



**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**  
(Company Registration No. 200517636Z)  
(Incorporated in the Republic of Singapore on 21 December 2005)

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**

**FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2022**

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**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**  
*(Incorporated in Singapore. Registration Number: 200517636Z)*  
**AND ITS SUBSIDIARIES**

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

## A. Condensed Consolidated Statement of Comprehensive Income

Note	The Group				The Group				
	January - December				2nd Half Year				
	2022	% of	2021	+/(-)%	2H2022	% of	2H2021	+/(-)%	
	RMB'000	Revenue	RMB'000	Variance	RMB'000	Revenue	RMB'000	Variance	
<b>Continuing operations</b>									
Revenue	4	20,705,076	100%	15,137,154	37%	10,963,949	100%	9,398,156	17%
Cost of sales		(17,507,878)	-85%	(13,052,827)	34%	(9,190,721)	-84%	(8,183,352)	12%
Gross profit		3,197,198	15%	2,084,327	53%	1,773,228	16%	1,214,804	46%
Other income									
- Interest		350,248	2%	338,046	4%	200,227	2%	212,975	-6%
- Others		104,378	1%	98,298	6%	92,345	1%	34,378	169%
Other gains/(losses), net		233,110	1%	958,719	-76%	(72,620)	-1%	605,842	-112%
Expenses									
- Administrative									
- Reversal of impairment loss/ (impairment loss) on financial assets - net		78,885	0.4%	(358,434)	-122%	169,562	2%	(397,265)	-143%
- Others		(567,606)	-3%	(525,285)	8%	(289,049)	-3%	(280,446)	3%
		(488,721)		(883,719)		(119,487)		(677,711)	
- Finance		(106,776)	-1%	(69,901)	53%	(54,501)	-0.5%	(33,842)	61%
Share of results of associated companies and joint ventures <sup>#</sup>		13,057	0.1%	96,190	-86%	7,582	0.1%	32,347	-77%
Profit before income tax	5	3,302,494	16%	2,621,960	26%	1,826,774	17%	1,388,793	32%
Income tax expense	6	(677,508)	-3%	(622,311)	9%	(370,979)	-3%	(317,957)	17%
<b>Profit from continuing operations</b>		<b>2,624,986</b>	<b>13%</b>	<b>1,999,649</b>	<b>31%</b>	<b>1,455,795</b>	<b>13%</b>	<b>1,070,836</b>	<b>36%</b>
<b>Discontinued operations</b>									
Profit from discontinued operations	7	194,576		1,727,440	-89%	-		973,098	-100%
<b>Total profit</b>		<b>2,819,562</b>		<b>3,727,089</b>	<b>-24%</b>	<b>1,455,795</b>		<b>2,043,934</b>	<b>-29%</b>
<b>Profit attributable to:</b>									
Equity holders of the Company		2,807,480		3,698,632	-24%	1,442,277		2,059,712	-30%
Non-controlling interests		12,082		28,457	-58%	13,518		(15,778)	-186%
		<b>2,819,562</b>		<b>3,727,089</b>		<b>1,455,795</b>		<b>2,043,934</b>	
<b>Profit attributable to equity holders of the Company relates to:</b>									
Profit from continuing operations		2,612,904		1,971,192	33%	1,442,277		1,086,614	33%
Profit from discontinued operations		194,576		1,727,440	-89%	-		973,098	-100%
		<b>2,807,480</b>		<b>3,698,632</b>		<b>1,442,277</b>		<b>2,059,712</b>	
<b>Earnings per share for profit from continuing and discontinued operations attributable to equity holders of the Company (expressed in RMB cents per share)</b>									
- Basic and diluted									
From continuing operations		66.31		51.05		36.51		27.90	
From discontinued operations		4.94		44.74		-		24.99	

<sup>#</sup> Share of profit of associated companies and joint ventures is after tax.

## A. Condensed Consolidated Statement of Comprehensive Income (continued)

	The Group			The Group		
	January - December			2nd Half Year		
	2022	2021	+/(-)%	2H2022	2H2021	+/(-)%
	RMB'000	RMB'000	Variance	RMB'000	RMB'000	Variance
<b>Profit for the year</b>	<b>2,819,562</b>	<b>3,727,089</b>	-24%	<b>1,455,795</b>	<b>2,043,934</b>	-29%
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Share of other comprehensive income of associated companies and joint ventures						
- Currency translation gains/(losses)	11,909	(4,885)	n.m.	5,147	(4,885)	n.m.
Currency translation gains/(losses) arising from consolidation	101,495	(22,207)	n.m.	29,905	(14,148)	n.m.
Cash flow hedges						
- Fair value losses	(496,676)	-	n.m.	(340,558)	-	n.m.
- Reclassification	261,573	-	n.m.	154,026	-	n.m.
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Currency translation gains/(losses) arising from consolidation	5,912	(1,407)	n.m.	2,891	(787)	n.m.
<b>Other comprehensive loss, net of tax</b>	<b>(115,787)</b>	<b>(28,499)</b>		<b>(148,589)</b>	<b>(19,820)</b>	
<b>Total comprehensive income, net of tax</b>	<b>2,703,775</b>	<b>3,698,590</b>	-27%	<b>1,307,206</b>	<b>2,024,114</b>	-35%
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	2,685,781	3,671,540	-27%	1,290,797	2,040,679	-37%
Non-controlling interests	17,994	27,050	-33%	16,409	(16,565)	-199%
	<b>2,703,775</b>	<b>3,698,590</b>	-27%	<b>1,307,206</b>	<b>2,024,114</b>	-35%

n.m. denotes not meaningful.

## B. Condensed Consolidated Statement of Financial Position

	Note	<u>The Group</u>		
		31 December		1 January
		2022	2021	2021
		RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		10,778,393	12,363,193	6,633,416
Restricted cash		6,634	17,307	15,624
Financial assets, at fair value through profit or loss		119,154	367,436	397,442
Debt investments at amortised cost		1,575,780	15,851,520	13,555,320
Trade and other receivables		3,669,935	4,121,025	3,633,463
Inventories		1,231,116	1,639,809	1,677,846
Contract assets		5,595,675	3,983,201	3,126,632
Derivative financial instruments		33,302	209,345	89,589
		<b>23,009,989</b>	<b>38,552,836</b>	<b>29,129,332</b>
<b>Non-current assets</b>				
Financial assets, at fair value through profit or loss		27,300	2,017,115	2,241,597
Debt investments at amortised cost		-	729,985	3,402,369
Trade and other receivables		1,625,704	1,081,311	1,294,310
Derivative financial instruments		137,218	477,109	10,500
Investment in joint ventures		453,886	522,679	362,332
Investments in associated companies		47,424	1,104,890	1,181,393
Investment property		-	115,752	119,741
Property, plant and equipment	9	7,277,768	6,335,345	6,431,473
Intangible assets		25,842	28,371	28,151
Deferred income tax assets		361,972	646,871	709,463
		<b>9,957,114</b>	<b>13,059,428</b>	<b>15,781,329</b>
<b>Total assets</b>		<b>32,967,103</b>	<b>51,612,264</b>	<b>44,910,661</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		3,172,408	2,804,201	2,698,570
Contract liabilities		5,597,040	4,822,611	1,232,479
Derivative financial instruments		71,385	4,501	-
Borrowings	10	2,269,198	2,503,814	2,120,550
Provisions		364,418	648,398	938,254
Current income tax liabilities		782,271	1,015,096	972,982
		<b>12,256,720</b>	<b>11,798,621</b>	<b>7,962,835</b>
<b>Non-current liabilities</b>				
Derivative financial instruments		71,752	-	-
Borrowings	10	2,298,342	1,952,779	2,123,503
Deferred income tax liabilities		635,529	1,799,299	1,447,808
		<b>3,005,623</b>	<b>3,752,078</b>	<b>3,571,311</b>
<b>Total liabilities</b>		<b>15,262,343</b>	<b>15,550,699</b>	<b>11,534,146</b>
<b>NET ASSETS</b>		<b>17,704,760</b>	<b>36,061,565</b>	<b>33,376,515</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital		7,361,990	7,361,990	7,361,990
Treasury shares		(127,753)	(269,582)	(560,443)
Other reserves		1,673,870	2,015,702	1,494,732
Retained earnings		8,665,024	26,815,306	24,046,076
		<b>17,573,131</b>	<b>35,923,416</b>	<b>32,342,355</b>
<b>Non-controlling interests</b>		<b>131,629</b>	<b>138,149</b>	<b>1,034,160</b>
<b>Total equity</b>		<b>17,704,760</b>	<b>36,061,565</b>	<b>33,376,515</b>

