



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 ENDED 30 JUNE 2022

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

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

A. Condensed Consolidated Statement of Comprehensive Income

		The Group			
		1st Half Year			
Note	1H2022	% of	1H2021	+ / (-) %	
	RMB'000	Revenue	RMB'000	Variance	
Continuing operations					
Revenue	4	9,741,127	100%	5,738,998 70%	
Cost of sales		(8,317,157)	-85%	(4,869,475) 71%	
Gross profit		1,423,970	15%	869,523 64%	
Other income					
- Interest		150,021	2%	125,071 20%	
- Others		12,033	0%	63,920 -81%	
Other gains, net		305,730	3%	352,877 -13%	
Expenses					
- Administrative					
- (Impairment loss)/reversal of impairment loss on financial assets - net		(90,677)	-0.9%	38,831 n.m.	
- Others		(278,557)	-3%	(244,839) 14%	
		(369,234)		(206,008)	
- Finance		(52,275)	-0.5%	(36,059) 45%	
Share of profit of associated companies and joint ventures [#]		5,475	0%	63,843 -91%	
Profit before income tax	5	1,475,720	15%	1,233,167 20%	
Income tax expense	6	(306,529)	-3%	(304,354) 1%	
Profit from continuing operations		1,169,191	12%	928,813 26%	
Discontinued operations					
Profit from discontinued operations	7	194,576		754,342 -74%	
Total profit		1,363,767		1,683,155 -19%	
Profit attributable to:					
Equity holders of the Company		1,365,203		1,638,920 -17%	
Non-controlling interests		(1,436)		44,235 n.m.	
		1,363,767		1,683,155 -19%	
Profit attributable to equity holders of the Company relates to:					
Profit from continuing operations		1,170,627		884,578 32%	
Profit from discontinued operations		194,576		754,342 -74%	
		1,365,203		1,638,920 -17%	
Earnings per share for profit from continuing and discontinued operations attributable to equity holders of the Company (expressed in RMB cents per share)					
- Basic and diluted					
From continuing operations		29.76		22.98	
From discontinued operations		4.95		19.60	

[#] Share of profit of associated companies and joint ventures is after tax.
n.m. denotes not meaningful.

A. Condensed Consolidated Statement of Comprehensive Income (continued)

	The Group		
	1st Half Year		
Note	1H2022	1H2021	+ / (-)%
	RMB'000	RMB'000	Variance
Profit for the year	1,363,767	1,683,155	-19%
Other comprehensive income:			
<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	6,762	-	n.m.
Currency translation gains/(losses) arising from consolidation	71,590	(8,059)	n.m.
Cash flow hedges			
- Fair value losses	(156,118)	-	n.m.
- Reclassification	107,547	-	n.m.
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Currency translation gains/(losses) arising from consolidation	3,021	(620)	n.m.
Other comprehensive gain/(loss), net of tax	32,802	(8,679)	n.m.
Total comprehensive income, net of tax	1,396,569	1,674,476	-17%
Total comprehensive income attributable to:			
Equity holders of the Company	1,394,984	1,630,861	-14%
Non-controlling interests	1,585	43,615	-96%
	1,396,569	1,674,476	-17%

