



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

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**RESPONSE TO SGX'S QUERY REGARDING THE COMPANY'S FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

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The Board of Directors (the "**Board**") of Yangzijiang Shipbuilding (Holdings) Ltd (the "**Company**", together with its subsidiaries, the "**Group**") refers to the queries regarding the company's financial statements for the financial period ended 30 June 2021 from the Singapore Exchange Regulation Pte. Ltd. on 18 August 2021. The Board wishes to respond to the queries as follows:

**Question 1:**

**Please disclose:**

- i. the breakdown of the Group's trade and other receivables;*
- ii. the nature of the non-current receivables; and*
- iii. the Board's assessment of the recoverability of the non-current trade and other receivables.*

Reply:

- i. the breakdown of the Group's trade and other receivables:*

<b><u>Trade and Other Receivables – Current</u></b>	30-Jun-21	31-Dec-20
	RMB'000	RMB'000
Finance lease receivables	163,626	171,780
Trade receivables	540,174	544,364
Other receivables	592,967	264,605
Other assets	517,124	1,392,100
Prepayments	1,892,998	1,260,614
	<b>3,706,889</b>	<b>3,633,463</b>

- ii. the nature of the non-current receivables; and*

<b><u>Trade and Other Receivables – Non- Current</u></b>	30-Jun-21	31-Dec-20
	RMB'000	RMB'000
Finance lease receivables	1,036,116	977,472
Trade receivables	-	69,838
Other receivables	-	247,000
	<b>1,036,116</b>	<b>1,294,310</b>

Non-current receivables of RMB1,036 million as at 30 June 2021 are finance lease receivables arising from vessels leased to non-related parties under finance leases. The various agreements expire between 2023 and 2027, and the non-related parties have the obligation to purchase the vessel upon their respective expiry dates. Finance lease receivables are subject to immaterial credit loss as the Group entered into lease arrangements of vessels with

customers of appropriate credit history. The Group also has contractual safeguards in place to minimise credit risk where the Group has the right over collateral (vessels) in the event of default in scheduled payment by customers.

iii. the Board's assessment of the recoverability of the non-current trade and other receivables:

The Board has assessed and is satisfied with the recoverability of the non-current trade and other receivables.

**Question 2:**

***Please explain the factors which contributed to the Group's reversal of allowance for losses recognised on onerous contracts of RMB50,728,000 for the half year ended 30 June 2021.***

The Group records provision for onerous contracts when the estimated costs of construction for vessels in respect of the construction contracts entered into with customers exceeded the proceeds from these contracts. The provision for onerous contracts is estimated based on difference between the total estimated construction costs and proceeds from these contracts. The proceeds are determined based on the agreed contract sum.

The Group's reversal of allowance for losses recognised on onerous contracts of RMB50,728,000 represents a reduction in provision for onerous contracts as these contracts commenced their construction and started recognising the revenue and the corresponding costs progressively. Such reversals are recognised within the cost of sales.

**Question 3:**

***Please explain how the Group's fair value gain on financial assets, at fair value through profit or loss of RMB162,181,000 for the half year ended 30 June 2021 was arrived at.***

Reply:

The fair value gain on financial assets, at fair value through profit or loss of RMB162,181,000 for the half year ended 30 June 2021 was arrived at based on the quoted market price for listed equity securities.

**Question 4:**

***Please provide the reason(s) for the increase in borrowings by the Group and disclose the intended use of proceeds from the loan.***

Reply:

The increase in borrowing by the Group in the half year ended 30 June 2021 was mainly related to new unsecured RMB bank loan at 1.9% p.a. of Jiangsu Xinfu Shipbuilding Co., Ltd ("Xinfu Yard"), which was an 80%-owned subsidiary of the Group. The intended use of proceeds of the loan is to finance the working capital requirement of Xinfu Yard's shipbuilding activities.

By Order of the Board

Ren Letian  
Executive Chairman and Chief Executive Officer

19 August 2021