## B. Condensed Consolidated Statement of Financial Position (continued)

		<u>The Company</u>	
		31 December	
	Note	2022 RMB'000	2021 RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		14,242	177,622
Trade and other receivables		6,708,150	6,934,273
		<u>6,722,392</u>	<u>7,111,895</u>
<b>Non-current assets</b>			
Trade and other receivables		3,548,131	2,224,713
Investment in subsidiaries		7,226,917	6,042,814
Investment in joint ventures		266,150	319,581
Investments in associated companies		134,062	134,062
Property, plant and equipment		1,045	334
		<u>11,176,305</u>	<u>8,721,504</u>
<b>Total assets</b>		<u>17,898,697</u>	<u>15,833,399</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables		2,641,536	2,468,037
Derivative financial instruments		-	792
Borrowings		798	841,904
Current income tax liabilities		46	158
		<u>2,642,380</u>	<u>3,310,891</u>
<b>Non-current liabilities</b>			
Borrowings	10	<u>342</u>	-
		<u>342</u>	-
<b>Total liabilities</b>		<u>2,642,722</u>	<u>3,310,891</u>
<b>NET ASSETS</b>		<u>15,255,975</u>	<u>12,522,508</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		7,326,773	7,326,773
Treasury shares		(127,753)	(269,582)
Other reserves		180,637	148,175
Retained earnings		7,876,318	5,317,142
<b>Total equity</b>		<u>15,255,975</u>	<u>12,522,508</u>

## C. Condensed Consolidated Statement of Cash Flows

	<u>The Group</u>	
	<b>2022</b>	<b>2021</b>
	RMB '000	RMB '000
<b>Cash flows from operating activities</b>		
Net profit	2,819,562	3,727,089
Adjustments for:		
- Income tax expense	759,173	1,154,639
- Depreciation on property, plant and equipment	452,331	492,983
- Depreciation of investment properties	868	3,989
- Amortisation of intangible assets	3,834	3,619
- Finance expenses	106,776	69,901
- Loss/(Gain) on:		
• Dissolution of subsidiaries	(41,819)	-
• Disposal of property, plant and equipment	236	(71,816)
- Fair value change on:		
• Derivative financial instruments	70,246	(624,517)
• Financial assets at fair value, through profit and loss	196,523	301,387
- Interest income	(350,544)	(343,363)
- Dividend income	(592)	(376,061)
- Share of profits of associated companies and joint ventures	(4,371)	(361,508)
	<b>4,012,223</b>	<b>3,976,342</b>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	178,246	(38,508)
- Construction contract balances	(530,312)	2,733,563
- Trade and other receivables	(330,969)	(194,886)
- Trade and other payables	540,384	152,589
- Provisions	(283,980)	(289,856)
- Debt investments at amortised cost	1,515,833	376,184
- Restricted cash	10,673	(1,683)
Cash generated from operations	5,112,098	6,713,745
Interest paid	(106,776)	(108,664)
Interest received	350,544	235,952
Income tax paid	(723,475)	(698,442)
<b>Net cash provided by operating activities</b>	<b>4,632,391</b>	<b>6,142,591</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of property, plant and equipment	46,349	386,355
Proceeds from sales of investment in an associated company	-	69,000
Proceeds from sales of financial assets, at fair value through profit and loss	246,675	418,648
Dividend received	592	376,061
Addition to property, plant and equipment	(904,847)	(669,066)
Acquisition of subsidiaries, net of cash acquired	(108,930)	-
Acquisition of financial assets, at fair value through profit and loss	(37,092)	(465,547)
Acquisition of intangible assets	(1,305)	(3,839)
Acquisition/additions of investment in associated companies	(209,000)	(6,000)
Acquisition/additions of investments in joint ventures	-	(151,255)
Return of capital by associated companies	14,296	280,657
Return of capital by joint ventures	76,742	80,377
<b>Net cash (used in)/provided by investing activities</b>	<b>(876,520)</b>	<b>315,391</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(60,369)	(170,776)
Proceeds from borrowings	6,238,478	4,211,035
Repayments of borrowings	(6,210,061)	(3,924,956)
Principal payment of lease liabilities	(745)	(744)
Acquisition of non-controlling interest	(259,900)	-
Spin-off*	(4,307,763)	-
Proceeds from issuance of convertible bond	234,660	-
Dividends paid to equity holders	(969,988)	(836,856)
Dividend paid to non-controlling interests	(4,983)	(5,908)
<b>Net cash used in financing activities</b>	<b>(5,340,671)</b>	<b>(728,205)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,584,800)</b>	<b>5,729,777</b>
Cash and cash equivalents at the beginning of financial period	12,363,193	6,633,416
<b>Cash and cash equivalents at the end of financial period</b>	<b>10,778,393</b>	<b>12,363,193</b>

\*See Note 2 for details of spin-off.

## D. Condensed Consolidated Statement of Changes in Equity

	<-----Attributable to equity holders of the Company----->									
	Share	Treasury	Statutory	Other	Hedging	Currency	Retained	Total	Non-controlling	Total
	capital	shares	reserve	reserve	reserve	translation	earnings			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2022</b>										
<b>As at 31 December 2021</b>	7,361,990	(269,582)	4,637,147	(2,477,682)	-	(143,763)	26,815,306	35,923,416	138,149	36,061,565
Profit for the year	-	-	-	-	-	-	2,807,480	2,807,480	12,082	2,819,562
Other comprehensive (loss)/income for the year	-	-	-	-	(235,103)	113,404	-	(121,699)	5,912	(115,787)
<b>Total comprehensive (loss)/income for the year</b>	-	-	-	-	(235,103)	113,404	2,807,480	2,685,781	17,994	2,703,775
Transfer <sup>(1)</sup>	-	-	66,154	-	-	-	(66,154)	-	-	-
Purchase of treasury shares <sup>(2)</sup>	-	(60,369)	-	-	-	-	-	(60,369)	-	(60,369)
Treasury shares re-issued <sup>(4)</sup>	-	202,198	-	32,462	-	-	-	234,660	-	234,660
Dividends <sup>(3)</sup>	-	-	-	-	-	-	(969,988)	(969,988)	(4,983)	(974,971)
Dividend in specie <sup>(5)</sup>	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Disposal of subsidiaries as part of spin-off <sup>(5)</sup>	-	-	(78,380)	-	-	-	78,380	-	-	-
Acquisition of the non-controlling interest of a subsidiary <sup>(6)</sup>	-	-	-	(240,369)	-	-	-	(240,369)	(19,531)	(259,900)
<b>Total transactions with owners, recognised directly in equity</b>	-	141,829	(12,226)	(207,907)	-	-	(20,957,762)	(21,036,066)	(24,514)	(21,060,580)
<b>As at 31 December 2022</b>	<b>7,361,990</b>	<b>(127,753)</b>	<b>4,624,921</b>	<b>(2,685,589)</b>	<b>(235,103)</b>	<b>(30,359)</b>	<b>8,665,024</b>	<b>17,573,131</b>	<b>131,629</b>	<b>17,704,760</b>



**D. Condensed Consolidated Statement of Changes in Equity (continued)**

	<-----Attributable to equity holders of the Company----->									
	Share	Treasury	Statutory	Other	Hedging	Currency	Retained		Non-controlling	Total
	<u>capital</u>	<u>shares</u>	<u>reserve</u>	<u>reserve</u>	<u>reserve</u>	<u>translation</u>	<u>earnings</u>	<u>Total</u>	<u>interest</u>	<u>equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2021</b>										
<b>As at 31 December 2020</b>	7,361,990	(560,443)	4,544,601	(2,933,198)	-	(116,671)	24,046,076	32,342,355	1,034,160	33,376,515
Profit for the year	-	-	-	-	-	-	3,698,632	3,698,632	28,457	3,727,089
Other comprehensive loss for the year	-	-	-	-	-	(27,092)	-	(27,092)	(1,407)	(28,499)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(27,092)	3,698,632	3,671,540	27,050	3,698,590
Purchase of treasury shares	-	(170,776)	-	-	-	-	-	(170,776)	-	(170,776)
Dividends	-	-	-	-	-	-	(836,856)	(836,856)	(5,908)	(842,764)
Transfer	-	-	92,546	-	-	-	(92,546)	-	-	-
Treasury shares re-issued for acquisition of additional interest in a subsidiary	-	461,637	-	455,516	-	-	-	917,153	(917,153)	-
<b>Total transactions with owners, recognised directly in equity</b>	-	290,861	92,546	455,516	-	-	(929,402)	(90,479)	(923,061)	(1,013,540)
<b>As at 31 December 2021</b>	<b>7,361,990</b>	<b>(269,582)</b>	<b>4,637,147</b>	<b>(2,477,682)</b>	<b>-</b>	<b>(143,763)</b>	<b>26,815,306</b>	<b>35,923,416</b>	<b>138,149</b>	<b>36,061,565</b>

