 2021 to approximately S\$4.5 billion as at 30 June 2022.

Non-Current assets

Non-current assets decreased by approximately 3.7% or S\$33.8 million from S\$918.7 million as at 31 December 2021 to S\$884.9 million as at 30 June 2022.

Non-current financial assets at fair value through profit or loss decreased by 5.9% or S\$25.0 million, from S\$427.5 million as at 31 December 2021 to S\$402.5 million as at 30 June 2022. The decrease was mainly attributed to a S\$19.0 million fair value loss in 1H2022.

Non-current debt investments at amortised cost increased by 17.6% or S\$27.3 million from S\$154.7 million as at 31 December 2021 to S\$182.0 million as at 30 June 2022, mainly due to additional long term debt investments made in 1H2022.

Investments in associated companies increased by approximately 1.3% or S\$3.0 million from S\$227.1 million as at 31 December 2021 to S\$230.0 million as at 30 June 2022. The increase was a result of additional investment in associated companies of S\$43.4 million, partially offset by return of capital of S\$12.8 million and share of loss of S\$23.3 million in 1H2022.

Non-current trade and other receivables mainly comprise loans to non-related parties – microfinance maturing in more than 1 year, decreased by approximately 98.9% or S\$10.1 million from S\$10.2 million as at 31 December 2021 to S\$0.1 million as at 30 June 2022. The decrease was mainly attributed to the reclassification of loans due in the next year to current assets and this change is not offset by new loans with tenure of more than one (1) year.

Property, plant and equipment decreased by 7.1% or S\$0.1 million in 1H2022, the decrease was mainly due to depreciation during the period and translation difference.

Goodwill of S\$1.1 million represents the excess of the consideration paid for the acquisition of 100% equity shares in GEM Asset on 28 April 2022 over the fair value of the identifiable net assets acquired at the acquisition date.

Deferred income tax assets decreased by S\$29.1 million from S\$72.6 million as at 31 December 2021 to S\$43.5 million as at 30 June 2022, the movement mainly being deferred income tax assets arising from impairment provisions provided for Debt investments (at amortised costs) which were retained by YZJ Group at the point of spin-off and net reversal of tax credit as a result of reversal of unutilised allowance for credit losses in 1H2022.

Current assets

As at 30 June 2022, current assets stood at approximately S\$3.6 billion and mainly comprised cash and cash equivalents, debt investments (at amortised costs), and trade and other receivables. This represented an increase of approximately 4.2% or S\$146.5 million from S\$3.5 billion as at 31 December 2021 to S\$3.6 billion as at 30 June 2022.

Cash and cash equivalents increased significantly by S\$431.3 million from S\$18.4 million as at 31 December 2021 to S\$449.7 million as at 30 June 2022. The increase was mainly a result of net cash inflow of approximately S\$700.5 million from YZJ Group at the point of spin-off.

Current financial assets at fair value through profit or loss decreased by 99.1% or S\$77.2 million, from

S\$77.9 million as at 31 December 2021 to S\$0.7 million as at 30 June 2022. The decrease was mainly due to investments retained with YZJ Group as the point of spin-off.

Current debt investments (at amortised costs) accounted for approximately S\$2.5 billion, representing 68.3% of our current assets. This represented a decrease of approximately S\$881.9 million or 26.2% from our current debt investments (at amortised costs) of S\$3.4 billion as at FY2021 which was mainly due to net redemption in 1H2022.

Our trade and other receivables increased by approximately S\$674.3 million from approximately S\$25.0 million as at 31 December 2021 to approximately S\$699.3 million as at 30 June 2022, representing 19.3% of our current assets. The increase is mainly due to increase of prepayment of approximately S\$677 million for potential investments.

Non-Current liabilities

Our total liabilities stood at S\$281.5 million as at 30 June 2022. Our non-current liabilities represented approximately 88.6% of our total liabilities, increased by approximately S\$166.6 million from approximately S\$82.8 million as at 31 December 2021 to approximately S\$249.4 million as at 30 June 2022. This was due to an increase in deferred income tax liabilities as a result of undistributed dividend from a PRC subsidiary, which was a part of the spin-off process, and additional deferred tax liabilities recorded in 1H2022 in relation to undistributed profits of PRC subsidiaries.

Current liabilities

Our current liabilities decreased by approximately S\$36.2 million or 53.0% from approximately S\$68.3 million as at 31 December 2021 to S\$32.1 million as at 30 June 2022, mainly due to a decrease of approximately S\$44.7 million or 68.2% in current income tax liability from approximately S\$65.5 million as at 31 December 2021 to S\$20.9 million as at 30 June 2022 as a result of spin-off process and net payment of income tax during 1H2022.

Current trade and other payable increased by S\$8.5 million from S\$2.8 million as at 31 December 2021 to S\$11.2 million as at 30 June 2022, the increase was mainly related to higher trade payable.

Current derivative financial liability of S\$6000 relates to the valuation of forex derivative the Group entered for the purpose of cash management yield enhancement.

Equity

Total equity decreased approximately by 0.4% or S\$17.7 million from S\$4.25 billion as at 31 December 2021 to S\$4.23 billion as at 30 June 2022. Total equity of our Company can be attributed to share capital or combined capital & owner's net investment, other reserves, foreign currency transaction reserves and retained earnings.

Owner's net investment represents net funding position from YZJ Group prior to the spin-off, stood at approximately S\$984.4 million as at 31 December 2021, which was fully repaid before the spin-off. Meanwhile, share capital had increased to approximately S\$4.15 billion (equivalent to approximately RMB20 billion) prior to the spin-off.