B. Condensed Consolidated Statement of Financial Position

	Note	<u>The Group</u>		<u>The Company</u>	
		As at 30 Jun 2022 RMB'000	As at 31 Dec 2021 RMB'000	As at 30 Jun 2022 RMB'000	As at 31 Dec 2021 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents		9,046,537	12,363,193	42,948	177,622
Restricted cash		84,719	17,307	-	-
Financial assets, at fair value through profit or loss		159,894	367,436	-	-
Debt investments at amortised cost		2,187,074	15,851,520	-	-
Trade and other receivables		4,159,272	4,121,025	5,387,081	6,934,273
Inventories		1,619,482	1,639,809	-	-
Contract assets		4,323,422	3,983,201	-	-
Derivative financial instruments		92,115	209,345	-	-
		21,672,515	38,552,836	5,430,029	7,111,895
Non-current assets					
Financial assets, at fair value through profit or loss		27,300	2,017,115	-	-
Debt investments at amortised cost		-	729,985	-	-
Trade and other receivables		1,792,454	1,081,311	2,327,110	2,224,713
Derivative financial instruments		359,596	477,109	-	-
Lease prepayments		919,639	930,575	-	-
Investment in subsidiaries		-	-	6,329,038	6,042,814
Investment in joint ventures		447,924	522,679	266,150	319,581
Investment in associated companies		43,942	1,104,890	134,062	134,062
Investment properties		-	115,752	-	-
Property, plant and equipment	9	5,527,819	5,151,788	1,433	334
Intangible assets		21,026	22,374	-	-
Goodwill		258,979	258,979	-	-
Deferred income tax assets		482,030	646,871	-	-
		9,880,709	13,059,428	9,057,793	8,721,504
Total assets		31,553,224	51,612,264	14,487,822	15,833,399
LIABILITIES					
Current liabilities					
Trade and other payables		3,628,487	2,804,201	2,382,895	2,468,037
Contract liabilities		3,843,034	4,822,611	-	-
Derivative financial instruments		89,764	4,501	-	792
Borrowings	10	3,576,714	2,503,814	463,814	841,904
Provisions		524,122	648,398	-	-
Current income tax liabilities		909,873	1,015,096	221	158
		12,571,994	11,798,621	2,846,930	3,310,891
Non-current liabilities					
Borrowings	10	1,751,797	1,952,779	692	-
Deferred income tax liabilities		570,463	1,799,299	-	-
		2,322,260	3,752,078	692	-
Total liabilities		14,894,254	15,550,699	2,847,622	3,310,891
NET ASSETS		16,658,970	36,061,565	11,640,200	12,522,508
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		7,361,990	7,361,990	7,326,773	7,326,773
Treasury shares		(127,753)	(269,582)	(127,753)	(269,582)
Other reserves		2,033,490	2,015,702	180,637	148,175
Retained earnings		7,254,976	26,815,306	4,260,543	5,317,142
		16,522,703	35,923,416	11,640,200	12,522,508
Non-controlling interests		136,267	138,149	-	-
Total equity		16,658,970	36,061,565	11,640,200	12,522,508

C. Condensed Consolidated Statement of Cash Flows

	<u>The Group</u>	
	1H2022	1H2021
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	1,363,767	1,683,155
Adjustments for:		
- Income tax expenses	388,194	568,383
- Depreciation on property, plant and equipment	256,174	251,182
- Depreciation of investment properties	868	869
- Amortisation of lease prepayment	10,936	9,672
- Amortisation of intangible assets	1,348	1,759
- Finance expenses	52,275	36,059
- Gain on		
• Dissolution of subsidiaries	(41,136)	-
• Disposal of property, plant and equipment	(155)	(25,426)
- Fair value change on:		
• Derivative financial instruments	211,461	2,812
• Financial assets at fair value, through profit and loss	209,995	(162,181)
- Interest income	(150,317)	(128,293)
- Dividend income	(592)	(71,058)
- Share of profits of associated companies and joint ventures	3,211	(68,308)
	2,306,029	2,098,625
Changes in working capital		
- Inventories	(210,120)	(249,803)
- Construction contract balances	(1,319,798)	2,120,729
- Trade and other receivables	(986,767)	184,768
- Trade and other payables	1,093,776	(235,735)
- Provisions	(124,276)	(94,625)
- Debt investments at amortised cost	904,539	331,409
- Restricted cash	(67,412)	(715,959)
Cash generated from operations	1,595,971	3,439,409
Interest paid	(48,494)	(31,861)
Interest received	150,317	128,293
Income tax paid	(451,506)	(456,009)
Net cash provided by operating activities	1,246,288	3,079,832
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	28,138	158,377
Proceeds from sales of financial assets, at fair value through profit and loss	155,371	506,657
Dividend received	592	71,058
Purchase of property, plant and equipment	(360,026)	(141,863)
Acquisition of financial assets, at fair value through profit and loss	-	(109,640)
Acquisition/additions of investment in associated companies	(209,000)	(6,000)
Additions of investments in joint ventures	-	(135,115)
Return of capital by associated companies	11,012	74,339
Return of capital by joint ventures	76,742	5,379
Net cash (used in)/provided by investing activities	(297,171)	423,192
Cash flows from financing activities		
Purchase of treasury shares	(60,369)	(19,191)
Proceeds from borrowings	2,359,305	1,718,442
Repayments of borrowings	(1,518,151)	(1,277,193)
Proceeds from issuance of convertible bond	234,660	-
Cash and cash equivalents of spin-off group at point of distribution*	(4,307,763)	-
Dividends paid to equity holders	(969,988)	(836,856)
Dividend paid to non-controlling interests	(3,467)	(5,931)
Net cash used in financing activities	(4,265,773)	(420,729)
Net (decrease)/increase in cash and cash equivalents	(3,316,656)	3,082,295
Cash and cash equivalents at the beginning of financial period	12,363,193	6,633,416
Cash and cash equivalents at the end of financial period	9,046,537	9,715,711