## D. Condensed Consolidated Statement of Changes in Equity (continued)

THE COMPANY	Attributable to equity holders of the Company				
	Share capital	Treasury shares	Other reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 31 December 2021</b>	7,326,773	(269,582)	148,175	5,317,142	12,522,508
Purchase of treasury shares <sup>(2)</sup>	-	(60,369)	-	-	(60,369)
Dividend relating to 2021 paid <sup>(3)</sup>	-	-	-	(969,988)	(969,988)
Dividend relating to spin-off <sup>(5)</sup>	-	-	-	(20,000,000)	(20,000,000)
Treasury shares re-issued <sup>(4)</sup>	-	202,198	32,462	-	234,660
Total comprehensive income	-	-	-	23,529,164	23,529,164
<b>Balance as at 31 December 2022</b>	<b>7,326,773</b>	<b>(127,753)</b>	<b>180,637</b>	<b>7,876,318</b>	<b>15,255,975</b>
<b>Balance as at 31 December 2020</b>	7,326,773	(560,443)	(40,192)	5,073,227	11,799,365
Purchase of treasury shares	-	(170,776)	-	-	(170,776)
Dividend relating to 2020 paid	-	-	-	(836,856)	(836,856)
Treasury shares re-issued for acquisition of additional interest in a subsidiary	-	461,637	188,367	-	650,004
Total comprehensive income	-	-	-	1,080,771	1,080,771
<b>Balance as at 31 December 2021</b>	<b>7,326,773</b>	<b>(269,582)</b>	<b>148,175</b>	<b>5,317,142</b>	<b>12,522,508</b>

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the 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) In 2022, the Company bought back 10,000,000 shares of the Company by way of market acquisition, which are held as treasury shares.
- (3) The RMB970 million represents the final dividend of 5.0 Singapore cents per ordinary share in respect of the financial year ended 31 December 2021. The Company paid the dividend on 27 May 2022. The RMB5.0 million represents dividend paid to non-controlling shareholders of Yangzijiang Taihua Shipping Pte. Ltd., and Yangzijiang Express Shipping Pte. Ltd., both 49.48%-owned subsidiaries of the Group.
- (4) On 19 April 2022, convertible bonds of SGD50 million were converted into shares of the Company via the re-issuance of 37,174,720 treasury shares.
- (5) On 28 April 2022, the Company completed the proposed spin-off of its investment business and the proposed listing of Yangzijiang Financial Holding Ltd ("YZJFH") on the Mainboard of the SGX-ST by way of an introduction. The Company distributed all the shares in YZJFH that are held by the Company, representing an aggregate share capital of approximately RMB20 billion, by way of a dividend in specie.
- (6) In August 2022, the Group completed the acquisition of Jiangsu Jiasheng Gas Ltd ("Jiasheng Gas"). Prior to the Group's acquisition of Jiasheng Gas, the Group's interest in Jiangsu Yangzi Jiasheng Terminal Ltd ("Jiasheng Terminals") stood at 55%. With the acquisition of Jiasheng Gas, the Group acquired the remaining 45% non-controlling interest ("NCI") in Jiasheng Terminals. The value of 45% NCI acquisition is calculated with reference to the value of the acquisition of the initial 55% interest in 2019. The consideration paid in excess of the carrying amount of the NCI at point of acquisition amounting to RMB240.37 million has been recognised in other reserves under equity attributable to owners of the Company.

## **E. Notes to the Condensed Interim Financial Statements**

### **1. Corporate information**

Yangzijiang Shipbuilding (Holdings) Ltd. (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 80 Robinson Road, #02-00 Singapore 068898.

The principal activities of the Company are investment holding and agency service for shipbuilding and related activities. The principal activities of its subsidiaries are:

- a) Shipbuilding, production and processing of large-scale steel structures;
- b) Facilitating the sale and export of ships for the shipbuilder and trading of ship related equipment; and
- c) Chartering of vessels.

### **2. Basis of Preparation**

The condensed interim financial statements as at and for the six-month period and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) 1-34 Interim Financial Reporting (SFRS(I) 1-34) 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 interim financial statements for the period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards effective as of 1 January 2022 and the designation of certain derivatives for hedge accounting and presentation change from 1 January 2022 as set out in Note 2.1 and Note 2.3(i) respectively.

On 18 April 2022, the spin-off of the Group’s investment segment via the transfer of existing investments to a newly incorporated company (“NewCo”) and the proposed listing of the NewCo was approved by shareholders via an extraordinary general meeting. On 28 April 2022, the Company completed the spin-off and listing of the NewCo, Yangzijiang Financial Holding Ltd (“YZJFH”). The Company distributed all the shares in YZJFH that are held by the Company, representing an aggregate share capital of approximately RMB20 billion, by way of a dividend in specie. Accordingly, the results and balances relating to the investment segment, net of investments retained by the Group, are presented separately on the condensed consolidated statement of comprehensive income as “Discontinued operations”.

The condensed interim financial statements are presented in Renminbi (“RMB”), which is the Company’s functional currency.

#### **2.1. New and amended standards and hedge accounting adopted by the Group**

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2022. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS (I)s, that are relevant to the Group:

- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use* (effective for annual periods beginning on or after 1 January 2022)
- Amendments to SFRS (I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract* (effective for annual periods beginning on or after 1 January 2022)
- Amendments to SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)
- Annual improvements to SFRS(I)s 2018-2020

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

#### *Derivatives financial instruments and hedging activities*

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as cash flow hedge.

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

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The following hedges in place qualified as cash flow hedge under SFRS(I) 9.

(i) Cash flow hedge

(a) Currency forwards

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified to profit and loss when the hedged transaction affects profit or loss.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

## **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 as at and for the year ended 31 December 2021.

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.

### 2.3. Prior year restatements

A prior year restatement and a presentation change were made to the balance sheets of the Group as at 31 December 2021 and 1 January 2021. The changes to comparative financial statements presentation are summarised below:

The Group - Balance Sheet

	As previously reported	Restatement Note (i)	Presentation change Note (ii)	As restated
	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2021</b>				
Lease prepayments	952,487	252,982	(1,205,469)	-
Property, plant and equipment	5,226,004	-	1,205,469	6,431,473
Goodwill	258,979	(252,982)	-	5,997*
<b>As at 31 December 2021</b>				
Lease prepayments	930,575	252,982	(1,183,557)	-
Property, plant and equipment	5,151,788	-	1,183,557	6,335,345
Goodwill	258,979	(252,982)	-	5,997*

\*Presented under intangible assets

*(i) Restatement*

In 2022, the Group re-assessed the nature of the premium paid of RMB252.982 million for the acquisition of Yangzijiang Terminals China Holding Pte. Ltd. and its subsidiary, Jiangsu Yangzi Jiasheng Terminal Ltd. in 2019. A restatement of this premium from goodwill to lease prepayment is required to reflect that the payment was for the firm plan to convert the terminal to a LNG terminal facility at point of acquisition. The asset continues to be appropriately classified under the "Others" business segment and there is no impairment recorded on this asset since 2019.

*(ii) Presentation change - change in accounting policy*

Before 1 January 2022, the Group presented right-of-use assets (land use rights) separately on the balance sheet under lease prepayments.

From 1 January 2022, the Group elected to present ROU assets acquired under leasing arrangements together with owned assets of the same class under property, plant and equipment, to better reflect the nature and intended use of such assets.

This is determined to provide more relevant information about the Group's financial position and the Group has applied the new accounting policy retrospectively.

The restatement and presentation change had immaterial impact on the consolidated statement of comprehensive income, the consolidated statement of cash flows and the cumulative retained earnings of the Group for the prior financial years.

### **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 Management Team considers the business mainly from a business segment perspective. Geographically, management manages and monitors the business only from the PRC.

The principal activities of shipbuilding segment are that of shipbuilding and offshore marine equipment construction. The principal activities of shipping segment consist of charter hire income earned by vessel owning companies.

The results and balances relating to micro-financing, debt investments at amortised cost and other investments were previously presented under the "investments" reportable segment of Group. However, the results from this segment, net of investments retained by the Group, are presented separately on the condensed consolidated statement of comprehensive income as "Discontinued operations" in the consolidated statement of comprehensive income.

Other segments include trading, ship design services and investments retained by the Group subsequent to spin-off. These are not identified as reportable operating segments, as they are not separately reported to the Management Team. The results of these operations are included in "Others".

