



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 AND DIVIDEND ANNOUNCEMENT**

FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 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").

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

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR SIX-MONTH PERIOD AND FULL YEAR ENDED 31
DECEMBER 2022

A. Condensed Interim Consolidated Statement of Comprehensive Income

	Note	The Group				The Group			
		2nd Half Year				January - December			
		2H 2022	% of	2H 2021	+/(-)%	2022	% of	2021	+/(-)%
		SGD'000	Total Income	SGD'000	Variance	SGD'000	Total Income	SGD'000	Variance
Interest income	5	147,881		178,052	-17%	332,754		368,667	-10%
Non-interest income									
Fee income		7		-	n.m.	84		-	n.m.
Dividend income		114		63,715	-100%	7,698		78,361	-90%
Fair value changes on financial assets, at fair value through profit or loss		(15,871)		(96,272)	-84%	(34,886)		(62,801)	-44%
Other income		298		194	54%	571		617	-7%
Total non-interest (losses)/income		<u>(15,452)</u>		<u>(32,363)</u>	<u>-52%</u>	<u>(26,533)</u>		<u>16,177</u>	<u>n.m.</u>
Total income		<u>132,429</u>	100%	<u>145,689</u>	-9%	<u>306,221</u>	100%	<u>384,844</u>	-20%
Employee compensation	6	(2,499)	-2%	(779)	221%	(3,612)	-1%	(1,455)	148%
Other expenses	7	(11,175)	-8%	(8,040)	39%	(25,626)	-8%	(20,665)	24%
Total expenses		<u>(13,674)</u>	-10%	<u>(8,819)</u>	55%	<u>(29,238)</u>	-10%	<u>(22,120)</u>	32%
Profit before allowances		<u>118,755</u>	90%	<u>136,870</u>	-13%	<u>276,983</u>	90%	<u>362,724</u>	-24%
(Allowance for)/reversal of allowances for credit and other losses	8	(135,850)	-103%	(24,974)	444%	(123,853)	-40%	9,168	n.m.
(Loss)/profit after allowances		<u>(17,095)</u>	-13%	<u>111,896</u>	n.m.	<u>153,130</u>	50%	<u>371,892</u>	-59%
Share of results of associated companies, net of tax		29,980	23%	55,965	-46%	6,664	2%	55,285	-88%
Other gains		14,043	11%	-	n.m.	36,602	12%	-	n.m.
Profit before income tax		<u>26,928</u>	20%	<u>167,861</u>	-84%	<u>196,396</u>	64%	<u>427,177</u>	-54%
Income tax expense	9	(1,305)	-1%	(37,141)	-96%	(34,394)	-11%	(99,939)	-66%
Net profit attributable to equity holders of the company/owners of the Investment Business		<u>25,623</u>	19%	<u>130,720</u>	-80%	<u>162,002</u>	53%	<u>327,238</u>	-50%
Earnings per share attributable to equity holders of the company/owners of the Investment Business									
– Basic and diluted (expressed in \$ cents per share)		<u>0.68</u>		<u>3.31</u>		<u>4.22</u>		<u>8.28</u>	
Net profit for the period		25,623		130,720		162,002		327,238	
Other comprehensive income:									
Items that may be reclassified subsequently to profit or loss:									
– Currency translation gain		3,671		43,949		1,107		169,193	
– Currency translation difference for presentation currency		(298,692)		-		(298,692)		-	
Other comprehensive (loss)/income, net of tax		<u>(295,021)</u>		<u>43,949</u>		<u>(297,585)</u>		<u>169,193</u>	
Total comprehensive (loss)/income attributable to equity holders of the company/owners of the Investment Business		<u>(269,398)</u>		<u>174,669</u>		<u>(135,583)</u>		<u>496,431</u>	

n.m. denotes not meaningful.