*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	Capital	Currency	Hedging	Other	Retained	Total	Non-	Total
	capital	shares	reserve	reserve	translation	reserve	reserve	earnings		controlling	equity
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022											
As at 31 December 2021	7,361,990	(269,582)	4,637,147	(2,744,831)	(143,763)	-	267,149	26,815,306	35,923,416	138,149	36,061,565
Profit for the period	-	-	-	-	-	-	-	1,365,203	1,365,203	(1,436)	1,363,767
Other comprehensive income/(loss) for the period	-	-	-	-	78,352	(48,571)	-	-	29,781	3,021	32,802
Total comprehensive income/(loss) for the period	-	-	-	-	78,352	(48,571)	-	1,365,203	1,394,984	1,585	1,396,569
Purchase of treasury share ⁽²⁾	-	(60,369)	-	-	-	-	-	-	(60,369)	-	(60,369)
Dividends ⁽³⁾	-	-	-	-	-	-	-	(969,988)	(969,988)	(3,467)	(973,455)
Dividend in specie ⁽⁵⁾	-	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Transfer ⁽¹⁾	-	-	33,925	-	-	-	-	(33,925)	-	-	-
Disposal of subsidiaries ⁽⁵⁾	-	-	(78,380)	-	-	-	-	78,380	-	-	-
Treasury shares re-issued ⁽⁴⁾	-	202,198	-	32,462	-	-	-	-	234,660	-	234,660
Total transactions with owners, recognised directly in equity	-	141,829	(44,455)	32,462	-	-	-	(20,925,533)	(20,795,697)	(3,467)	(20,799,164)
As at 30 June 2022	7,361,990	(127,753)	4,592,692	(2,712,369)	(65,411)	(48,571)	267,149	7,254,976	16,522,703	136,267	16,658,970

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

	<----- Attributable to equity holders of the Company ----->										
	Share capital	Treasury shares	Statutory reserve	Capital reserve	Currency translation reserve	Hedging reserve	Other reserve	Retained earnings	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021											
As at 31 December 2020	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 period	-	-	-	-	-	-	-	3,698,632	3,698,632	28,457	3,727,089
Other comprehensive loss for the period	-	-	-	-	(27,092)	-	-	-	(27,092)	(1,407)	(28,499)
Total comprehensive income for the period	-	-	-	-	(27,092)	-	-	3,698,632	3,671,540	27,050	3,698,590
Purchase of treasury share	-	(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	-	188,367	-	-	267,149	-	917,153	(917,153)	-
Total transactions with owners, recognised directly in equity	-	290,861	92,546	188,367	-	-	267,149	(929,402)	(90,479)	(923,061)	(1,013,540)
As at 31 December 2021	7,361,990	(269,582)	4,637,147	(2,744,831)	(143,763)	-	267,149	26,815,306	35,923,416	138,149	36,061,565

Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries
Condensed Interim Financial Statements
For six-month period ended 30 June 2022

THE COMPANY

	Attributable to equity holders of the Company				Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
	Balance as at 31 December 2021	7,326,773	(269,582)	148,175	
Purchase of treasury shares ⁽²⁾	-	(60,369)	-	-	(60,369)
Dividend relating to 2021 paid ⁽³⁾	-	-	-	(969,988)	(969,988)
Dividend relating to spin-off ⁽⁵⁾	-	-	-	(20,000,000)	(20,000,000)
Treasury shares re-issued ⁽⁴⁾	-	202,198	32,462	-	234,660
Total comprehensive income	-	-	-	19,913,389	19,913,389
Balance as at 30 June 2022	7,326,773	(127,753)	180,637	4,260,543	11,640,200
Balance as at 31 December 2020	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
Balance as at 31 December 2021	7,326,773	(269,582)	148,175	5,317,142	12,522,508

- (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 1H2022, 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 RMB3.5 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.

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, ship repairing, 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 ended 30 June 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 from 1 January 2022 as set out in Note 2.1.

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 (the “spin-off”) 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”, or the “spin-off group”). 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, and SFRS(I) Interpretations, that are relevant to the Group:

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)

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 in the periods when the hedged item is recognised as an asset on the balance sheet.

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.

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" for the six-month period ended 30 June 2022.

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".

