



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

FIRST HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

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

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

A. Condensed Interim Consolidated Statement of Comprehensive Income

		The Group			
		1st Half Year			
Note	1H 2021	% of	1H 2020	+/(-)%	
	RMB'000	Revenue	RMB'000	Variance	
Revenue	4	6,600,236	100%	8,265,321 -20%	
Cost of sales		(4,913,923)	-74%	(6,281,411) -22%	
Gross profit		1,686,313	26%	1,983,910 -15%	
Other income					
- Interest	5	128,293	2%	157,225 -18%	
- Others	5	137,152	2%	5,442 2420%	
Other gains, net	5	351,674	5%	139,223 153%	
Expenses					
-Selling and distribution		(843)	-0.01%	(882) -4%	
- Administrative					
- Reversal of impairment loss/(impairment loss) on financial assets - net	5	166,229	3%	(334,286) n.m.	
-Others		(249,529)	-4%	(246,291) 1%	
- Finance		(83,300)	-1%	(580,577) -86%	
Share of profit of associated companies and joint ventures [#]		(36,059)	-1%	(57,718) -38%	
		68,308	1.0%	49,298 39%	
Profit before income tax		2,251,538	34%	1,695,921 33%	
Income tax expense	6	(568,383)	-9%	(489,139) 16%	
Net profit		1,683,155	26%	1,206,782 39%	
Attributable to:					
Equity holders of the Company		1,638,920	25%	1,177,753 39%	
Non-controlling interests		44,235	1%	29,029 52%	
		1,683,155		1,206,782 39%	
Earnings per share attributable to equity holders of the Company (expressed in RMB cents per share)					
- Basic and diluted	9	42.58		30.05	
Profit for the year		1,683,155		1,206,782	
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation (losses)/gains arising from consolidation		(8,059)		20,726 n.m.	
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Currency translation (losses)/gains arising from consolidation		(620)		968 n.m.	
Other comprehensive (loss)/income, net of tax		(8,679)		21,694 n.m.	
Total comprehensive income, net of tax		1,674,476		1,228,476 36%	

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

B. Condensed Interim Consolidated Statement of Financial Position

	<u>The Group</u>		<u>The Company</u>	
	As at	As at	As at	As at
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	9,715,711	6,633,416	57,396	15,311
Restricted cash	731,583	15,624	-	-
Financial assets, at fair value through profit or loss	10 1,487,282	1,722,118	-	-
Debt investments at amortised cost	11 10,907,170	13,555,320	-	-
Trade and other receivables	3,706,889	3,633,463	6,889,783	7,162,954
Inventories	1,927,649	1,677,846	-	-
Contract assets	2,487,422	3,126,632	-	-
Derivative financial instruments	21,251	89,589	-	55,277
	<u>30,984,957</u>	<u>30,454,008</u>	<u>6,947,179</u>	<u>7,233,542</u>
Non-current assets				
Financial assets, at fair value through profit or loss	10 916,921	916,921	-	-
Debt investments at amortised cost	11 5,719,110	3,402,369	-	-
Trade and other receivables	1,036,116	1,294,310	2,508,860	2,531,216
Derivative financial instruments	82,931	10,500	-	-
Lease prepayments	942,815	952,487	-	-
Investment in subsidiaries	-	-	6,210,913	5,954,915
Investment in joint ventures	563,899	362,332	372,554	221,300
Investment in associated companies	1,109,531	1,181,393	134,062	134,062
Investment properties	118,872	119,741	-	-
Property, plant and equipment	12 4,966,130	5,226,004	689	1,052
Intangible assets	23,023	22,154	-	-
Goodwill	258,979	258,979	-	-
Deferred income tax assets	610,907	709,463	-	-
	<u>16,349,234</u>	<u>14,456,653</u>	<u>9,227,078</u>	<u>8,842,545</u>
Total assets	<u>47,334,191</u>	<u>44,910,661</u>	<u>16,174,257</u>	<u>16,076,087</u>
LIABILITIES				
Current liabilities				
Trade and other payables	2,463,196	2,698,570	3,032,345	3,401,683
Derivative financial instruments	3,569	-	-	-
Contract liabilities	2,713,998	1,232,479	-	-
Borrowings	13 2,205,526	2,120,550	853,423	870,165
Provisions	843,629	938,254	-	-
Current income tax liabilities	905,975	972,982	4,549	4,549
	<u>9,135,893</u>	<u>7,962,835</u>	<u>3,890,317</u>	<u>4,276,397</u>
Non-current liabilities				
Derivative financial instruments	3,336	-	-	-
Borrowings	13 2,477,316	2,123,503	-	325
Deferred income tax liabilities	1,528,633	1,447,808	-	-
	<u>4,009,285</u>	<u>3,571,311</u>	<u>-</u>	<u>325</u>
Total liabilities	<u>13,145,178</u>	<u>11,534,146</u>	<u>3,890,317</u>	<u>4,276,722</u>
NET ASSETS	<u>34,189,013</u>	<u>33,376,515</u>	<u>12,283,940</u>	<u>11,799,365</u>
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	(579,634)	(560,443)	(579,634)	(560,443)
Other reserves	1,505,862	1,494,732	(40,192)	(40,192)
Retained earnings	24,828,951	24,046,076	5,576,993	5,073,227
	<u>33,117,169</u>	<u>32,342,355</u>	<u>12,283,940</u>	<u>11,799,365</u>
Non-controlling interests	1,071,844	1,034,160	-	-
Total equity	<u>34,189,013</u>	<u>33,376,515</u>	<u>12,283,940</u>	<u>11,799,365</u>