Treasury shares of S\$6.3 million represents 13,000,000 shares of the Company bought back by way of market acquisition, which are subsequently held as treasury shares.

Other reserves increased by approximately 13.8% or S\$2.1 million from S\$15.0 million as at 31 December 2021 to S\$17.1 million as at 30 June 2022 due to an increase in statutory reserves and spin-off.

Retained earnings decreased by approximately 92.1% or S\$821.4 million from S\$892.3 million as at 31 December 2021 to S\$70.8 million as at 30 June 2022 mainly due to distribution of its earnings to YZJ Group prior to the spin-off.

REVIEW OF CASH FLOW STATEMENT

A review of the liquidity and capital resources of our Group for 1H2022 is set out below:

Net cash provided by/(used in) operating activities

In 1H2022, our Group recorded net cash used in operating activities of approximately S\$239.3 million, which was a result of a profit after income tax of S\$136.4 million and adjustments for items such as (i) fair value loss on financial assets of S\$19.0 million, (ii) share of loss of associated companies of S\$23.3 million, (iii) dividend income of S\$7.6 million, (iv) income tax expenses of S\$33.1 million, (v) depreciation of property, plant and equipment of S\$0.1 million, (vi) depreciation of investment properties of S\$0.6 million, and (vii) working capital outflows of S\$392.8 million. Working capital inflows were due to the following:

- 1) an increase in trade and other receivables of S\$664.1 million;
- 2) a decrease in debt investments (at amortised costs) of S\$263.0 million; and
- 3) an increase in other payables of S\$8.3 million.

Net cash provided by/(used in) investing activities

Net cash used in investing activities amounted to approximately S\$21.1 million mainly due to (i) additional investment in associated company of S\$43.4 million (ii) net cash outflow of acquisition of a subsidiary, GEM Asset of S\$1.1 million. This was partially offset by (i) return of capital by associated companies of S\$12.8 million, (ii) dividend received of S\$7.6 million and (iii) proceeds from sale of financial assets, at fair value through profit and loss of S\$4.0 million.

Net cash provided by/(used in) financing activities

Net cash provided by financing activities amount to approximately S\$694.3 million, mainly due to (i) increase in funding from YZJ Group of S\$771.6 million, (ii) distributions to YZJ Group amounting to S\$71.1 million prior to the spin-off and (iii) share buyback of S\$6.3 million.

Cash and cash equivalents

Due to the above and the effects of currency translation, there was a net increase of approximately S\$431.3 million in our cash and cash equivalents, from approximately S\$18.4 million as at 1 January 2022 to S\$449.7 million as at 30 June 2022.

8. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

9. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Following the Group's successful restructuring exercise in April 2022, the Group's principal businesses comprise the following: (i) Investment Management (which seeks capital appreciation and investment income from investments in both public and private companies and funds), (ii) Fund Management (which seeks to generate fee income) and (iii) Wealth Management (which seeks to generate advisory income).

On the Investment Management front, as at 30 June 2022, the Group has S\$4.6 billion of assets under management (AUM). Prior to the restructuring, most of the Group's investments have been predominantly focused on debt, consisting primarily of short-term entrusted loans in PRC. As the Group moves towards its vision of becoming a leading investment manager in Asia, it plans to gradually increase its offshore investments over the next five years to diversify its portfolio across asset classes and geographies to optimize its risk-adjusted return. The Group's target portfolio will extend into four key asset classes – (i) Private Equity, (ii) Fund Investment (Direct Lending/Special Situations), (iii) Private Debt/Mezzanine Financing and (iv) Maritime Fund. As at 30 June 2022, the Group has about S\$480 million worth of assets in Singapore waiting to be deployed to offshore investments. In view of the current macro uncertainty, the Group is adopting a more cautious approach in deploying its capital, preferring to diversify across vintages (i.e. deploying capital over a period) to ensure it remains competitive across economic cycles. In recent months, the Group has also announced the appointment of several key investment and risk professionals to the team as it seeks to strengthen its network and investment competence.

In the area of fund management, the Group announced in May 2022 that it will set up and manage a new fund, GEM Asia Growth Fund, with an initial AUM of S\$100 million, of which up to S\$80 million will be funded by the Group and the remainder raised from various external investors. Tapping on the Group's competitive advantage and strategic network in the shipping industry, the Group is also looking to set up a new maritime fund with an initial AUM of US\$250 million. The proposed maritime fund aims to generate steady income and returns from investments in maritime assets (including vessels) for the purposes of leasing, chartering and/or sale, and providing financing for small to medium sized shipping companies.

10. Dividend

a) Current Financial Period Reported On

None

b) Corresponding Period of the Immediately Preceding Financial Year

None

c) Whether the dividend is before tax, net of tax or tax exempt

Not applicable.

d) Date payable

Not applicable.

e) Books closure date

Not applicable.

11. If no dividend has been declared (recommended), a statement to that effect.

It is the company's policy to declare dividend annually.

12. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the first half year ended 30 June 2022:

Name of interested person	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<u>Ren Yuanlin</u> Acquisition of a subsidiary	S\$840,000*	Nil [^]
<u>Toe Teow Heng</u> Acquisition of a subsidiary	S\$840,000*	Nil [^]

*Aggregate value less than 3% of Group's NTA as at 30 June 2022, shareholder mandate not applicable.

[^]The Company does not obtain a shareholders' mandate for interested person transactions.

13. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in appendix 7.7) under rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

14. Confirmation by the board pursuant to rule 705(5) of the listing manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Ren Yuanlin
Executive Chairman

Toe Teow Heng
Executive Director and Chief Executive Officer

Singapore
Date: 11 August 2022