4.1 Continuing reportable segments

	Shipbuilding RMB'000	Shipping RMB'000	Others RMB'000	Total RMB'000
The Group				
1 January 2022 to 30 June 2022				
Segment revenue	8,521,106	560,947	659,074	9,741,127
Segment result	643,292	288,615	(69,981)	861,926
<i>Included within segment result:</i>				
Finance expenses	(38,693)	(4,258)	(1,813)	(44,764)
Fair value loss on				
· Derivatives financial instruments	(211,461)	-	-	(211,461)
· Financial assets, at fair value through profit or loss (Impairment loss)/ reversal of impairment loss on:	-	-	(72,541)	(72,541)
· Debt investments at amortised cost	-	-	(106,007)	(106,007)
· Reversal of provision for onerous contracts - net	123,245	-	-	123,245
Depreciation	(180,577)	(70,514)	(4,819)	(255,910)
Dividend income	-	-	592	592
Share of profits of associated companies	3,564	-	-	3,564
Share of profits of joint venture	1,911	-	-	1,911
Sales of bunker stock	-	9,053	-	9,053
Bad debt recovery	13,327	-	2,003	15,330
(Loss)/gain on disposal of:				
· Property, plant and equipment	(195)	350	-	155
Business tax on interest income from debt investments at amortised cost	-	-	(4,974)	(4,974)
Interest income - finance lease	-	57,387	-	57,387
Segment assets	23,791,235	3,945,912	3,334,047	31,071,194
<i>Segment assets includes:</i>				
Investment in associated companies	43,942	-	-	43,942
Investments in joint ventures	447,924	-	-	447,924
Additions to property, plant and equipment	67,770	522,389	1,808	591,967
Segment liabilities	(12,183,859)	(606,052)	(624,007)	(13,413,918)

Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries
Condensed Interim Financial Statements
For six-month period ended 30 June 2022

	Shipbuilding RMB'000	Shipping RMB'000	Others RMB'000	Total RMB'000
The Group				
1 January 2021 to 30 June 2021				
Segment revenue	4,778,163	408,326	552,509	5,738,998
Segment result	512,275	229,312	248,132	989,719
<i>Included within segment result:</i>				
Finance expenses	(24,238)	(3,956)	(7,865)	(36,059)
Fair value gain/(loss) on				
· Derivatives financial instruments	(2,812)	-	-	(2,812)
· Financial assets, at fair value through profit or loss	-	-	163,384	163,384
Reversal of impairment loss on:				
· Debt investments at amortised cost	-	-	38,243	38,243
· Reversal of provision for onerous contracts - net	50,728	-	-	50,728
Depreciation	(181,194)	(64,633)	(4,836)	(250,663)
Dividend income	-	-	84	84
Share of profits of associated companies	942	-	1	943
Share of profits of joint venture	71,831	-	-	71,831
Sales of bunker stock	-	10,521	-	10,521
Bad debt recovery/(written off)	588	-	-	588
Gain/(loss) on disposal of:				
· Property, plant and equipment	(137)	25,563	-	25,426
Business tax on interest income from debt investments at amortised cost and loans to non-related parties - microfinance	-	-	(2,416)	(2,416)
Interest income - finance lease	-	38,441	-	38,441
Income from forfeiture of advances received	32,482	-	-	32,482
Segment assets	20,855,566	3,871,913	21,995,805	46,723,284
<i>Segment assets includes:</i>				
Investment in associated companies	15,268	-	1,094,263	1,109,531
Investments in joint ventures	563,899	-	-	563,899
Additions to property, plant and equipment	7,918	132,959	986	141,863
Segment liabilities	(9,182,501)	(854,624)	(673,445)	(10,710,570)

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:

	6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000
Segment results for reportable segments	931,907	741,587
Segment results for other segments	(69,981)	248,132
Unallocated:		
Other income	95,022	145,425
Other gains - net	589,577	166,672
Administrative expenses	(63,294)	(68,649)
Finance expenses	(7,511)	-
Profit before tax	<u>1,475,720</u>	<u>1,233,167</u>

(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 and certain other receivables.

	6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000
Segment assets for reportable segments	27,737,147	24,727,479
Other segment assets	3,334,047	21,995,805
Unallocated:		
Deferred income tax assets	482,030	610,907
Total assets	<u>31,553,224</u>	<u>47,334,191</u>

(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, certain borrowings and deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000
Segment liabilities for reportable segments	(12,789,911)	(10,037,125)
Other segment liabilities	(624,007)	(673,445)
Unallocated:		
Current income tax liabilities	(909,873)	(905,975)
Deferred income tax liabilities	(570,463)	(1,528,633)
Total liabilities	<u>(14,894,254)</u>	<u>(13,145,178)</u>

4.2 Disaggregation of Revenue

(a) 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.