B. Condensed Interim Consolidated Statement of Financial Position

		<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Note		SGD'000	SGD'000	SGD'000	SGD'000
ASSETS					
Current assets					
Cash and cash equivalents		620,686	18,374	73,026	-
Financial assets, at fair value through profit or loss	13	56,210	77,881	-	-
Debt investments at amortised cost	15	2,264,600	3,359,868	-	-
Trade and other receivables	16	26,708	25,037	4,084,201	- *
		<u>2,968,204</u>	<u>3,481,160</u>	<u>4,157,227</u>	<u>-</u>
Non-current assets					
Debt investments at amortised cost	15	407,307	154,727	-	-
Trade and other receivables	16	2,788	10,182	-	-
Investment in subsidiaries		-	-	4,958	-
Investments in associated companies	17	322,643	227,050	-	-
Investment properties		21,540	24,535	-	-
Financial assets, at fair value through profit or loss	13	413,862	427,545	-	-
Property, plant and equipment		2,814	2,078	1,116	-
Goodwill		1,061	-	-	-
Deferred income tax assets		65,728	72,629	-	-
		<u>1,237,743</u>	<u>918,746</u>	<u>6,074</u>	<u>-</u>
Total assets		<u>4,205,947</u>	<u>4,399,906</u>	<u>4,163,301</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Other payables		52,917	2,760	137,057	-
Derivative financial instruments		6,876	-	4,035	-
Borrowings		13,830	-	384	-
Current income tax liabilities		28,867	65,529	507	-
		<u>102,490</u>	<u>68,289</u>	<u>141,983</u>	<u>-</u>
Non-current liabilities					
Borrowings		732	-	732	-
Deferred income tax liabilities		228,906	82,817	222,747	-
		<u>229,638</u>	<u>82,817</u>	<u>223,479</u>	<u>-</u>
Total liabilities		<u>332,128</u>	<u>151,106</u>	<u>365,462</u>	<u>-</u>
NET ASSETS		<u>3,873,819</u>	<u>4,248,800</u>	<u>3,797,839</u>	<u>-</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital/Combined capital	18	3,858,695	2,084,771	3,858,695	- *
Treasury shares		(94,120)	-	(94,120)	-
Owner's net investment		-	984,363	-	-
Other reserves	18	26,963	15,042	-	-
Retained earnings	18	84,999	892,255	34,252	-
Currency translation reserve		(2,718)	272,369	(988)	-
Total equity		<u>3,873,819</u>	<u>4,248,800</u>	<u>3,797,839</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	
	FY2022	FY2021
	SGD '000	SGD '000
Cash flows from operating activities		
Profit after income tax	162,002	327,238
Adjustments for:		
– Income tax expenses	34,394	99,939
– Depreciation of property, plant and equipment	215	113
– Depreciation of investment properties	1,257	831
– Fair value loss on financial assets, at fair value through profit or loss	34,886	62,801
– Dividend income	(7,698)	(78,361)
– Fair value loss on derivative financial instruments	6,876	-
– Share of results from associated companies	(6,664)	(55,285)
– Net effect of exchange rate changes in consolidating foreign operations	332,427	-
	557,695	357,276
Changes in working capital		
– Trade and other receivables	5,798	483,782
– Other payables	50,022	(43,798)
– Debt investments at amortised cost	45,227	78,386
Cash generated from operations	658,742	875,646
Income tax paid	(87,434)	(74,589)
Net cash provided by operating activities	571,308	801,057
Cash flows from investing activities		
Proceeds from sale of financial assets, at fair value through profit and loss	112,483	87,235
Proceeds from disposal of associated companies	1,412	14,378
Dividend received	7,698	78,361
Purchase of property, plant and equipment	(10)	-
Additions to investment properties	(260)	-
Acquisition of financial assets, at fair value through profit and loss	(226,633)	(97,008)
Acquisition of a subsidiary, net of cash	(999)	-
Additions to investments in associated companies	(143,718)	-
Return of capital by associated companies	26,347	58,482
Net cash (used in)/provided by investing activities	(223,680)	141,448
Cash flows from financing activities		
Capital reduction	-	(82,981)
Proceeds from loans and borrowings	61,751	-
Repayments of borrowings	(47,189)	-
Share buyback	(94,120)	-
Movement in funding from YZJ Group*	702,928	(702,064)
Distributions to YZJ Group* before spin-off	(71,099)	(163,528)
Net cash provided by/(used in) financing activities	552,271	(948,573)
Net increase/(decrease) in cash and cash equivalents	899,899	(6,068)
Cash and cash equivalents at the beginning of financial year	18,374	25,863
Effects of currency translation on cash and cash equivalents	(297,587)	(1,421)
Cash and cash equivalents at the end of financial year	620,686	18,374

* YZJ Group stands for Yangzijiang Shipbuilding (Holdings) Ltd.

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 reserves</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 year	-	-	-	-	-	162,002	162,002
Other comprehensive loss	-	-	-	-	(297,585)	-	(297,585)
Total comprehensive income/(loss) for the year	-	-	-	-	(297,585)	162,002	(135,583)
Transfer ⁽¹⁾	-	-	-	15,096	-	(15,096)	-
Translation differences arising from translation of equity items to presentation currency	(293,267)	-	-	(902)	294,867	(698)	-
Spin-off process ⁽²⁾	2,067,191	(984,363)	-	(2,273)	(272,369)	(953,464)	(145,278)
Share buyback ⁽³⁾	-	-	(94,120)	-	-	-	(94,120)
As at 31 December 2022	3,858,695	-	(94,120)	26,963	(2,718)	84,999	3,873,819

	<u>Share capital</u>	<u>Owner's net investment</u>	<u>Treasury shares</u>	<u>Other reserves</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 year	-	-	-	-	-	327,238	327,238
Other comprehensive income	-	-	-	-	169,193	-	169,193
Total comprehensive income for the year	-	-	-	-	169,193	327,238	496,431
Transfer ⁽¹⁾	-	-	-	1,669	-	(1,669)	-
Distribution to owner	-	-	-	-	-	(163,528)	(163,528)
Movement in combined capital	(82,981)	-	-	-	-	-	(82,981)
Movement in funding	-	(673,014)	-	-	-	-	(673,014)
As at 31 December 2021	2,084,771	984,363	-	15,042	272,369	892,255	4,248,800

Yangzijiang Financial Holding Ltd. and its Subsidiaries
Condensed Consolidated Interim Financial Statements
For the six-month period and full year ended 31 December 2022

THE COMPANY

	Attributable to equity holders of the Company					
	Share	Treasury	Other	Currency	Retained	Total
	<u>capital</u>	<u>shares</u>	<u>reserves</u>	<u>translation</u>	<u>earnings</u>	<u>equity</u>
	SGD'000	SGD'000	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	-	-	-	-	87,299	87,299
Other comprehensive loss for the year	-	-	-	(294,255)	-	(294,255)
Total comprehensive income/(loss) for the year	-	-	-	(294,255)	87,299	(206,956)
Share buyback ⁽³⁾	-	(94,120)	-	-	-	(94,120)
Translation differences arising from translation of equity items to presentation currency	(293,267)	-	-	293,267	-	-
Dividend distributed to owner before spin-off	-	-	-	-	(53,047)	(53,047)
Balance at 31 December 2022	3,858,695	(94,120)	-	(988)	34,252	3,797,839

- (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. Till 31 December 2022, the Company had bought back 259,611,100 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 FY2022, 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 period and full year ended 31 December 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 15 – impairment of debt investments at amortised costs: key assumptions applied in estimating the expected credit loss rates.
- Note 13 – Fair value of investments in financial assets, at fair value through profit or loss & associated companies.