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**1. 4.1. Continuing reportable segments**

	Shipbuilding RMB'000	Shipping RMB'000	Others RMB'000	Total RMB'000
<b>The Group</b>				
<b>1 January 2022 to 31 December 2022</b>				
<b>Segment revenue</b>	<b>18,372,103</b>	<b>1,382,659</b>	<b>950,314</b>	<b>20,705,076</b>
<b>Segment result</b>	<b>1,872,610</b>	<b>667,194</b>	<b>214,708</b>	<b>2,754,512</b>
<i>Included within segment result:</i>				
Finance expenses	(74,658)	(18,864)	(3,416)	(96,938)
Fair value loss on				
· Derivatives financial instruments	(70,246)	-	-	(70,246)
· Financial assets, at fair value through profit or loss	-	-	(59,069)	(59,069)
Reversal of impairment loss on/(Impairment loss):				
· Debt investments at amortised cost	-	-	59,896	59,896
· Reversal of provision for onerous contracts - net	218,041	-	-	218,041
Depreciation of property, plant and equipment	(317,672)	(127,969)	(6,427)	(452,068)
Dividend income	-	-	592	592
Share of profits of associated companies	5,287	-	-	5,287
Share of profits of joint venture	7,770	-	-	7,770
Sales of bunker stock	-	25,457	-	25,457
Bad debt recovery/(written off)	20,817	-	(1,827)	18,990
(Loss)/gain on disposal of:				
· Property, plant and equipment	(438)	202	-	(236)
Business tax on interest income from debt investments at amortised cost	-	-	(10,667)	(10,667)
Interest income - finance lease	-	134,456	-	134,456
Income from forfeiture of advances received	36,487	-	-	36,487
Inventories write-down, net of reversal	(184,636)	-	-	(184,636)
<b>Segment assets</b>	<b>24,459,131</b>	<b>5,472,944</b>	<b>2,673,056</b>	<b>32,605,131</b>
<i>Segment assets includes:</i>				
Investment in associated companies	41,509	-	5,915	47,424
Investments in joint ventures	453,886	-	-	453,886
Additions to property, plant and equipment	115,222	1,029,154	170,048	1,314,424
<b>Segment liabilities</b>	<b>(13,568,900)</b>	<b>(164,478)</b>	<b>(111,165)</b>	<b>(13,844,543)</b>

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	<u>Shipbuilding</u> RMB'000	<u>Shipping</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
<b>The Group</b>				
<b>1 January 2021 to 31 December 2021</b>				
<b>Segment revenue</b>	<b>13,198,473</b>	<b>959,638</b>	<b>979,043</b>	<b>15,137,154</b>
<b>Segment result</b>	<b>1,952,074</b>	<b>481,350</b>	<b>(162,106)</b>	<b>2,271,318</b>
<i>Included within segment result:</i>				
Finance expenses	(59,655)	(7,874)	(2,372)	(69,901)
Fair value gain on				
· Derivatives financial instruments	624,517	-	-	624,517
· Financial assets, at fair value through profit or loss	-	-	108,682	108,682
(Impairment loss)/ reversal of impairment loss on:				
· Debt investments at amortised cost	-	-	(450,891)	(450,891)
· Reversal of provision for onerous contracts - net	256,081	-	-	256,081
Depreciation of property, plant and equipment	(383,973)	(98,484)	(9,324)	(491,781)
Dividend income	-	-	5,604	5,604
Share of profits/(loss) of associated companies	4,820	-	(12)	4,808
Share of profits of joint venture	91,382	-	-	91,382
Sales of bunker stock	-	24,112	-	24,112
Bad debt recovery	63,614	-	-	63,614
Gain/(loss) on disposal of:				
· Property, plant and equipment	752	71,079	(15)	71,816
Business tax on interest income from debt investments at amortised cost	-	-	(6,297)	(6,297)
Interest income - finance lease	-	107,411	-	107,411
Income from forfeiture of advances received	32,482	-	-	32,482
Inventories write-down, net of reversal	(17,364)	-	-	(17,364)
<b>Segment assets</b>	<b>24,921,110</b>	<b>2,192,151</b>	<b>23,852,132</b>	<b>50,965,393</b>
<i>Segment assets includes:</i>				
Investment in associated companies	27,692	-	1,077,198	1,104,890
Investments in joint ventures	522,679	-	-	522,679
Additions to property, plant and equipment	128,964	614,021	2,626	745,611
<b>Segment liabilities</b>	<b>(10,945,233)</b>	<b>(582,619)</b>	<b>(1,208,452)</b>	<b>(12,736,304)</b>



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	<u>Shipbuilding</u> RMB'000	<u>Shipping</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
<b>The Group</b>				
<b>1 July 2022 to 31 December 2022</b>				
<b>Segment revenue</b>	<b>9,850,997</b>	<b>821,712</b>	<b>291,240</b>	<b>10,963,949</b>
<b>Segment result</b>	<b>1,229,318</b>	<b>378,579</b>	<b>284,689</b>	<b>1,892,586</b>
<i>Included within segment result:</i>				
Finance expenses	(35,965)	(14,606)	(1,603)	(52,174)
Fair value gain on				
· Derivatives financial instruments	141,215	-	-	141,215
· Financial assets, at fair value through profit or loss	-	-	13,472	13,472
Reversal of impairment loss on:				
· Debt investments at amortised cost	-	-	165,903	165,903
· Reversal of provision for onerous contracts - net	94,796	-	-	94,796
Depreciation of property, plant and equipment	(137,440)	(57,455)	(1,283)	(196,178)
Dividend income	-	-	-	-
Share of profits of associated companies	1,723	-	-	1,723
Share of profits of joint venture	5,859	-	-	5,859
Sales of bunker stock	-	16,404	-	16,404
Bad debt recovery/(written off)	7,490	-	(3,830)	3,660
Gain/(loss) on disposal of:				
· Property, plant and equipment	(243)	(148)	-	(391)
Business tax on interest income from debt investments at amortised cost	-	-	(5,693)	(5,693)
Interest income - finance lease	-	77,069	-	77,069
Income from forfeiture of advances received	36,487	-	-	36,487
Inventories write-down, net of reversal	(184,636)	-	-	(184,636)

	<u>Shipbuilding</u> RMB'000	<u>Shipping</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
<b>The Group</b>				
<b>1 July 2021 to 31 December 2021</b>				
<b>Segment revenue</b>	<b>8,420,310</b>	<b>551,312</b>	<b>426,534</b>	<b>9,398,156</b>
<b>Segment result</b>	<b>1,439,799</b>	<b>252,038</b>	<b>(410,238)</b>	<b>1,281,599</b>
<i>Included within segment result:</i>				
Finance expenses	(35,417)	(3,918)	5,493	(33,842)
Fair value gain/(loss) on				
· Derivatives financial instruments	627,329	-	-	627,329
· Financial assets, at fair value through profit or loss	-	-	(54,702)	(54,702)
(Impairment loss)/reversal of impairment loss on:				
· Debt investments at amortised cost	-	-	(489,134)	(489,134)
· Reversal of provision for onerous contracts - net	205,353	-	-	205,353
Depreciation of property, plant and equipment	(202,779)	(33,851)	(4,488)	(241,118)
Dividend income	-	-	5,520	5,520
Share of profits/(loss) of associated companies	3,878	-	(13)	3,865
Share of profits of joint venture	19,551	-	-	19,551
Sales of bunker stock	-	13,591	-	13,591
Bad debt recovery/(written off)	63,026	-	-	63,026
Gain/(loss) on disposal of:				
· Property, plant and equipment	889	45,516	(15)	46,390
Business tax on interest income from debt investments at amortised cost	-	-	(3,881)	(3,881)
Interest income - finance lease	-	68,970	-	68,970
Income from forfeiture of advances received	-	-	-	-
Inventories write-down, net of reversal	(17,364)	-	-	(17,364)

Sales between segments are carried out at market terms.

The Management Team assesses the performance of the operating segments based on a measure of segment results. Certain administrative expenses and foreign currency exchange differences are not allocated to segments, as these types of activities and differences are shared by all segments. Interest income on cash and cash equivalents, and foreign currency translation differences on borrowings (classified under finance expenses) are not allocated to segments, as these types of activities are driven by the treasury department of the Group, which manages the cash position of the Group.

(a) Reconciliation

(i) *Segment profits*

A reconciliation of segment results to profit before tax is as follows:

	<b>FY2022</b>	<b>FY2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment results for reportable segments	2,539,804	2,433,424
Segment results for other segments	214,708	(162,106)
Unallocated:		
Other income	257,634	275,015
Other gains - net	362,661	153,704
Administrative expenses	(62,475)	(78,077)
Finance expenses	(9,838)	-
<b>Profit before tax</b>	<b>3,302,494</b>	<b>2,621,960</b>
	<b>2H2022</b>	<b>2H2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment results for reportable segments	1,607,897	1,691,837
Segment results for other segments	284,689	(410,238)
Unallocated:		
Other income	162,612	129,590
Other gains - net	(226,916)	(12,968)
Administrative expenses	819	(9,428)
Finance expenses	(2,327)	-
<b>Profit before tax</b>	<b>1,826,774</b>	<b>1,388,793</b>

(ii) *Segment assets*

The amounts provided to the Management Team with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than deferred income tax assets.