	At a point		
	<u>in time</u>	<u>Over time</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
<u>The Group</u>			
6 months ended 30 Jun 2022			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	8,128,382	8,128,382
- Sale of completed vessels	392,724	-	392,724
 <i>Shipping segment</i>			
Charter hire income	-	560,947	560,947
 <i>Others segment</i>			
Rendering of ship design services	5,242	-	5,242
Sale of goods - materials and others	545,830	-	545,830
Interest income from debt investments at amortised cost	78,763	-	78,763
Others	29,239	-	29,239
Total revenue	<u>1,051,798</u>	<u>8,689,329</u>	<u>9,741,127</u>

	At a point		
	<u>in time</u>	<u>Over time</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
<u>The Group</u>			
6 months ended 30 Jun 2021			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	4,430,334	4,430,334
- Sale of completed vessels	347,829	-	347,829
 <i>Shipping segment</i>			
Charter hire income	-	408,326	408,326
 <i>Others segment</i>			
Rendering of ship design services	2,948	-	2,948
Sale of goods - materials and others	482,261	-	482,261
Interest income from debt investments at amortised cost	42,669	-	42,669
Others	24,631	-	24,631
Total revenue	<u>900,338</u>	<u>4,838,660</u>	<u>5,738,998</u>

(b) 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:

	6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000
Construction of container ships	7,542,214	2,277,999
Construction of multiple purpose cargo ships	586,168	2,152,335
Sales of other completed vessels	392,724	347,829
Charter hire income	560,947	408,326
Interest income from debt investments at amortised cost	78,763	42,669
Rendering of ship design services	5,242	2,948
Sales of metal and chemical products	545,830	482,261
Others	29,239	24,631
	<u>9,741,127</u>	<u>5,738,998</u>

(c) Geographical information

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

	6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000
PRC & Taiwan	5,710,318	4,223,056
Germany	38,774	185,344
Other European countries	699,067	1,023,534
Other Asian countries	335,832	118,167
Canada and USA	2,693,532	27,810
Others	263,604	161,087
	<u>9,741,127</u>	<u>5,738,998</u>

Revenues of approximately RMB4,456,384,000 (1H2021: RMB2,205,734,000) are derived from three (1H2021: three) major customers. These revenues are attributable to the shipbuilding segment.

5.1 Significant items

	The Group	
	6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000
Profit from continuing operations	1,169,191	928,813
After charging:		
Depreciation and amortization	268,194	262,350
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	52,275	36,059
Fair value loss/(gain) on financial assets, at fair value through profit or loss	72,541	(163,384)
Fair value loss on derivative financial instruments	211,461	2,812
Impairment loss/(reversal of impairment loss) on debt investment at amortised costs	106,007	(38,243)
After crediting:		
Gain from dissolution of subsidiaries	41,136	-
Gain from disposal of property, plant and equipment	155	25,426
Foreign exchange related gains, net	466,376	112,621
Bad debt recovery	15,330	588
Interest income	150,021	125,071
Subsidy income	77,817	52,689
Dividend income	592	84
Sales of materials	9,053	24,112
Reversal of allowance for losses recognised on onerous contracts, net of utilisation	123,245	50,728

5.2 Related party transactions

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

	The Group	
	6 months ended 30 Jun 2022 RMB'000	6 months ended 30 Jun 2021 RMB'000
Sales of goods to a joint venture	94,078	27,042
Purchase of materials from a joint venture	-	4,405
Rental income	7,292	-
Purchase of materials from other related parties	28,888	24,009

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>	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	RMB'000
Income tax expense attributable to profit is made up of:		
Current year		
- Current income tax	452,866	389,002
- Deferred income tax	(64,672)	179,381
	388,194	568,383
Tax expense is attributable to:		
- continuing operations	306,529	304,354
- discontinued operations	81,665	264,029
	388,194	568,383

7. Discontinued operations

The results of the discontinued operations are as follows:

	<u>The Group</u>	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	RMB'000
Revenue	440,922	861,238
Cost of sales	(27,548)	(44,448)
Other income	779	76,454
Other losses, net	(136,836)	(1,203)
Expenses		
- Impairment loss on financial assets - net	16,115	127,398
- Others	(8,505)	(5,533)
Share of results of associated companies	(8,686)	4,465
Profit before tax from discontinued operations	276,241	1,018,371
Income tax expense	(81,665)	(264,029)
Profit after tax from discontinued operations	194,576	754,342

8. Dividends

	<u>The Group</u>	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	RMB'000
<i>Ordinary dividends</i>		
Final exempt dividend paid in respect of the previous financial year of SGD5.0 cents (2021: SGD4.5 cents) per share	969,988	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 six months ended 30 June 2022, the Group acquired assets amounting to RMB592 million (30 June 2021: RMB142 million) and disposed of assets amounting to RMB38 million (30 June 2021: RMB158 million).

10. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank borrowings (secured)	212,899	211,910	-	-
Bank borrowings (unsecured)	3,363,087	2,291,592	463,086	841,592
Lease liabilities	728	312	728	312
	3,576,714	2,503,814	463,814	841,904
Non-current				
Bank borrowings (secured)	601,104	685,474	-	-
Bank borrowings (unsecured)	1,150,001	1,267,305	-	-
Lease liabilities	692	-	692	-
	1,751,797	1,952,779	692	-
	5,328,511	4,456,593	464,506	841,904

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>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2022				
Assets				
Financial assets, at fair value through profit or loss	141,600	-	45,594	187,194
Derivative financial instruments	-	451,711	-	451,711
Liabilities				
Derivative financial instruments	-	(89,764)	-	(89,764)
31 December 2021				
Assets				
Financial assets, at fair value through profit or loss	357,436	-	2,027,115	2,384,551
Derivative financial instruments	-	686,454	-	686,454
Liabilities				
Derivative financial instruments	-	(4,501)	-	(4,501)

Other Information Required by Listing Rule Appendix 7.2

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 at 30 June 2022 and 30 June 2021.

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

	Number of Shares ('000)			
	As at 30 June 2022	%	As at 30 June 2021	%
Shares held as treasury shares	23,488	0.59%	125,561	3.16%
Issued shares excluding treasury shares	3,950,589	99.41%	3,848,516	96.84%
Total number of shares	<u>3,974,077</u>	100%	<u>3,974,077</u>	100%

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

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

	Number of Shares ('000)	
	As at 30 June 2022	As at 31 December 2021
Issued shares at the end of periods	3,974,077	3,974,077
Treasury shares at the end of periods	<u>(23,488)</u>	<u>(50,663)</u>
Issued shares excluding treasury shares	<u>3,950,589</u>	<u>3,923,414</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 1H2022	10,000	60,369
Treasury shares re-issued	<u>(37,175)</u>	<u>(202,198)</u>
Balance as at 31 December 2021	<u>23,488</u>	<u>127,753</u>

6. Net Asset Value

	The Group		The Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	418.23	915.62	294.64	319.17

The Group's and the Company's net assets value per ordinary share as at 30 June 2022 and 31 December 2021 have been computed based on the share capital of 3,950,589,220 shares and 3,923,414,500 shares respectively.

7. Earnings per share

	The Group	
	1H2022	1H2021
(a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS	34.71	42.58
- From continuing operations	29.76	22.98
- From discontinued operations	4.95	19.60
Weighted average number of Ordinary shares	3,933,458,144	3,848,616,000
(b) On fully diluted basis (RMB cents)	34.71	42.58

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

Diluted earnings per share is equal to basic earnings per share as at 30 June 2022 and 30 June 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.

Income statement review

Continuing operations	1H2022		1H2021	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	8,521,106	100%	4,778,163	100%
Cost	(7,431,004)	-87%	(4,130,869)	-86%
Margin	1,090,102	13%	647,294	14%
Shipping				
Turnover	560,947	100%	408,326	100%
Cost	(334,864)	-60%	(252,832)	-62%
Margin	226,083	40%	155,494	38%
Others				
Turnover	659,074	100%	552,509	100%
Cost	(551,289)	-84%	(485,774)	-88%
Margin	107,785	16%	66,735	12%

Revenue

In 1H2022, 35 vessels were delivered as compared to 23 vessels delivered in 1H2021. As a result, the Group recorded a higher shipbuilding revenue of RMB8,521 million in 1H2022 as compared to RMB4,778 million in 1H2021. Revenue contribution from shipping business increased by 37% to RMB561 million as a result of an expanded charter fleet size and improved charter rates. Revenue generated by other business such as trading, ship design services and investments retained by the Group subsequent to spin-off increased to RMB659 million in 1H2022, including interest income from debt investments at amortised cost of RMB79 million (1H2021: RMB43 million). The increase in revenue generated by other business was mainly due to higher volume of trading business activities.

Operating cost

In line with higher revenue from shipbuilding business, our cost of sales of RMB7,431 million in 1H2022 was also higher than RMB4,131 million recorded in 1H2021. In 1H2022, a net reversal of loss provision of RMB123 million for onerous contracts was recorded as a result of progressive construction of some of the contracts.

In 1H2022, in line with the increase in revenue from shipping business and other business, the operating costs for this segment was also higher than same period last year.

Gross Profit

The Group's shipbuilding business registered a gross profit margin of 13% in 1H2022, slightly lower than 14% recorded in 1H2021, mainly due to the rising raw material costs during the period.

Shipping business contributed a gross profit margin of 40% in 1H2022, slightly higher compared to 38% in 1H2021, mainly due to improved charter rates for bulk carriers during the period.

Other business includes the results from trading, ship design services and investments retained by the Group subsequent to spin-off. Other business registered a gross profit margin of 16% in 1H2022, slightly higher than 12% attained in 1H2021. In 1H2022, net interest income generated from investments retained by the Group subsequent to spin-off was RMB74 million (1H2021: RMB40 million).