3. Seasonal operations

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

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:

	FY2022	FY2021	6 months ended	6 months ended
	SGD'000	SGD'000	31 Dec 2022	31 Dec 2021
			SGD'000	SGD'000
PRC	324,866	368,667	141,646	178,052
Singapore	7,888	-	6,235	-
	332,754	368,667	147,881	178,052

5. Interest Income

	FY2022	FY2021	6 months ended 31 December 2022	6 months ended 31 December 2021
	SGD'000	SGD'000	SGD'000	SGD'000
Interest income from:				
– debt investments at amortised cost	309,622	352,641	132,007	166,351
– microfinance	2,569	14,918	703	11,257
	312,191	367,559	132,710	177,608
– cash and cash equivalents	20,563	1,108	15,171	444
	332,754	368,667	147,881	178,052

6. Employee compensation

	FY2022	FY2021	6 months ended 31 Dec 2022	6 months ended 31 Dec 2021
	SGD'000	SGD'000	SGD'000	SGD'000
Salaries, wages and employer's contributions to defined contribution plans	3,612	1,455	2,499	779

7. Other expenses

	FY2022	FY2021	6 months ended 31 Dec 2022	6 months ended 31 Dec 2021
	SGD'000	SGD'000	SGD'000	SGD'000
Business tax on interest income from debt instruments at amortised cost and loans to non-related parties – microfinance	16,870	18,975	6,600	9,821
Tax surcharge	2,801	2,289	1,392	994
Professional fees	2,580	1,394	1,109	1,099
Depreciation of investment properties	1,257	831	701	473
Depreciation of property, plant and equipment	215	113	104	4
Finance costs	191	-	191	-
Business hospitality expenses	120	43	71	22
Legal fees	715	2,029	509	833
Travel expense	170	77	117	43
Director fee	144	-	144	-
Bad debt recovery	-	(6,010)	-	(6,010)
Others	563	924	237	761
	25,626	20,665	11,175	8,040

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

	FY2022	FY2021	6 months ended 31	6 months ended
	SGD'000	SGD'000	December 2022	31 December 2021
			SGD'000	SGD'000
Allowances for/(reversal of allowances) for credit and other losses				
– Debt investments at amortised cost	121,504	(10,132)	131,592	24,903
– Loans to non-related parties – microfinance	2,349	964	4,258	71
	123,853	(9,168)	135,850	24,974

9. Income taxes

	FY2022	FY2021	6 months ended 31	6 months ended 31
	SGD'000	SGD'000	December 2022	December 2021
			SGD'000	SGD'000
Income tax expense/(credit) attributable to profit is made up of:				
- Current income tax	92,581	64,420	56,126	31,479
- Deferred income tax	(58,187)	35,519	(54,821)	5,662
	34,394	99,939	1,305	37,141

10. Related party transactions

	FY2022	FY2021	2H2022	2H2021
	SGD'000	SGD'000	SGD'000	SGD'000
Interest income from related parties	-	4,572	-	905
Advances/loans received from related parties	-	256,560	-	256,560
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	-	(14,837)	-	(23,082)
Distributions to owner	(71,099)	(163,528)	-	-
Movement in funding to YZJ Group	(984,363)	(673,014)	-	(234,259)
Acquisition of a subsidiary	(1,680)	-	-	-

11. Net Asset Value

	The Group		The Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net asset value per ordinary share based on issued share capital excluding treasury shares (SGD cents)	104.95	107.55	102.90	N/A

The Group's and the Company's net assets value per ordinary share as at 31 December 2022 and 31 December 2021 have been computed based on the share capital of 3,690,978,120 shares and 3,950,589,220 shares respectively.

12. Earnings per share

Earnings per share		The Group	
		FY2022	FY2021
(a)	Based on weighted average number of ordinary shares in issue (SGD cents) – Basic EPS	4.22	8.28
	Weighted average number of ordinary shares	3,836,518,520	3,950,589,220
(b)	On fully diluted basis (SGD cents)	4.22	8.28

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 year.

Diluted earnings per share is equal to basic earnings per share as at the period ended 31 December 2022 and 2021 as the Company has no potential dilutive ordinary shares.

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

	The Group	
	FY2022	FY2021
	SGD'000	SGD'000
Beginning of financial year	505,426	535,150
Investments transfer to YZJ Group before spin-off	(71,361)	-
Additions	226,633	97,008
Fair value loss through profit and loss	(34,886)	(62,801)
Disposals	(112,483)	(87,235)
Currency translation difference	(43,257)	23,304
End of financial year	470,072	505,426

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

	The Group	
	31 December 2022	31 December 2021
	SGD'000	SGD'000
<u>Current</u>		
Listed		
- Equity securities - PRC	27,597	75,761
Unlisted		
- Equity securities - PRC	28,613	2,120
	56,210	77,881
<u>Non-Current</u>		
Unlisted		
- Equity securities - PRC	413,862	427,545
	470,072	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).

	<u>Level 1</u> SGD'000	<u>Level 2</u> SGD'000	<u>Level 3</u> SGD'000	<u>Total</u> SGD'000
The Group				
31 December 2022				
Assets				
Financial assets, at fair value through profit or loss	27,597	-	442,475	470,072
Liabilities				
Derivative financial instruments	-	6,876	-	6,876
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 year are as follows:

	<u>The Group</u>	
	FY2022	FY2021
	SGD'000	SGD'000
Beginning of financial year	3,514,595	3,438,717
Investments transfer to YZJ Group before spin-off	(536,377)	-
Addition	1,714,500	4,570,026
Redemptions	(1,638,594)	(4,658,545)
(Impairment losses)/Reversal of impairment losses recognised in profit or loss	(121,504)	10,132
Currency translation difference	(260,713)	154,265
End of financial year	2,671,907	3,514,595

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Presented as:

	<u>The Group</u>	
	31 December 2022	31 December 2021
	SGD'000	SGD'000
Current		
Debt investments	2,461,001	3,736,103
Less: Allowance for impairment loss	(211,006)	(369,873)
Currency transaction difference	14,605	(6,362)
	2,264,600	3,359,868
Non-current		
Debt investments	447,697	184,055
Less: Allowance for impairment loss	(44,137)	(28,832)
Currency transaction difference	3,747	(496)
	407,307	154,727
Total		
Debt investments	2,908,698	3,920,158
Less: Allowance for impairment loss	(255,143)	(398,705)
Currency transaction difference	18,352	(6,858)
	2,671,907	3,514,595

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

<u>Category</u>	<u>Performing</u> SGD'000	<u>Under-</u> <u>performing</u> SGD'000	<u>Non-</u> <u>performing</u> SGD'000	<u>Total</u> SGD'000
31 December 2022				
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	(84,135)	(17,373)	(153,635)	(255,143)
Currency translation difference	8,873	1,147	8,332	18,352
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
Total net carrying amount				2,671,907
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. Expected future cash flows are based on 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

	31 December 2022 SGD'000	31 December 2021 SGD'000
<i>Current</i>		
Trade receivables		
– Loans to non-related parties – microfinance	23,894	27,047
Less: Allowance for impairment of loans to non-related parties – microfinance	(6,925)	(4,576)
Currency translation difference	467	(79)
	<u>17,436</u>	<u>22,392</u>
Other receivables		
– Non-related parties – Other assets	9,272	2,645
	<u>26,708</u>	<u>25,037</u>
Trade and other receivables – current		
	<u>26,708</u>	<u>25,037</u>
	31 December 2022 SGD'000	31 December 2021 SGD'000
<i>Non-current</i>		
Trade receivables		
– Loans to non-related parties – microfinance	2,788	10,182
Less: Allowance for impairment of loans to non-related parties – microfinance	-	-
	<u>2,788</u>	<u>10,182</u>

17. Investments in associated companies

	<u>The Group</u> FY2022 SGD'000	FY2021 SGD'000
Beginning of financial year	227,050	234,322
Additions	143,718	-
Return of capital	(26,347)	(58,482)
Disposals	(1,412)	(14,378)
Share of profits	6,664	55,285
Currency translation difference	(27,030)	10,303
End of financial year	<u>322,643</u>	<u>227,050</u>

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

a) Share Capital/Combined capital and retained earnings

The comparative financial statements have been prepared as if the Group structure after the Reorganisation had been in existence throughout the financial years ended 2021.

Combined capital and retained earnings as at 31 December 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 31 December 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 and full year ended 31 December 2022 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 31 December 2022 and 31 December 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 31 December 2022	%	As at 31 December 2021	%
Shares held as treasury shares	259,611	6.57%	-	0.00%
Issued shares excluding treasury shares	3,690,978	93.43%	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 31 December 2022 and 31 December 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 31 December 2022	As at 31 December 2021
Issued shares at the end of financial year	3,950,589	3,950,589
Treasury shares at the end of year	(259,611)	-
Issued shares excluding treasury shares	<u>3,690,978</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 the financial year	259,611	94,120
Treasury shares re-issued	-	-
Balance as at 31 December 2022	<u>259,611</u>	<u>94,120</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:**
- 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**
 - 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

2H2022 vs. 2H2021

Total Income

Total income decreased by approximately S\$13.3 million or 9.1% from S\$145.7 million in 2H2021 to S\$132.4 million in 2H2022. Our total income is mainly derived from the following items:

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	2H2022	2H2021
	SGD'000	SGD'000
Interest income	147,881	178,052
Non-interest (losses)/income		
Fee income	7	-
Dividend income	114	63,715
Fair value changes on financial assets, at fair value through profit or loss	(15,871)	(96,272)
Other income	298	194
Total non-interest losses	(15,452)	(32,363)
Total income	132,429	145,689

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\$132.7 million for 2H2022. This represents approximately a 25.3% decrease or S\$44.9 million from S\$177.6 million for 2H2021, mainly due to a S\$34.3 million decrease or 20.6% decrease in interest income earned on our Group's Debt Investments (at amortised costs). This was a result of lower average debt investments balance in 2H2022 as compared to same period last year, and the increase of non-performing loans during 2H2022 as a result of deteriorating China real estate market.

On the other hand, interest income from cash and cash equivalents increased significantly by S\$14.7 million from S\$0.4 million for 2H2021 to S\$15.2 million in 2H2022, the increase was mainly a result of higher average cash balance and higher return from cash and cash equivalents denominated in USD and SGD.

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

	2H2022		2H2021	
	SGD'000	%	SGD'000	%
Interest income from:				
Debt investments (at amortised costs)	132,007	89.3%	166,351	93.4%
Microfinance	703	0.5%	11,257	6.3%
	132,710	89.8%	177,608	99.7%
Cash and cash equivalents	15,171	10.2%	444	0.3%
Total Interest income	147,881	100.0%	178,052	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.

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Dividend income from our Group's investments was approximately S\$0.1 million for 2H2022, which was mainly dividend income from our maritime related investments in Singapore. Dividend income dropped largely as compared to S\$63.7 million for 2H2021. The decrease was mainly due to there was no dividend declared by our Venture Capital investments in China in 2H2022.

In 2H2022, a loss of S\$15.9 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\$96.3 million fair value loss for 2H2021. The fair value loss was mainly 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 2H2022, representing 53.6% increase from S\$0.2 million for 2H2021, the increase was mainly due to higher rental income earned from investment properties.

Total Expenses

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

- 1) employee compensation, which accounted for approximately 18.3%, 8.8% of our total expenses in 2H2022 and 2H2021 respectively;
- 2) other expenses, which accounted for approximately 81.7% and 91.2%, respectively.