Segment assets are reconciled to total assets as follows:

	<b>As at 31</b>	<b>As at 31</b>
	<b>December</b>	<b>December</b>
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment assets for reportable segments	29,932,075	27,113,261
Other segment assets	2,673,056	23,852,132
Unallocated:		
Deferred income tax assets	361,972	646,871
<b>Total assets</b>	<b>32,967,103</b>	<b>51,612,264</b>

(iii) *Segment liabilities*

The amounts provided to the Management Team with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments other than current income tax liabilities and deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	<b>As at 31 December 2022 RMB'000</b>	<b>As at 31 December 2021 RMB'000</b>
Segment liabilities for reportable segments	(13,733,378)	(11,527,852)
Other segment liabilities	(111,165)	(1,208,452)
Unallocated:		
Current income tax liabilities	(782,271)	(1,015,096)
Deferred income tax liabilities	(635,529)	(1,799,299)
<b>Total liabilities</b>	<b><u>(15,262,343)</u></b>	<b><u>(15,550,699)</u></b>

## 4.2. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines.

	<u>At a point in time</u> RMB'000	<u>Over time</u> RMB'000	<u>Total</u> RMB'000
<b><u>The Group</u></b>			
<b>2022</b>			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	17,831,468	17,831,468
- Sale of completed vessels	540,635	-	540,635
<i>Shipping segment</i>			
Charter hire income	-	1,382,659	1,382,659
<i>Others segment</i>			
Rendering of ship design services	14,002	-	14,002
Sale of goods - materials and others	700,754	-	700,754
Interest income from debt investments at amortised cost	177,274	-	177,274
Others	58,284	-	58,284
<b>Total revenue</b>	<b><u>1,490,949</u></b>	<b><u>19,214,127</u></b>	<b><u>20,705,076</u></b>

	<u>At a point in time</u> RMB'000	<u>Over time</u> RMB'000	<u>Total</u> RMB'000
<b><u>The Group</u></b>			
<b>2021</b>			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	11,806,856	11,806,856
- Sale of completed vessels	1,391,617	-	1,391,617
<i>Shipping segment</i>			
Charter hire income	-	959,638	959,638
<i>Others segment</i>			
Rendering of ship design services	6,527	-	6,527
Sale of goods - materials and others	801,750	-	801,750
Interest income from debt investments at amortised cost	111,247	-	111,247
Others	59,519	-	59,519
<b>Total revenue</b>	<b><u>2,370,660</u></b>	<b><u>12,766,494</u></b>	<b><u>15,137,154</u></b>

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	At a point in time RMB'000	Over time RMB'000	Total RMB'000
<b>The Group</b>			
<b>2H2022</b>			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	9,703,086	9,703,086
- Sale of completed vessels	147,911	-	147,911
<i>Shipping segment</i>			
Charter hire income	-	821,712	821,712
<i>Others segment</i>			
Rendering of ship design services	8,760	-	8,760
Sale of goods - materials and others	154,924	-	154,924
Interest income from debt investments at amortised cost	98,511	-	98,511
Others	29,045	-	29,045
<b>Total revenue</b>	<b>439,151</b>	<b>10,524,798</b>	<b>10,963,949</b>

	At a point in time RMB'000	Over time RMB'000	Total RMB'000
<b>The Group</b>			
<b>2H2021</b>			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	7,376,522	7,376,522
- Sale of completed vessels	1,043,788	-	1,043,788
<i>Shipping segment</i>			
Charter hire income	-	551,312	551,312
<i>Others segment</i>			
Rendering of ship design services	3,579	-	3,579
Sale of goods - materials and others	319,489	-	319,489
Interest income from debt investments at amortised cost	68,578	-	68,578
Others	34,888	-	34,888
<b>Total revenue</b>	<b>1,470,322</b>	<b>7,927,834</b>	<b>9,398,156</b>

**(a) Revenue from major products**

Revenue of shipbuilding segment is derived from the construction of container ships, multiple purpose cargo ships and other types of vessels. Revenue of shipping segment is derived from the charter income earned by vessel owning companies. Revenue from other segment is mainly derived from sales of metal and chemical product. Breakdown of the revenue by major product types is as follows:

	2022 RMB'000	2021 RMB'000
Construction of container ships	17,113,141	7,660,087
Construction of multiple purpose cargo ships	435,150	2,938,065
Construction of chemical tanker	109,883	573,076
Construction of LNG vessels	173,294	635,628
Sales of other completed vessels	540,635	1,391,617
Interest income from debt investments at amortised cost	177,274	111,247
Charter hire income	1,382,659	959,638
Rendering of ship design services	14,002	6,527
Sales of metal and chemical products	700,754	801,750
Others	58,284	59,519
	<b>20,705,076</b>	<b>15,137,154</b>

**Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries**  
*Condensed Interim Financial Statements*  
For six-month period and full year ended 31 December 2022

	<b>2H2022</b>	<b>2H2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Construction of container ships	9,570,927	5,723,488
Construction of multiple purpose cargo ships	94,930	785,730
Construction of chemical tanker	37,229	401,604
Construction of LNG vessels	-	465,700
Sales of other completed vessels	147,911	1,043,788
Interest income from debt investments at amortised cost	98,511	68,578
Charter hire income	821,712	551,312
Rendering of ship design services	8,760	3,579
Sales of metal and chemical products	154,924	319,489
Others	29,045	34,888
	<b>10,963,949</b>	<b>9,398,156</b>

**(b) Geographical information**

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

	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Greater China	10,582,235	7,734,125
Canada	6,769,705	4,533,139
Japan	1,779,286	399,936
Bulgaria	263,774	553,218
Other European countries	189,294	1,227,031
Other Asian countries	1,120,782	689,705
	<b>20,705,076</b>	<b>15,137,154</b>

	<b>2H2022</b>	<b>2H2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Greater China	5,335,004	4,668,555
Canada	3,862,968	3,501,221
Japan	1,044,328	219,262
Bulgaria	26,724	327,817
Other European countries	37,229	296,174
Other Asian countries	657,696	385,127
	<b>10,963,949</b>	<b>9,398,156</b>

Revenues of approximately RMB11,387,660,000 (2021: RMB4,994,030,000) are derived from three (2021: three) major customers. These revenues are attributable to the shipbuilding segment.

## 5.1. Significant items

	<b>2022</b>	<b>2021</b>	<b>2H2022</b>	<b>2H2021</b>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>After charging:</b>				
Depreciation and amortization	455,901	495,400	187,707	234,182
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	106,776	69,901	54,501	33,842
Fair value loss/(gain) on financial assets, at fair value through profit or loss	59,069	(108,682)	(13,472)	54,702
Inventory write-down, net of reversal	184,636	17,364	184,636	17,364
Fair value loss/(gain) on derivative financial instruments	70,246	(624,517)	(141,215)	(627,329)
Loss/(Gain) from disposal of property, plant and equipment	236	(71,816)	391	(46,390)
<b>After crediting:</b>				
Gain from dissolution of subsidiaries	41,819	-	-	-
Foreign exchange related gains/(losses), net	208,241	5,196	(258,135)	(107,425)
Bad debt recovery	18,989	92,457	3,659	91,869
Interest income	350,248	338,046	200,227	212,975
Subsidy income	121,811	158,296	43,994	105,607
Income from forfeiture of advances received	36,487	32,482	36,487	32,482
Dividend income	592	5,604	-	5,520
Sales of materials	37,532	24,112	28,479	-
Reversal of allowance for losses recognised on onerous contracts, net of utilisation	218,041	256,081	94,796	205,353
Reversal of impairment loss/(Impairment loss) on debt investment at amortised costs	59,896	(450,891)	165,903	(489,134)

## 5.2. Related party transactions

The Group had the following transactions with the following related parties.

	<u>The Group</u>		<u>The Group</u>	
	<b>2022</b>	2021	<b>2H2022</b>	2H2021
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods to a joint venture	<b>145,597</b>	232,252	<b>51,519</b>	205,210
Sales of goods to an associate	<b>23,635</b>	111,364	<b>23,635</b>	111,364
Provision of ship design services	<b>29,042</b>	6,527	<b>29,042</b>	6,527
Loan to an associate	<b>20,000</b>	-	<b>20,000</b>	-
Repayment of loan from a joint venture	-	(247,000)	-	(247,000)
Rental income	<b>85,045</b>	46,414	<b>77,753</b>	46,414
Purchase of materials from an associate	<b>220,185</b>	77,122	<b>220,185</b>	77,122
Purchase of materials from other related parties	<b>28,888</b>	66,670	-	42,661

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

## 6. Income taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<u>The Group</u>		<u>The Group</u>	
	2022 RMB'000	2021 RMB'000	2H2022 RMB'000	2H2021 RMB'000
Current year				
- Current income tax	<b>698,843</b>	763,582	<b>245,977</b>	374,580
- Deferred income tax	<b>161,940</b>	414,083	<b>226,612</b>	234,702
Over provision in prior year				
- Current income tax	<b>(101,610)</b>	(23,026)	<b>(101,610)</b>	(23,026)
	<b>759,173</b>	1,154,639	<b>370,979</b>	586,256
Tax expense is attributable to:				
- continuing operations	<b>677,508</b>	622,311	<b>370,979</b>	317,957
- discontinued operations	<b>81,665</b>	532,328	-	268,299
	<b>759,173</b>	1,154,639	<b>370,979</b>	586,256

## 7. Discontinued operations

The results of the discontinued operations are as follows:

	<u>The Group</u>	
	2022 RMB'000	2021 RMB'000
Revenue	<b>440,922</b>	1,630,752
Cost of sales	<b>(27,548)</b>	(84,766)
Other income	<b>779</b>	378,737
Other losses, net	<b>(136,836)</b>	(410,069)
Expenses		
-Reversal of impairment loss on financial assets - net	<b>16,115</b>	494,887
-Others	<b>(8,505)</b>	(15,091)
Share of results of associated companies and joint ventures	<b>(8,686)</b>	265,318
<b>Profit before tax from discontinued operations</b>	<b>276,241</b>	2,259,768
Income tax expense	<b>(81,665)</b>	(532,328)
<b>Profit after tax from discontinued operations</b>	<b>194,576</b>	1,727,440

## 8. Dividends

	<u>The Group</u>	
	2022 RMB'000	2021 RMB'000
<i>Ordinary dividends</i>		
Final exempt dividend paid in respect of the previous financial year of SGD5.0 cents (2021: SGD5.0 cents) per share	<b>969,988</b>	836,856

On 28 April 2022, the Company completed the proposed spin-off of its investment business and the proposed listing of YZJFH on the Mainboard of the SGX-ST by way of an introduction. The Company distributed all the shares in YZJFH that are held by the Company, representing an aggregate share capital of approximately RMB20 billion, by way of a dividend specie.