C. Condensed Interim Consolidated Statement of Cash Flows

	<u>The Group</u>	
	1H2021	1H2020
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	1,683,155	1,206,782
Adjustments for:		
- Income tax expenses	568,383	489,139
- Depreciation on property, plant and equipment	251,182	252,821
- Depreciation of investment properties	869	-
- Amortisation of lease prepayment	9,672	10,471
- Amortisation of intangible assets	1,759	1,379
- Finance expenses	36,059	57,718
- (Gain)/loss on disposal of property, plant and equipment	(25,426)	5,475
- Fair value change on:		
• Derivative financial instruments	2,812	(15,429)
• Financial assets at fair value, through profit and loss	(162,181)	3,158
- Interest income	(128,293)	(157,225)
- Dividend income	(71,058)	(5,442)
- Share of profits of associated companies and joint ventures	(68,308)	(49,298)
	2,098,625	1,799,549
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	(249,803)	213,635
- Construction contract balances	2,120,729	308,488
- Trade and other receivables	184,768	586,333
- Trade and other payables	(235,735)	70,075
- Provisions	(94,625)	(101,374)
- Debt investments at amortised cost	331,409	(1,584,628)
- Restricted cash	(715,959)	(9,272)
Cash generated from operations	3,439,409	1,282,806
Interest paid	(31,861)	(63,993)
Interest received	128,293	157,225
Income tax paid	(456,009)	(660,459)
Net cash provided by operating activities	3,079,832	715,579
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	158,377	-
Proceeds from sales of investment in an associated company	-	200,000
Proceeds from sales of financial assets, at fair value through profit and loss	506,657	-
Dividend received	71,058	5,442
Purchase of property, plant and equipment	(141,863)	(25,659)
Acquisition of financial assets, at fair value through profit and loss	(109,640)	(650,750)
Acquisition of intangible assets	-	(367)
Acquisition/additions of investment in associated companies	(6,000)	-
Additions of investments in joint ventures	(135,115)	(132,671)
Return of capital by associated companies	74,339	50,776
Return of capital by a joint venture	5,379	1,798
Net cash provided/(used in) by investing activities	423,192	(551,431)
Cash flows from financing activities		
Purchase of treasury shares	(19,191)	-
Proceeds from borrowings	1,718,442	1,282,311
Repayments of borrowings	(1,277,193)	(692,075)
Dividends paid to equity holders	(836,856)	(884,844)
Dividend paid to non-controlling interests	(5,931)	(6,483)
Net cash used in financing activities	(420,729)	(301,091)
Net increase/(decrease) in cash and cash equivalents	3,082,295	(136,943)
Cash and cash equivalents at the beginning of financial period	6,633,416	10,183,019
Cash and cash equivalents at the end of financial period	9,715,711	10,046,076