Our Group recorded approximately 55.0% increase or S\$4.9 million in total expenses, from S\$8.8 million in 2H2021 to S\$13.7 million in 2H2022.

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 1.9% and 0.5% 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\$1.7 million from S\$0.8 million in 2H2021 to S\$2.5 million in 2H2022. The increase for the Period Under Review was mainly because 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 81.7% of total expenses or S\$11.2 million in 2H2022. This represents a 39.0% increase or S\$3.1 million from S\$8.0 million in 2H2021. Lower other expenses in 2H2021 was mainly due to there was an S\$6.0 million bad debt recovery recorded.

Allowances for credit and other losses

Our Group has recorded 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.

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	2H2022 SGD'000	2H2021 SGD'000
Allowances for credit and other losses		
– Debt investments (at amortised costs)	131,592	24,903
– Loans to non-related parties – microfinance	4,258	71
	<u>135,850</u>	<u>24,974</u>

The provision for allowances of S\$135.9 million recognised in 2H2022 mainly due to the additional allowance of S\$137.7 million made on non-performing debt investments (at amortised costs) and loans to non-related parties – microfinance, which was partially net off by the reversal of unutilised allowance on performing debt investments (at amortised costs).

Profit/(Loss) before/after allowances

As a result of the above changes to income and expenses, profit before allowances decreased by approximately 13.2%, or S\$18.1 million from S\$136.9 million for 2H2021 to S\$118.8 million for 2H2022. This decrease was furthered by a S\$135.9 million additional allowance for credit losses provided for 2H2022.

As a result, a S\$17.1 million loss after allowances was recorded, as compared to a profit after allowance of S\$111.9 million of 2H2021.

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 profit decreased by approximately S\$26.0 million to S\$30.0 million in 2H2022 from S\$56.0 million of 2H2021, 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 seed funding activities.

Other gains/(losses)

Other gains of S\$14.0 million mainly comprise foreign exchange related gains of S\$22.3 million arising from cash balance and investment in foreign currencies, and fair value loss of S\$5.8 million on financial assets, derivative financial instruments for the purpose of currency hedging.

Profit before income tax

As a result of the above, profit before income tax decreased by approximately 84.0% or S\$140.9 million from S\$167.9 million in 2H2021 to S\$26.9 million in 2H2022.

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 4.8% and 22.1% in 2H2022 and 2H2021 respectively. Our income tax expenses also comprise deferred tax on undistributed profits of PRC subsidiaries. Lower effective tax rate in 2H2022 was mainly due to share of profit of S\$30.0 million of associated companies and unrealised foreign exchange related gains are net of tax or not subject to tax.

Net Profit

Overall, net income decreased by approximately 80.4% or S\$105.1 million from S\$130.7 million for 2H2021 to S\$25.6 million for 2H2022.

FY2022 vs. FY2021

Total Income

Total income decreased by approximately S\$78.6 million or 20.4% from S\$384.8 million in FY2021 to S\$306.2 million in FY2022. Our total income is mainly derived from the following items:

	FY2022	FY2021
	SGD'000	SGD'000
Interest income	332,754	368,667
Non-interest (losses)/income		
Fee income	84	-
Dividend income	7,698	78,361
Fair value changes on financial assets, at fair value through profit or loss	(34,886)	(62,801)
Other income	571	617
Total non-interest (losses)/income	(26,533)	16,177
Total income	306,221	384,844

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 S\$312.2 million for FY2022. This represents approximately a 15.1% decrease or S\$55.4 million from S\$367.6 million for FY2021, which was a result of lower average debt investments balance in FY2022 as compared to prior financial year and the increase of non-performing loans during 2H2022 as a result of deteriorating China real estate market.

On the other hand, interest income from cash and cash equivalents increased significantly by S\$19.5 million from S\$1.1 million for FY2021 to S\$20.6 million in FY2022, the increase was mainly a result of higher average cash balance and higher return from cash and cash equivalents denominated in USD and SGD.

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

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	FY2022		FY2021	
	SGD'000	%	SGD'000	%
Interest income from:				
Debt investments (at amortised costs)	309,622	93.0%	352,641	95.7%
Microfinance	2,569	0.8%	14,918	4.0%
	312,191	93.8%	367,559	99.7%
Cash and cash equivalents	20,563	6.2%	1,108	0.3%
Total Interest income	332,754	100.0%	368,667	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\$0.08 million represents the fund management service fees earned by our wholly owned 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\$7.7 million for FY2022. This represents approximately a 90.2% decrease or S\$70.7 million from S\$78.4 million for FY2021. The decrease was mainly due to less dividend declared by our Venture Capital investments in China this year.

In FY2022, a loss of S\$34.9 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\$62.8 million fair value loss for FY2021. Out of the S\$34.9 million losses, approximately S\$13.3 million loss attributable to fair value movement of certain listed shares, which were retained with YZJ Group at the point of the spin-off, while the remaining S\$21.6 million loss was a result of overall fair value losses from our direct investments and underlying investments within the 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\$0.57 million for FY2022, representing approximately 7.5% decrease from S\$0.62 million for FY2021, the decrease was mainly due to 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 12.4%, 6.6% of our total expenses in FY2022 and FY2021 respectively and
- 2) other expenses, which accounted for approximately 87.6% and 93.4% of our total expenses, respectively.

Our Group recorded approximately 32.2% increase or S\$7.1 million in total expenses, from S\$22.1 million in FY2021 to S\$29.2 million in FY2022.