## 9. Property, plant and equipment

During the year ended 31 December 2022, the Group acquired assets amounting to RMB1,314 million (2021: RMB746 million) and disposed of assets amounting to RMB56 million (2021: RMB315 million).

## 10. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	<b>31 December 2022</b>	31 December 2021	<b>31 December 2022</b>	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>				
Bank borrowings (secured)	18,400	211,910	-	-
Bank borrowings (unsecured)	2,250,000	2,291,592	-	841,592
Lease liabilities	798	312	798	312
	<b>2,269,198</b>	<b>2,503,814</b>	<b>798</b>	<b>841,904</b>
<b>Non-current</b>				
Bank borrowings (secured)	48,000	685,474	-	-
Bank borrowings (unsecured)	2,250,000	1,267,305	-	-
Lease liabilities	342	-	342	-
	<b>2,298,342</b>	<b>1,952,779</b>	<b>342</b>	-
	<b>4,567,540</b>	<b>4,456,593</b>	<b>1,140</b>	<b>841,904</b>

Secured bank borrowings are secured by legal mortgages over certain land use rights, buildings, and vessels of the Group.

## 11. 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>The Group</u>	<u>Level 1</u> RMB'000	<u>Level 2</u> RMB'000	<u>Level 3</u> RMB'000	<u>Total</u> RMB'000
<b>31 December 2022</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	100,860	-	45,594	146,454
Derivative financial instruments	-	170,520	-	170,520
<b>Liabilities</b>				
Derivative financial instruments	-	(143,137)	-	(143,137)
<b>31 December 2021</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	357,436	-	2,027,115	2,384,551
Derivative financial instruments	-	686,454	-	686,454
<b>Liabilities</b>				
Derivative financial instruments	-	(4,501)	-	(4,501)



## Other Information Required by Listing Rule Appendix 7.2

**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2022**1. Review**

The financial statements have not been audited nor reviewed by our auditors.

- 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 of 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	23,488	0.59%	50,663	1.27%
Issued shares excluding treasury shares	<u>3,950,589</u>	99.41%	<u>3,923,414</u>	98.73%
Total number of shares	<u><b>3,974,077</b></u>	100%	<u><b>3,974,077</b></u>	100%

The Company did not have subsidiary holdings as of 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 periods	3,974,077	3,974,077
Treasury shares at the end of periods	<u>(23,488)</u>	<u>(50,663)</u>
Issued shares excluding treasury shares	<u><b>3,950,589</b></u>	<u><b>3,923,414</b></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.**

	Number of Shares ('000)	RMB '000
Total number of treasury shares		
Balance as at 1 January 2022	50,663	269,582
Repurchased during 2022	10,000	60,369
Treasury shares re-issued	<u>(37,175)</u>	<u>(202,198)</u>
Balance as at 31 December 2022	<u><b>23,488</b></u>	<u><b>127,753</b></u>

**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**  
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**6. 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 (RMB cents)	444.82	915.62	386.17	319.17

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 3,950,589,220 shares and 3,923,414,500 shares respectively.

**7. Earnings per share**

	The Group	
	2022	2021
(a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS	71.25	95.79
- From continuing operations	66.31	51.05
- From discontinued operations	4.94	44.74
Weighted average number of Ordinary shares	3,940,260,810	3,861,049,966
(b) On fully diluted basis (RMB cents)	71.25	95.79

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 31 December 2022 and 31 December 2021 as the Company has no potential dilutive ordinary shares.

**8. 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.

**9. 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.

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**Income statement review****2H2022 vs. 2H2021**

Continuing operations	2H2022		2H2021	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	9,850,997	100%	8,420,310	100%
Cost	(8,525,830)	-87%	(7,510,826)	-89%
Margin	<b>1,325,167</b>	13%	<b>909,484</b>	11%
Shipping				
Turnover	821,712	100%	551,312	100%
Cost	(484,398)	-59%	(321,700)	-58%
Margin	<b>337,314</b>	41%	<b>229,612</b>	42%
Others				
Turnover	291,240	100%	426,534	100%
Cost	(180,493)	-62%	(350,826)	-82%
Margin	<b>110,747</b>	38%	<b>75,708</b>	18%

Revenue

In 2H2022, 32 vessels were delivered as compared to 27 vessels delivered in 2H2021. As a result, the Group recorded a higher shipbuilding revenue of RMB9,851 million in 2H2022 as compared to RMB8,420 million in 2H2021. Revenue contribution from shipping business increased by 49% to RMB822 million, because of an expanded charter fleet size and improved charter rates. Revenue generated by other business such as terminal services, trading, ship design services and investments decreased to RMB291 million in 2H2022, mainly due to lower volume of trading business activities.

Operating cost

In line with higher revenue from shipbuilding business, our cost of sales of RMB8,526 million in 2H2022 was also higher than RMB7,511 million recorded in 2H2021. In 2H2022, a net reversal of loss provision of RMB95 million for onerous contracts was recorded, as a result of progressive construction and reassessment of foreseeable losses on onerous contracts as at the end of year.

In 2H2022, in line with the increase in revenue from shipping business, the operating costs were also higher than that for the same period last year.

Gross Profit

The Group's shipbuilding business registered a gross profit margin of 13% in 2H2022, higher than 11% recorded in 2H2021, mainly due to the depreciation of RMB against USD and lower material costs during the period.

Shipping business contributed a gross profit margin of 41% in 2H2022, slightly lower compared to 42% in 2H2021, mainly due to higher operating costs from rising oil prices during the period.

Other business registered a gross profit margin of 38% in 2H2022, significantly higher than 18% in 2H2021, as a result of lower volume of trading business activities with low margins.

Other income

Interest income decreased from RMB213 million in 2H2021 to RMB200 million in 2H2022, mainly due to lower interest income from bank.

Other income - others increased from RMB34 million in 2H2021 to RMB92 million in 2H2022, mainly due to higher income from sale of materials.

Other gains/losses - net

Other losses of RMB73 million were recorded in 2H2022 as compared to other gains of RMB606 million in 2H2021. The losses in 2H2022 were mainly due to foreign exchange related losses of RMB258 million, which were partly offset by RMB141 million of fair value gains on derivative financial instruments and RMB44 million of subsidy income.

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Expenses

In 2H2022, the Group recorded a reversal of impairment losses on debt investments at amortised cost of RMB170 million in 2H2022 as compared to an impairment loss of RMB397 million provided in 2H2021. Other administrative costs increased slightly to RMB289 million as compared to RMB280 million.

Finance costs in 2H2022 increased to RMB55 million as compared to RMB34 million in 2H2021, and the increase was mainly due to higher USD bank borrowing costs.

Share of results of associated companies and joint ventures

Share of profit of associated companies and joint ventures of RMB8 million mainly consists of share of profits from Yangzi-Mitsui Shipbuilding Co. Ltd.

Corporate Income Tax

The Group's effective tax rate for 2H2022 was 20.3%, lower than 22.9% of 2H2021. The lower effective tax rate in 2H2022 was mainly due to higher shipping business profit generated outside mainland China compared to 2H2021, as these are subject to an income tax rate that is lower than 25% standard income tax rate in mainland China.

**FY2022 vs. FY2021**

Continuing operations	2022		2021	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	18,372,103	100%	13,198,473	100%
Cost	(15,956,834)	-87%	(11,641,695)	-88%
Margin	<b>2,415,269</b>	13%	<b>1,556,778</b>	12%
Shipping				
Turnover	1,382,659	100%	959,638	100%
Cost	(819,262)	-59%	(574,532)	-60%
Margin	<b>563,397</b>	41%	<b>385,106</b>	40%
Others				
Turnover	950,314	100%	979,043	100%
Cost	(731,782)	-77%	(836,600)	-85%
Margin	<b>218,532</b>	23%	<b>142,443</b>	15%

Revenue

In 2022, 67 vessels were delivered according to schedule as compared to 50 vessels delivered in 2021. As a result, the Group recorded higher shipbuilding revenue of RMB18,372 million in FY2022 as compared to RMB13,198 million in FY2021. Revenue contribution from shipping business increased by 44% to RMB1,383 million from last year, because of an expanded charter fleet size and improved charter rates in 2022.