Other income

Other income, which generally includes interest income from bank deposits, interest income from ship finance leases, dividend income and sale of materials.

Interest income increased from RMB125 million in 1H2021 to RMB150 million in 1H2022, mainly due to higher interest income from finance leases as a result of additions in vessels leased.

Other income - others decreased from RMB64 million to RMB12 million, mainly due to a lower sale of materials income in 1H2022.

Other gains/losses - net

Other gains/losses mainly comprise foreign exchange related gains/losses, fair value change on financial assets, at fair value through profit or loss, derivative financial instruments and subsidy income. Other gains of RMB306 million were recorded in 1H2022 as compared to RMB353 million in 1H2021. The gains were mainly due to foreign exchange related gains of RMB466 million and gain on dissolution of subsidiaries of RMB41 million, which were partly offset by RMB73 million of fair value loss on financial assets, at fair value through profit or loss and RMB211 million of fair value loss on derivative financial instruments, mainly arising from fair value movement of the USD/CNY forward contracts that the Group entered into to manage its currency exposure to its future USD denominated income from shipbuilding business.

Expenses

In 1H2022, the group recorded an impairment loss on financial assets of RMB91 million as compared to a reversal of impairment loss of RMB39 million in 1H2021. Other administrative costs increased to RMB279 million as compared to RMB245 million, as a result of one-off professional fees in relation to the spin-off.

As a result of higher bank borrowings and borrowing costs in 1H2022, finance cost increased to RMB52 million as compared to RMB36 million in 1H2021.

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 RMB5 million mainly consists of share of profits 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

Group's effective tax rate for 1H2022 was 20.8%, lower than 24.7% of 1H2021. The lower effective tax rate in 1H2022 was mainly due to more shipping business profit outside mainland China generated compared to 1H2021, as they are subject to a lower statutory income tax rate than 25% standard income tax rate in mainland China.

Statements of Financial Position Review

Assets

As at 30 June 2022, cash and cash equivalents decreased to RMB9,047 million from RMB12,363 million as at 31 December 2021, as a result of the spin-off during the period.

Restricted cash, which was held in designated bank accounts as deposits of performance guarantees and letter of credits, increased because of net addition of guarantees and letter of credits during the period.

As at 30 June 2022, investment in financial assets, at fair value through profit or loss had decreased to RMB187 million from RMB2,385 million as at 31 December 2021, as a result of the spin-off during the period.

As at 30 June 2022, debt investment at amortised costs had decreased to RMB2.2 billion from RMB16.6 billion as at 31 December 2021, as a result of the spin-off during the period.

With the increase in shipbuilding activities, contract assets as at 30 June 2022 had increased to RMB4,323 million from RMB3,983 million as at 31 December 2021.

Current trade and other receivables as at 30 June 2022 increased to RMB4,159 million from RMB4,121 million as at 31 December 2021, mainly due to higher prepayment to suppliers, which is in line with higher volume of shipbuilding business.

Current and non-current derivative financial instruments of a total of RMB452 million mainly related to the fair value of the outstanding USD/CNY forward contracts with positive valuation as at 30 June 2022, which were entered by the Group to manage its currency exposure to future USD denominated income from shipbuilding business, which decreased from RMB686 million as of 31 December 2021 as a result of fair value movement during the period.

Non-current trade and other receivables increased by RMB711 million since the end of last year, the increase was mainly due to increase in finance lease receivables of shipping business.

As at 30 June 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 during the period.

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

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

As at 30 June 2022, investment in associated companies had decreased to RMB44 million from RMB1,105 million as at 31 December 2021, as a result of the spin-off during the period.

Investment in joint ventures represents the investments in United Wave Shipping S.A. and Yangzi-Mitsui Shipbuilding Co., Ltd., the movement from the end of last year mainly being 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 RMB482 million, the movement being the release of tax benefit to profit or loss during the period.

The total assets of spin-off group at point of distribution were approximately RMB21,420 million, which mainly consist of cash and cash equivalents of RMB4,308 million, investment 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

The current derivative financial instruments of RMB90 million relate to the fair value of USD/CNY forward contracts with negative valuation as at 30 June 2022. 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 period.

Due to more shipbuilding contracts have started construction, contract liabilities as at 30 June 2022 decreased to RMB3,843 million from RMB4,823 million as at 31 December 2021.

Current trade and other payables as at 30 June 2022 increased to RMB3,628 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 RMB5,329 million, higher than RMB4,457 million as at 31 December 2021, the movement being net addition of bank borrowings during the period.

Provisions mainly include warranty provisions for delivered vessels and provisions for onerous contracts. Provisions for onerous contracts stood at RMB95 million as at 30 June 2022, and a net utilisation of RMB123 million of allowance for losses was recognised on onerous contracts during the period.