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 1.2% and 0.4% in FY2022 and FY2021, respectively. Employee compensation expense incurred by our Group is small given the nature of our businesses. Our employee compensation expense increased by approximately S\$2.2 million from S\$1.5 million in FY2021 to S\$3.6 million in FY2022. 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 87.6% of total expenses or S\$25.6 million in FY2022. This represents a 24% increase or S\$5.0 million from S\$20.7 million in FY2021. Lower other expenses in FY2021 was mainly due to there was an S\$6.0 million bad debt recovery recorded.

Allowance for /(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.

	FY2022	FY2021
	SGD'000	SGD'000
Allowances for/(reversal of allowances for) credit and other losses		
– Debt investments (at amortised costs)	121,504	(10,132)
– Loans to non-related parties – microfinance	2,349	964
	123,853	(9,168)

The allowances for credit and other losses of S\$123.9 million recognised in FY2022 mainly due to additional allowance of S\$153.6 million made on non-performing debt investments (at amortised costs) in FY2022, which was partially net off by the reversal of unutilised allowance on performing debt investments (at amortised costs).

Profit before/after allowances

As a result of the above changes to income and expenses, profit before allowances decreased by approximately 23.6%, or S\$85.7 million from S\$362.7 million for FY2021 to S\$277.0 million for FY2022. This decrease was furthered by higher provision of S\$123.9 million for credit losses recorded in FY2022.

As a result, profit after allowances decreased by 58.8% or S\$218.8 million from S\$371.9 million for FY2021 to S\$153.1 million of FY2022.

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 profits decreased by approximately S\$48.6 million to S\$6.7 million in FY2022 from S\$55.3 million of FY2021, mainly due to lower share of profits by associated companies as a result of overall market losses from listed share within those associated companies.

Other gains/(losses)

Other gains of S\$36.6 million mainly comprise foreign exchange related gains of S\$45.9 million arising from cash balances and investments in foreign currencies, and fair value loss of S\$5.8 million on financial assets, derivative financial instruments for the purpose of currency hedging.

Profit before income tax

As a result of the above, profit before income tax decreased by approximately 54.0% or S\$230.8 million from S\$427.2 million in FY2021 to S\$196.4 million in FY2022.

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 17.5% and 23.4% in FY2022 and FY2021 respectively. Our income tax expenses also comprise deferred tax on undistributed profits of PRC subsidiaries. Relatively lower effective tax rate in FY2022 was mainly due to share of profit of associated company is net of tax, and 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 50.5% or S\$165.2 million from S\$327.2 million for FY2021 to S\$162.0 million for FY2022.

REVIEW OF FINANCIAL POSITION

Our total assets decreased by approximately 4.4% or S\$194.0 million from approximately S\$4.4 billion as at 31 December 2021 to approximately S\$4.2 billion as at 31 December 2022. The decrease was mainly because our presentation currency is SGD, while 87.1% of our group investment portfolio was in China as of 31 December 2022, our portfolio in RMB incurred a translation loss as a result of weaker RMB against SGD during the year (SGD/RMB 5.1831 as at the end of FY2022 vs 4.7179 at the end of FY2021).

Non-current assets

Non-current assets increased by approximately 34.7% or S\$319.0 million from S\$918.7 million as at 31 December 2021 to S\$1,237.7 million as at 31 December 2022, mainly due to the increase of non-current debt investments at amortised costs.

Non-current financial assets at fair value through profit or loss decreased by 3.2% or S\$13.7 million, from S\$427.5 million as at 31 December 2021 to S\$413.9 million as at 31 December 2022. The movement was mainly due to the disposal and fair value loss of non-current financial assets at fair value through profit or loss in China during financial year 2022, and was partially offset by addition of investment of S\$141.5 million offshore direct private credit and private equity investments and investment in funds.

Non-current debt investments at amortised cost increased by S\$252.6 million from S\$154.7 million as at 31 December 2021 to S\$407.3 million as at 31 December 2022, mainly due to medium term government bonds and other investments offered by various banks in Singapore the Group entered for its medium term offshore fund deployment plan.

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Investments in associated companies increased by approximately 42.1% or S\$95.6 million from S\$227.1 million as at 31 December 2021 to S\$322.6 million as at 31 December 2022. The increase was a result of additional investment in associated companies of S\$143.7 million and partially offset by return of capital of S\$26.3 million.

Non-current trade and other receivables mainly comprise loans to non-related parties – microfinance maturing in more than 1 year, decreased by approximately 72.6% or S\$7.4 million from S\$10.2 million as at 31 December 2021 to S\$2.8 million as at 31 December 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 year.

Property, plant and equipment increased by 35.4% or S\$0.7 million in FY2022, the increase was mainly due to the addition in right of use assets for the Company's Singapore leased office space of S\$1.1 million.

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\$6.9 million from S\$72.6 million as at 31 December 2021 to S\$65.7 million as at 31 December 2022, the decrease 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, which was partly offset by the increase of deferred income tax assets in FY2022 as a result of additional provision of allowances for credit and other losses on debt investments at amortised cost.

Current assets

As at 31 December 2022, current assets stood at approximately S\$3.0 billion and mainly comprised cash and cash equivalents, current debt investments (at amortised costs), financial assets at fair value through profit or loss and trade and other receivables. This represented a decrease of approximately 14.7% or S\$513.0 million from S\$3.5 billion as at 31 December 2021 to S\$3.0 billion as at 31 December 2022.

Cash and cash equivalents increased significantly by S\$602.3 million from S\$18.4 million as at 31 December 2021 to S\$620.7 million as at 31 December 2022. The increase was mainly a result of net cash inflow of approximately S\$631.8 million from YZJ Group at the point of spin-off.

Current financial assets at fair value through profit or loss decreased by 27.8% or S\$21.7 million, from S\$77.9 million as at 31 December 2021 to S\$56.2 million as at 31 December 2022. The decrease was mainly due to investments retained with YZJ Group as the point of spin-off, which was largely offset by new equity investments in China.