Other businesses includes terminal services, trading, ship design services and investments retained by the Group subsequent to spin-off. Revenue generated by other businesses decreased from RMB979 million in 2021 to RMB950 million in 2022, mainly due to lower volume of trading business.

Operating cost

In line with higher revenue from shipbuilding business, the cost of sales of RMB15,957 million in 2022 was also higher than RMB11,642 million recorded in 2021. In 2022, RMB185 million of additional inventory obsolescence provision was provided, for an unsold jack-up rig classified as inventory. In 2022, a net reversal of loss provision of RMB218 million for onerous contracts was recorded, as a result of progressive construction and reassessment of foreseeable losses on onerous contracts as at the end of year.

In line with higher revenue from shipping business, the cost of sales of RMB819 million in 2022 was also higher than RMB575 million recorded in 2021.

Gross Profit

In 2022, gross profit margin of the Group's shipbuilding business improved marginally from 12% in 2021 to 13% in 2022, mainly due to depreciation of RMB against USD and lower material costs during the year. The gross profit margin increase was partly offset by the additional inventory obsolescence provision provided for the unsold jack-up rig.

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Shipping business registered a gross profit margin of 41% in 2022, a slight increase from 40% in 2021, mainly due to improved charter rates for bulk carriers during the year.

Other shipbuilding related businesses such as terminal services, trading, ship design services and investments retained by the Group subsequent to spin-off, registered a gross profit margin of 23% in 2022, higher than 15% attained in 2021, as a result of lower volume of trading business activities with low margins. In 2022, net interest income generated from investments retained by the Group subsequent to spin-off was RMB167 million (2021: RMB100 million).

#### Other income

Other income mainly includes interest income from bank deposits, interest income for ship finance leases and dividend income.

Interest income increased from RMB338 million in 2021 to RMB350 million in 2022, mainly due to higher interest income from finance leases as a result of additions in vessels leased out on finance lease basis.

Other income – others increased from RMB98 million to RMB104 million, mainly due to higher income from forfeiture of advances received.

#### Other gains/losses - net

Other gains/losses mainly comprise foreign exchange related gains/losses, fair value changes on financial assets, at fair value through profit or loss and derivative financial instruments and subsidy income.

Other gains of RMB233 million were recorded in 2022 as compared to RMB959 million in 2021. The gains were mainly due to foreign exchange related gains of RMB208 million, subsidy income of RMB122 million and gain of RMB42 million from dissolution of subsidiaries, which were partly offset by RMB70 million fair value loss on derivative financial instruments and RMB59 million of fair value loss on financial assets, at fair value through profit or loss.

#### Expenses

In 2022, total administrative expenses decreased to RMB489 million from RMB884 million in 2021. The Group recorded a reversal of impairment loss on financial assets of RMB79 million in 2022 as compared to RMB358 million impairment loss provided in 2021. Other administrative costs increased from RMB525 million in 2021 to RMB568 million in 2022, mainly due to professional fees in relation to the spin-off.

In 2022, finance cost increased to RMB107 million from RMB70 million in 2021 as a result of higher bank borrowing costs during the year.

#### Share of results of associated companies and joint ventures

This represents the share of results from the Group's associated companies and joint ventures. Share of profits of associated companies and joint ventures of RMB13 million mainly consists of the share of profit from Yangzi-Mitsui Shipbuilding Co.Ltd, the Group's joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co.,Ltd.

#### Corporate Income Tax

The Group's effective tax rate in FY2022 was 20.5%, lower than 23.7% of FY2021. The lower effective tax rate in 2022 was mainly due to higher shipping business profit generated outside mainland China compared to 2021, as these are subject to an income tax rate that is lower than the 25% standard income tax rate in mainland China.

### **Statements of Financial Position Review**

#### Assets

As at 31 December 2022, cash and cash equivalents decreased to RMB10,778 million from RMB12,363 million as at 31 December 2021, mainly due to the spin-off in 2022.

Restricted cash, which was held in designated bank accounts as deposits of performance guarantees and letter of credits, decreased from RMB17 million at the end of 2021 to RMB7 million at the end of 2022, being net decrease of guarantees and letter of credits during the year.

As at 31 December 2022, investment in financial assets, at fair value through profit or loss had decreased to RMB146 million from RMB2,385 million at the end of 2021, mainly due to the spin-off in 2022.

**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2022**

As at 31 December 2022, debt investment at amortised costs had decreased to RMB1.6 billion from RMB16.6 billion at the end of 2021, mainly due to the spin-off in 2022.

Current trade and other receivables as at 31 December 2022 decreased from RMB4,121 million as at 31 December 2021 to RMB3,670 million, mainly due decrease in microfinance loan as a result of the spin-off in 2022 and decrease in loan to a non-related party of RMB204 million.

As more shipbuilding contracts started construction, contract assets as at 31 December 2022 had increased to RMB5,596 million from RMB3,983 million as at 31 December 2021.

Current and non-current derivative financial assets of RMB171 million as at 31 December 2022 mainly relate to the fair values of USD/CNY forward contracts with positive valuation. These forward contracts were entered by the Group to manage its currency exposure to future USD denominated income from shipbuilding business, the movement from the end of last year of RMB686 million being the fair value movement during the year.

Non-current trade and other receivables increased by RMB544 million since the end of last year. The increase was mainly due to the increase in finance lease receivables from the shipping business.

As at 31 December 2022, the Group has no investment property, compared to RMB116 million worth of investment property assets held as at 31 December 2021, as a result of the spin-off in 2022.

As at 31 December 2022, investment in associated companies had decreased to RMB47 million from RMB1,105 million as at 31 December 2021, mainly due to the spin-off in 2022.

Investment in joint ventures mainly relate to the investment in Yangzi-Mitsui Shipbuilding Co., Ltd., and the movement from the end of last year is mainly due to the return of capital by joint ventures of RMB77 million.

Deferred income tax assets decreased from RMB647 million as at the end of last year to RMB362 million, the movement being the release of tax benefit to profit or loss during the period.

Property, plant and equipment increased from RMB6,335 million as at 31 December 2021 to RMB7,278 million as at 31 December 2022, mainly due to vessels additions during the year.

The total assets of the spin-off group at point of distribution were approximately RMB21,420 million, which mainly consist of cash and cash equivalents of RMB4,308 million, investments in financial assets, at fair value through profit or loss of RMB1,832 million, debt investment at amortised costs of RMB13,490 million, investments in associated companies of 1,261 million and investment properties of RMB117 million.

Liabilities

Current and non-current derivative financial liabilities of RMB143 million as at 31 December 2022 relate to the fair values of USD/CNY forward contracts with negative valuation. These forward contracts were entered by the Group to manage its currency exposure to its future USD denominated income from shipbuilding business, the movement from the end of last year of RMB5 million being the fair value movement during the year.

Due to higher advances received on construction contracts from new shipbuilding contracts secured, contract liabilities as at 31 December 2022 increased to RMB5,597 million from RMB4,823 million as at the end of last year.

Current trade and other payables as at 31 December 2022 increased to RMB3,172 million from RMB2,804 million as at 31 December 2021, mainly due to higher trade payables to suppliers, which is in line with higher volume of shipbuilding business.

Borrowings represented the Group's secured and unsecured borrowings of RMB4,568 million, slightly higher than RMB4,457 million at the end of last year, the movement being net addition of bank borrowing during the period.

Provisions mainly include warranty provisions for delivered vessels. The provision for onerous contracts recognised amounted to RMB Nil as at 31 December 2022, and a net reversal of loss provision of RMB218 million for onerous contracts was recorded. RMB82 million of provision for customer claim has been utilised during the year.

As at 31 December 2022, deferred income tax liabilities had decreased to RMB636 million from RMB1,799 million as at 31 December 2021, as a result of the spin-off in 2022.

The total liabilities of spin-off group at point of distribution were approximately RMB1,420 million, which mainly consist of trade and other payables of RMB148 million and deferred income tax liabilities of RMB1,165 million.

Equity

Treasury shares decreased from RMB270 million at end of last year to RMB128 million as at 31 December 2022.

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The decrease was mainly due to the re-issuance of 37,174,120 treasury shares of RMB202 million, for converting a convertible bond during the year.

The change of “Total equity attributable to equity holders” to RMB17,573 million as at 31 December 2022 from RMB35,923 million as at 31 December 2021 was mainly a result of the spin-off, with spin-off value of RMB20,000 million. Other movement is due to profits earned during the year, which was partly offset by a cash dividend payment and the acquisition of the non-controlling interest of Jiangsu Yangzi Jiasheng Terminal Ltd..