As at 30 June 2022, deferred income tax liabilities had decreased to RMB570 million from RMB1,799 million as at 31 December 2021, as a result of the spin-off during the period.

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 RMB95 million, 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 period.

The change of "Total equity attributable to equity holders" to RMB16,523 million as at 30 June 2022 from RMB35,923 million as at 31 December 2021 was mainly a result of the spin-off of RMB20,000 million. Other movement is the profits earned during the reporting period, which was partly offset by a dividend payment for FY2021.

Statements of cash flows review

The decrease of cash and cash equivalents from RMB12,363 million as at 31 December 2021 to RMB9,047 million as at 30 June 2022 was mainly due to cash outflow of RMB4,308 million at the point of spin-off, which was partly offset by net cash provided by operating activities of RMB1,246 million during the financial year.

Net cash used in investing activities of RMB297 million mainly consists of addition of investment in associated companies of RMB209 million and purchase of property, plant and equipment of RMB360 million for addition of vessels of the Group's shipping business, which is partly offset by proceeds from sales of financial assets, at fair value through profit and loss of RMB155 million and return of capital by joint venture of RMB77 million.

Net cash used in financing activities of RMB4,266 million mainly consists of cash outflow of RMB4,308 million at the point of spin-off and FY2021 dividend payment to equity holders of RMB970 million, which was partly offset by net addition of borrowings of RMB841 million and proceeds from issuance of convertible bond of RMB235 million. Overall liquidity remained at a healthy level, evidenced by a current ratio of 1.72 as at 30 June 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.

The Group's key growth strategy remains advancing our ESG targets in line with the International Maritime Organization's mandatory measures to cut the carbon intensity of international shipping. In July 2022, the Group made significant progress winning orders for 4 units of 8,000 TEU Liquefied Natural Gas ("LNG") dual-fuel containerhips that will carry the GTT Mark III technology with an ammonia-ready fuel tank; and 2 units of 36,000CBM Liquefied Ethylene Gas ("LEG") carriers. The Group is proactively looking at opportunities to strengthen its green vessel building capabilities, including further R&D efforts in LNG vessel construction.

In 1H2022, global new shipbuilding orders remained healthy, following a strong year of 2021. According to Clarksons Research, new shipbuilding orders with total 21.7 million compensated gross tons ("CGT") were placed as of June 2022, compared to 23.9 million CGT in 2020 and 46.6 million CGT in 2021. The industry is experiencing a surge in demand for clean energy fuelled vessels. In 1H2022, newbuild orders for alternative fuelled vessels hit a record of 268, with a total contract value of US\$38 billion.

Newbuilding prices should continue their momentum in 1H2022, following a rebound in 1H2021. In June 2022, the average Clarkson Newbuilding Price Index was 162 as compared to the average of 154 in 2021.

Backed by the ongoing upcycle for shipbuilding, the Group secured 18 new orders with total contract value of US\$1.09 billion as of 31 July 2022. The Group is on track to meet its FY2022 order-win target of US\$2 billion. As of 30 June 2022, the Group delivered a record of 35 vessels, underpinned by the efficient utilisation of its shipyards and is on track to reach its delivery target of 70 vessels for FY2022. The Group, backed by its technology, innovation, quality and timely delivery performance, will strive to secure more order-wins and deliver a stable revenue stream.

The growth rate of dry bulk supply is expected to decrease to 2.4% in 2022 and 0.7% in 2023¹, due to limited newbuilding contracts since orders for containerhips are taking up the available construction slots at various shipyards, given that Europe's coal restocking demand, China's surging coal demand to support its economic recovery, we remain positive on the near-term outlook for shipping.

As Yangzijiang continues working on becoming a leading shipbuilder in the world, the Group will continue improving its technology, innovation and operations. The Group is committed to leveraging on favourable market conditions and its competitive advantages to deliver sustainable returns to its shareholders.

¹ Clarksons Research, July 2022

12. Dividend

a) Current Financial Period Reported On

None.

b) Corresponding Period of the Immediately Preceding Financial Year

None.

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

Not applicable.

d) Date payable

Not applicable.

e) Books closure date

Not applicable.

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

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

14. Interested Person Transactions

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

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<u>Xu Wen Jiong</u> <u>West Gold International Pte Ltd</u> Procurement of marine equipment	RMB 28,888,000*	Nil [^]

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

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

[#]Mr Xu Wen Jiong has retired from the Board of Directors on 18 April 2022.

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

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

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 Letian
Executive Chairman and Chief Executive Officer

Teo Yi-dar
Lead Independent Director

Singapore
Date: 7 August 2022