Current debt investments (at amortised costs) accounted for approximately S\$2.3 billion, representing 76.3% of our current assets. This represented a decrease of approximately S\$1,095.3 million or 32.6% from our current debt investments (at amortised costs) of S\$3.4 billion as at the end of FY2021 which was mainly due to net repayment in FY2022 and additional allowance for credit and other losses provided in FY2022 for increased non-performing loan as a result of deteriorating real estate market in China.

Our current trade and other receivables increased by approximately S\$1.7 million from approximately S\$25.0 million as at 31 December 2021 to approximately S\$26.7 million as at 31 December 2022, mainly due to increase in other receivables.

Non-current liabilities

Our total liabilities stood at S\$332.1 million as at 31 December 2022. Our non-current liabilities represented approximately 69.1% of our total liabilities, increased by approximately S\$146.8 million from approximately S\$82.8 million as at 31 December 2021 to approximately S\$229.6 million as at 31 December 2022. This was mainly 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 FY2022 in relation to undistributed profits of PRC subsidiaries.

Current liabilities

Our current liabilities increased by approximately S\$34.2 million or 50.1% from approximately S\$68.3 million as at 31 December 2021 to S\$102.5 million as at 31 December 2022, mainly due to increase in trade and other payable and borrowings.

Current trade and other payable increased by S\$50.1 million from S\$2.8 million as at 31 December 2021 to S\$52.9 million as at 31 December 2022, the increase was mainly related to cash collaterals the Group received for investments.

Current derivative financial liability of S\$6.9 million relates to the valuation of forex derivative and forward contracts the Group entered for the purpose of hedging forex risk of yield enhancement cash management products.

Borrowing of S\$13.8 million mainly represents a short-term USD loan the Group entered simultaneously with a fixed deposit as an arbitrage deal to earn risk free interest rate differential.

Equity

Total equity decreased approximately by 8.8% or S\$375.0 million from S\$4.25 billion as at 31 December 2021 to S\$3.87 billion as at 31 December 2022. Total equity of our Company can be attributed to share capital or combined capital & owner's net investment, other reserves, currency translation 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, which later decrease to S\$3.86 billion because of the depreciation of our functional currency RMB against presentation currency SGD at the end of FY2022.

Treasury shares of S\$94.1 million represents 259,611,100 shares of the Company bought back by way of market acquisition, which are subsequently held as treasury shares.

Other reserves increased by approximately 79.3% or S\$11.9 million from S\$15.0 million as at 31 December 2021 to S\$27.0 million as at 31 December 2022 due to an increase in statutory reserves and spin-off.

Retained earnings decreased by approximately 90.5% or S\$807.3 million from S\$892.3 million as at 31 December 2021 to S\$85.0 million as at 31 December 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 FY2022 is set out below:

Net cash provided by operating activities

In FY2022, our Group recorded net cash provided by operating activities of approximately S\$571.3 million, which was a result of a profit after income tax of S\$162.0 million and adjustments for items such as (i) fair value loss on financial assets of S\$34.9 million, (ii) share of profit from associated companies of S\$6.7 million, (iii) dividend income of S\$7.7 million, (iv) income tax expenses of S\$34.4 million, (v) depreciation of investment properties and property, plant and equipment of S\$1.5 million, (vi) net effect of exchange rate changes in consolidating foreign operations of S\$332.4 million, and (vii) working capital inflows of S\$101.0 million. Working capital inflows were due to the following:

- 1) a decrease in trade and other receivables of S\$5.8 million;
- 2) a decrease in debt investments (at amortised costs) of S\$45.2 million; and
- 3) an increase in other payables of S\$50.0 million.

Net cash (used in)/provided by investing activities

Net cash used in investing activities amounted to approximately S\$223.7 million in FY2022 mainly due to (i) additions to investment in associated companies of S\$143.7 million, (ii) acquisition of financial assets, at fair value through profit or loss of S\$226.6 million and (iii) acquisition of a subsidiary, net of cash, at S\$1 million. This was partially offset by (i) proceeds from sale of financial assets, at fair value through profit and loss of S\$112.5 million, (ii) proceeds from disposal of associated company of S\$1.4 million, (iii) dividend received of S\$7.7 million and (iv) return of capital by associated companies of S\$26.3 million.

Net cash provided by/(used in) financing activities

Net cash provided by financing activities amount to approximately S\$552.3 million, mainly due to (i) increase in funding from YZJ Group of S\$702.9 million and net proceeds from loan and borrowings of S\$14.6 million. This was partially offset by (i) distributions to owner of the Group amounting to S\$71.1 million and (ii) share buyback of S\$94.1 million.

Cash and cash equivalents

Due to the above and the effects of currency translation on cash and cash equivalents, there was a net increase of approximately S\$602.3 million in our cash and cash equivalents, from approximately S\$18.4 million as at 31 December 2021 to S\$620.7 million as at 31 December 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 listing by introduction in April 2022, its principal businesses comprise of: (i) Investment Management (which seeks to achieve 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).

(i) Investment management

As of 31 December 2022, the Group had S\$4.1 billion of assets under management (AUM). Prior to the spinoff, the Group's primary focus was on debt investments in China. Going forward, the Group intends to diversify across asset classes as well as allocate up to 50% of its investments to outside of China. In November 2022, certain of the Group's wholly-owned subsidiaries were awarded a liquidity pool scheme by the People's Bank of China, enabling such subsidiaries to grant inter-company transfers of up to RMB 10 billion. This allows the Group to efficiently deploy capital in and out of China through intra-group transfers, which facilitates the Group's aim of reallocating funds outside of China. As part of the Group's portfolio rebalancing strategy, as of 31 December 2022, the Group reduced its debt investments to approximately 59% (including microfinance loans) of its total portfolio. Cash and yield enhancement products and equity & offshore private debt investments now form approximately 22% and 19% of the total portfolio respectively. 13% of the Group's assets are in Singapore as of the same date.