### **Statements of cash flows review**

The decrease of cash and cash equivalents from RMB12,363 million to RMB10,778 million was mainly due to cash outflow of RMB4,308 million in relation to the spin-off, cash outflows for the additions to property, plant and equipment and 2021 dividend payment, which was partly offset by net cash provided by operating activities during the financial year.

Net cash used in investing activities of RMB877 million mainly consists of addition of investment in associated companies of RMB209 million (before spin-off) and additions to of property, plant and equipment of RMB905 million for addition of vessels for the Group’s shipping business, which is partly offset by proceeds from sales of financial assets, at fair value through profit and loss of RMB247 million and return of capital by joint ventures of RMB77 million.

Net cash used in financing activities of RMB5,341 million during FY2022 mainly consists of cash outflow of RMB4,308 million in relation to the spin-off, cash outflows for 2021 dividend payment to equity holders of RMB970 million and acquisition of non-controlling interest of RMB260 million, which was partly offset by net addition to borrowings of RMB28 million and proceeds from the issuance of convertible bond of RMB235 million. Overall liquidity remained at a healthy level, evidenced by a current ratio of 1.88 as at 31 December 2022.

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

Not applicable.

### **11. 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.**

#### **Macro Outlook**

Against the backdrop of a sticky inflation and geopolitical fragmentations, 2023 is expected to be a challenging year for the world economy. According to International Monetary Fund (“IMF”), global economic growth is projected to decline from 3.4% in 2022 to 2.9% in 2023.<sup>1</sup>

On the other hand, based on publicly available information, it appears that the prospect for China is improving, also with the end of the zero-Covid policy in December 2022, there is a potential resurgence in the Chinese economy in 2023. Last year, the Chinese government has announced a \$1 trillion yuan stimulus on infrastructure spending, which will be front-loaded in the first half of 2023.<sup>2</sup> Fitch Ratings has revised its forecasts for China’s 2023 economic growth to 5.0%, compared to 4.1% previously.<sup>3</sup>

#### **Shipbuilding Industry**

Ongoing regulatory shifts are expected to drive long-run growth in the shipbuilding industry. From 1 January 2023, all ships are mandated by the International Maritime Organization (“IMO”) to calculate their attained Energy Efficiency Existing Ship Index (“EEXI”) to measure their energy efficiency and to collect data for the reporting of their annual

<sup>1</sup> International Monetary Fund, Global inflation will fall in 2023 and 2024 amid subpar economic growth, <https://www.imf.org/-/media/Files/Publications/WEO/2023/Update/January/English/text.ashx>.

<sup>2</sup> Bloomberg, China Adds 1 Trillion Yuan More of Stimulus to Rescue Growth, <https://www.bloomberg.com/news/articles/2022-08-24/china-plans-more-measures-to-stabilize-economy-as-recovery-slows>

<sup>3</sup> Reuters: Fitch raises China's growth forecast to 5% for 2023, <https://www.reuters.com/world/china/fitch-raises-chinas-growth-forecast-5-2023-2023-02-08/>



operational carbon intensity indicator (“**CII**”) and CII rating.<sup>4</sup>

Resulting from that, the industry saw sustained orders for alternative fuel and dual-fuel vessels in 2022, this was despite an overall slowdown in construction orders. In October 2022, Yangzijiang Shipbuilding was awarded its maiden contract for two 175,000 cubic metre-liquefied natural gas (“**LNG**”) carriers.

Heading into 2023, the new regulatory change will continue to drive fleet renewal decisions by vessel owners. Driven by the increasing appetite for alternative fuel vessels, the Group has increased its overall order-win target for FY2023 by 50% to US\$3 billion, from the US\$2.0 billion originally stated.

In the near term, the supply side is expected to remain tight industry-wide. With the surging demand for higher value-added and more eco-friendly vessels, there is limited shipyard capacity available in the market. The ongoing capacity expansion for shipyards in both China and Korea is only expected to be operational in 3 to 5 years’ time.<sup>5</sup>

### **Shipping Industry and Others**

Looking at the shipping business, recovery is expected to remain uneven in 2023. Weakness in the global economy has contributed to the soft start in the dry bulk market. On 16 February 2023, the Baltic Exchange Dry Index stood at 530, down 91% versus October 2021.<sup>6</sup> On a positive note, the end of the zero-Covid policy should lead to a recovery in the Chinese economy, which could lead to a rebound in the shipping market. With a diversified fleet portfolio, the Group is in a good position to capitalise on the industry’s recovery trend, should it materialise.

Consistent with the decarbonization trend of the industry, Yangzijiang Shipbuilding is working towards converting its existing chemical terminal located on the shore of Yangtze River to an LNG terminal with LNG storage and distribution infrastructure. The new initiative is expected to diversify its revenue streams across the maritime value chain through the provision of LNG terminal services, LNG storage and distribution, whilst strengthening the collaborations with LNG shipping liners as well as LNG traders.

### **Summary**

Since our last announcement dated 14 November 2022, the Group has clinched additional orders of 18 vessels valued at US\$0.91 billion, bringing the total outstanding orderbook to a record-high of US\$11.0 billion for 149 vessels. These new orders include 2 units of 8,000TEU containerships and 2 units of 40,000DWT bulk carriers secured in 2022, as well as 10 units of 50,000DWT MR tankers and 4 units of 80,000DWT Self Unloaders secured in 2023.

Yangzijiang Shipbuilding is well positioned to progressively convert the record high order book. As such and barring any unforeseen circumstances, we expect to generate healthy cash flow in the coming years, allowing us to generate sustainable returns for our shareholders.

With the goal of becoming one of the top players in the shipbuilding industry, the Group is implementing a two-pronged approach to growth – to expand its market footprint and increase its profitability. For the former, we are looking to build on the momentum of our first contract win for LNG vessels, and penetrate the growing market of alternative fuel vessels. For the latter, the Group is looking at ways to enhance operational efficiencies and improve the overall technical know-how that will enable us to acquire more high value-added contracts.

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<sup>4</sup> International Maritime Organization: EEXI and CII – ship carbon intensity and rating system, [https://www.imo.org/en/MediaCentre/HotTopics/Pages/EEXI-CII-FAQ.aspx#:~:text=From%201%20January%202023%20it,\(CII\)%20and%20CII%20rating.](https://www.imo.org/en/MediaCentre/HotTopics/Pages/EEXI-CII-FAQ.aspx#:~:text=From%201%20January%202023%20it,(CII)%20and%20CII%20rating.)

<sup>5</sup> Clarksons Research, January 2023.

<sup>6</sup> Freight Waves, Baltic Dry Index has collapsed: Ominous sign for economy?, <https://www.freightwaves.com/news/baltic-dry-index-has-collapsed-ominous-sign-for-economy>

**12. Dividend**

**a) Current Financial Period Reported On**

Name of Dividend	Ordinary Share Final Dividend (Proposed)
Dividend Type	Cash
Dividend Rate	5 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**

Name of Dividend	Ordinary Share Final Dividend
Dividend Type	Cash
Dividend Rate	5 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	13 May 2022
Payment Date	27 May 2022

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

Tax exempt (One-tier).

**d) Date payable**

The payment of the recommended final tax exempt (one-tier) dividend of SGD5 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.

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

Not applicable.

**14. 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	197,529	196,171
Total	197,529	196,171

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD5.0 cents per ordinary share amounting to a total of SGD 197,529,461 based on current 3,950,589,220 net issued shares as of 31 December 2022 for the shareholders' approval at the forthcoming Annual General Meeting.

## 15. 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)
<b><u>Xu Wen Jiong</u></b> <sup>#</sup>		
<u>West Gold International Pte Ltd</u>	RMB 28,888,000*	Nil <sup>^</sup>
Procurement of marine equipment		

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

<sup>^</sup>The Company does not obtain a shareholders' mandate for interested person transactions.

<sup>#</sup>Mr Xu Wen Jiong has retired from the Board of Directors on 18 April 2022.

## 16. Breakdown of sales by half year and net profit

	<b>The Group (Continuing Operations)</b>		
	<b>For the financial year ended</b>		
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>Increase/ (decrease)</b>
	RMB'000	RMB'000	%
(a) Sales reported for first half year	9,741,127	5,738,998	70%
(b) Profit after tax before deducting non-controlling interests reported for first half year	1,170,627	884,578	32%
(c) Sales reported for second half year	10,963,949	9,398,156	17%
(d) Profits after tax before deducting non-controlling interests reported for second half year	1,442,277	1,086,614	33%

## 17. 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).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ren Letian	41	Mr. Ren Letian is the son of Mr. Ren Yuanlin, the Honorary Chairman and a substantial shareholder of the Company.	Executive Chairman & Chief Executive Officer of the Group, in charge of the daily operations of the Group.	N.A.

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**18. 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 Letian  
Executive Chairman and Chief Executive Officer

Chen Timothy Teck-Leng  
Lead Independent Director

Singapore  
Date: 23 February 2023