The Group has identified targeted areas for investments that leverage its know-how and networks to gain a competitive advantage. During 2022, the Group set up a new maritime fund, Yangzijiang Maritime Private Equity Fund #2 ("Maritime Fund"), to generate steady returns from investments in maritime assets. The Group is targeting to transfer projects, which have been invested earlier into the Maritime Fund, while remaining on the lookout for opportunities in the gas sector, including liquefied natural gas, liquefied petroleum gas, liquefied ethane gas, methanol, hydrogen, ammonia and carbon dioxide. Additionally, the Group has partnered with Heliconia Capital to invest in promising small and medium enterprises ("SMEs") in Singapore and other Southeast Asian countries. The Heliconia Generation Fund Limited Partnership has been set up with an initial fund closing size of S\$130 million, with the Group being its anchor limited partner contributing S\$80 million.

In terms of direct equity investments, the Group has seen a strong rebound in its portfolio from 4Q2022 along with the general market. This helped the Group to reverse from a loss from share of results of associated companies in 1H2022 to a profit from share of associates in 2022. The Group will continue to deploy our capital across vintages (i.e. deploying capital over a period), geographies and products to ensure our sustainability of returns across various economic cycles.

For its debt investments, the outlook is mixed. The Chinese authorities have relaxed their Covid-19 policy in 2023, which prompted an improvement in economic sentiment. China's GDP is now projected to grow at 5.0% in 2023, primarily led by consumption and recovery of broader activities¹. The Chinese authorities have also introduced measures to support the local property sector, including a liquidity package last November – bank credits, bond issuance and equity financing – along with measures aimed at boosting home sales. In January 2023, the Chinese central bank also established a dynamic adjustment mechanism on mortgage rates, in which the floor on mortgage rates can be lowered or abolished for first-time home buyers in phases².

¹ <https://www.reuters.com/world/china/fitch-raises-chinas-growth-forecast-5-2023-2023-02-08/>

² <https://www.reuters.com/markets/asia/china-property-shares-rise-easing-mortgage-rules-some-buyers-2023-01-06/>

That being said, the Group has experienced an increase in non-performing loans (NPLs) in 2H2022 due to the interest and/or principal payment payments past due with no grace period as the property sector in China remains sluggish despite the easing of Covid-19 management measures. In lieu of the cautious China property outlook and the Group's conservative policy in managing its non-performing loans, the Group has increased the amount of loan provisions being made. The Group shall continue to actively manage its debt portfolio and regularly review the adequacy of its provisions.

The Group is also setting up partnerships to explore private credit opportunities in Asia (ex-China).

(ii) Fund management

During 2022, the Group set up two new funds, namely the abovementioned Maritime Fund and GEM Asia Private Equity Fund ("PE Fund"). The Maritime Fund has a target AUM of US\$500 million, of which up to US\$200 million will be funded by the Group. The PE Fund has a target AUM of S\$100 million, with the Group providing up to S\$80 million in funding. The Group intends to raise the remaining capital from external investors.

(iii) Wealth management

In 2022, the Group announced that it will provide investment advisory services to a family office which has an AUM of S\$500 million. Singapore has seen a surge in family offices over the years. Currently, the country has about 700 family offices in operation, a significant increase and a sevenfold increase since 2017³. This provides a good opportunity for the Group's fund management and wealth management services, to generate additional recurring revenue.

10. Dividend

a) Current Financial Period Reported On

Name of Dividend	Ordinary Share Final Dividend (Proposed)
Dividend Type	Cash
Dividend Rate	1.80 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	to be announced in due course
Payment Date	to be announced in due course

b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable.

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

Tax exempt (One-tier).

³ <https://www.channelnewsasia.com/singapore/family-offices-ultra-rich-set-singapore-financial-sector-3182131>

d) Date payable

The payment of the recommended final tax exempt (one-tier) dividend of SGD1.80 cents per share will be subjected to shareholders' approval to be obtained at the coming Annual General Meeting. The payment date will be announced in due course.

e) Books closure date

To be announced in due course.

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

Not applicable.

12. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Latest Full Year SGD'000	Previous Full Year SGD'000
Ordinary	66,438	N.A
Total	66,438	N.A

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD1.80 cents per ordinary share amounting to a total of SGD 66,437,606 based on current 3,690,978,120 net issued shares as of 31 December 2022 for the shareholders' approval at the forthcoming Annual General Meeting.

13. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the year ended 31 December 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 ^a
<u>Toe Teow Heng</u> Acquisition of a subsidiary	S\$840,000*	Nil ^a

*Aggregate value less than 3% of Group's NTA as at 31 December 2022, shareholder mandate not applicable.

Yangzijiang Financial Holding Ltd. and its Subsidiaries
Condensed Consolidated Interim Financial Statements
For the six-month period and full year ended 31 December 2022

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

14. Breakdown of sales by half year and net profit

The Group (Continuing Operations)			
For the financial year ended			
	31 December 2022	31 December 2021	Increase/ (decrease)
	SGD'000	SGD'000	%
(a) Total income reported for first half year	173,792	239,155	(27.3)
(b) Profit after tax before deducting non-controlling interests reported for first half year	136,379	196,518	(30.6)
(c) Total income reported for second half year	132,429	145,689	(9.1)
(d) Profits after tax before deducting non-controlling interests reported for second half year	25,623	130,720	(80.4)

15. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Not applicable.

16. Confirmation pursuant to rule 720 (1) of the listing manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

On Behalf of the Board of Directors

Ren Yuanlin
Executive Chairman

Toe Teow Heng
Executive Director and Chief Executive Officer

Singapore
Date: 1 March 2023