D. Condensed Interim Consolidated Statement of Changes in Equity

THE GROUP

Attributable to equity holders of the Group

	Share capital	Treasury shares	Statutory reserve	Capital reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	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 financial period	-	-	-	-	-	1,638,920	1,638,920	44,235	1,683,155
Other comprehensive loss	-	-	-	-	(8,059)	-	(8,059)	(620)	(8,679)
Total comprehensive (loss)/income for the period	-	-	-	-	(8,059)	1,638,920	1,630,861	43,615	1,674,476
Transfer ⁽¹⁾	-	-	19,189	-	-	(19,189)	-	-	-
Purchase of treasury shares ⁽²⁾	-	(19,191)	-	-	-	-	(19,191)	-	(19,191)
Dividends ⁽³⁾	-	-	-	-	-	(836,856)	(836,856)	(5,931)	(842,787)
Total transactions with owners, recognised directly in equity	-	(19,191)	19,189	-	-	(856,045)	(856,047)	(5,931)	(861,978)
As at 30 June 2021	7,361,990	(579,634)	4,563,790	(2,933,198)	(124,730)	24,828,951	33,117,169	1,071,844	34,189,013
Balance at 1 January 2020	7,361,990	(250,121)	4,323,151	(2,934,998)	(40,357)	22,635,966	31,095,631	958,894	32,054,525
Profit for the financial period	-	-	-	-	-	1,177,753	1,177,753	29,029	1,206,782
Other comprehensive income	-	-	-	-	20,726	-	20,726	968	21,694
Total comprehensive income for the period	-	-	-	-	20,726	1,177,753	1,198,479	29,997	1,228,476
Transfer ⁽¹⁾	-	-	134,891	-	-	(134,891)	-	-	-
Dividends	-	-	-	-	-	(884,844)	(884,844)	(6,483)	(891,327)
Total transactions with owners, recognised directly in equity	-	-	134,891	-	-	(1,019,735)	(884,844)	(6,483)	(891,327)
As at 30 June 2020	7,361,990	(250,121)	4,458,042	(2,934,998)	(19,631)	22,793,984	31,409,266	982,408	32,391,674

THE COMPANY

	Attributable to equity holders of the Company				
	<u>Share capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	7,326,773	(560,443)	(40,192)	5,073,227	11,799,365
Purchase of treasury shares ⁽²⁾	-	(19,191)	-	-	(19,191)
Dividend relating to 2020 paid ⁽³⁾	-	-	-	(836,856)	(836,856)
Total comprehensive income	-	-	-	1,340,622	1,340,622
Balance at 30 June 2021	7,326,773	(579,634)	(40,192)	5,576,993	12,283,940
Balance at 1 January 2020	7,326,773	(250,121)	(40,192)	4,891,161	11,927,621
Dividend relating to 2019 paid	-	-	-	(884,844)	(884,844)
Total comprehensive income	-	-	-	789,144	789,144
Balance at 30 June 2020	7,326,773	(250,121)	(40,192)	4,795,461	11,831,921

- (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 1H2021, the Company bought back 4,000,000 shares of the Company by way of market acquisition, which are held as treasury shares.
- (3) This represents the final dividend of 4.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2020. The Company paid the dividend on 28 May 2021. The RMB5.9 million represents dividend paid to non-controlling shareholders of Yangzijiang Taihua Shipping Pte. Ltd., a 49.48% owned subsidiary of the Group and Yangzijiang Express Shipping Pte. Ltd., also a 49.48%-owned subsidiary of the Group.

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. Trading of shipbuilding related materials and supplies.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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 2021 as set out in Note 2.1.

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

2.1. New and amended standards adopted by 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:

- Amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

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

2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

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

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

3. Seasonal operations

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

4. Segment and revenue information

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

The 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 investment segment consist of micro-financing, debt investments at amortised cost and other investments. The principal activities of trading segment consist of trading of goods.

Other segments include ship design and vessel owning companies. 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. Reportable segments

	<u>Shipbuilding</u> RMB'000	<u>Investments</u> RMB'000	<u>Trading</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
The Group					
1 January 2021 to 30 June 2021					
Segment revenue	4,778,164	903,906	321,881	596,285	6,600,236
Segment result	512,274	1,251,136	4,447	240,233	2,008,090
<i>Included within segment result:</i>					
Finance expenses	(24,238)	-	(3,956)	(7,865)	(36,059)
Fair value (loss)/gain on					
• Derivatives financial instruments	(2,812)	-	-	-	(2,812)
• Financial assets, at fair value through profit or loss	-	162,181	-	-	162,181
(Impairment loss)/ reversal of impairment loss on:					
• Loans to non-related parties - microfinance	-	(4,335)	-	-	(4,335)
• Debt investments at amortised cost	-	169,976	-	-	169,976
Reversal of provision for onerous contracts - net	50,728	-	-	-	50,728
Depreciation	(181,194)	(529)	-	(69,459)	(251,182)
Dividend income	-	71,058	-	-	71,058
Share of profits of associated companies	942	(4,465)	-	-	(3,523)
Share of profits of joint venture	71,831	-	-	-	71,831
Sales of bunker stock	-	-	-	10,521	10,521
Bad debt recovery	588	-	-	-	588
(Loss)/gain 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	-	(46,864)	-	-	(46,864)
Interest income - finance lease	-	-	-	38,441	38,441
Segment assets	20,855,566	21,467,055	102,645	4,298,018	46,723,284
<i>Segment assets includes:</i>					
Investment in associated companies	1,885	1,094,263	-	13,383	1,109,531
Investments in joint ventures	563,899	-	-	-	563,899
Additions to property, plant and equipment	7,918	-	-	133,945	141,863
Addition to investment property	-	-	-	-	-
Segment liabilities	(9,182,501)	(82,662)	(86,972)	(1,358,435)	(10,710,570)

Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries
Condensed Interim Financial Statements
Six-month period ended 30 June 2021

	<u>Shipbuilding</u> RMB'000	<u>Investments</u> RMB'000	<u>Trading</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
The Group					
1 January 2020 to 30 June 2020					
Segment revenue	5,294,482	1,084,931	1,560,764	325,144	8,265,321
Segment result	732,753	770,424	(110,655)	100,996	1,493,518
<i>Included within segment result:</i>					
Finance expenses	(25,152)	-	(22,366)	(10,200)	(57,718)
Fair value gain/(loss) on:					
· Derivatives financial instruments	15,429	-	-	-	15,429
· Financial assets, at fair value through profit or loss	-	(3,158)	-	-	(3,158)
Impairment loss on:					
· Debt investments at amortised cost	-	(273,836)	-	-	(273,836)
· Advances to suppliers	-	-	(47,350)	-	(47,350)
Reversal of provision for onerous contracts - net	96,821	-	-	-	96,821
Depreciation	(155,369)	(238)	-	(97,214)	(252,821)
Dividend income	-	5,442	-	-	5,442
Share of profits of associated companies	-	4,524	-	954	5,478
Share of profits of joint venture	43,820	-	-	-	43,820
Bad debt written off	-	-	(63,080)	-	(63,080)
Loss on disposal of property, plant and equipment	(5,475)	-	-	-	(5,475)
Business tax on interest income from debt investments at amortised cost and loans to non-related parties - microfinance	-	(49,871)	-	-	(49,871)
Interest income - finance lease	-	-	-	43,030	43,030
Segment assets	21,173,965	19,620,953	354,694	4,664,396	45,814,008
<i>Segment assets includes:</i>					
Investment in associated companies	18,767	1,106,855	-	17,556	1,143,178
Investments in joint ventures	318,935	-	-	-	318,935
Additions to property, plant and equipment	37,339	-	-	119,031	156,370
Segment liabilities	(8,861,006)	(69,995)	(172,231)	(2,588,176)	(11,691,408)

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 all these types of activities are shared by all segments. Interest income on cash and cash equivalents, and finance expenses of certain borrowings 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 2021 RMB'000	6 months ended 30 Jun 2020 RMB'000
Segment results for reportable segments	1,767,857	1,392,522
Segment results for other segments	240,233	100,996
Unallocated:		
Other income	145,425	114,195
Other gains - net	166,672	132,426
Administrative expenses	(68,649)	(44,218)
Profit before tax	2,251,538	1,695,921

(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 2021 RMB'000	6 months ended 30 Jun 2020 RMB'000
Segment assets for reportable segments	42,425,266	41,149,612
Other segment assets	4,298,018	4,664,396
Unallocated:		
Deferred income tax assets	610,907	673,261
Total assets	47,334,191	46,487,269

(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 2021 RMB'000	6 months ended 30 Jun 2020 RMB'000
Segment liabilities for reportable segments	9,352,135	9,103,232
Other segment liabilities	1,358,435	2,588,176
Unallocated:		
Current income tax liabilities	905,975	1,069,585
Deferred income tax liabilities	1,528,633	1,334,602
Total liabilities	13,145,178	14,095,595

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 in time RMB'000	Over time RMB'000	Total RMB'000
<u>The Group</u>			
6 months ended 30 Jun 2021			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	4,430,335	4,430,335
- Sale of completed vessels	347,829	-	347,829
<i>Investments segment</i>			
Interest income from:			
- debt investments at amortised cost	839,419	-	839,419
- microfinance	64,487	-	64,487
<i>Trading segment</i>			
Sale of goods - materials and others	321,881	-	321,881
<i>Other segment</i>			
Rendering of ship design services	2,948	-	2,948
Charter hire income	-	568,706	568,706
Others	24,631	-	24,631
Total revenue	1,601,195	4,999,041	6,600,236
6 months ended 30 Jun 2020			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	4,609,716	4,609,716
- Sale of completed vessels	684,766	-	684,766
<i>Investments segment</i>			
Interest income from:			
- debt investments at amortised cost	1,062,049	-	1,062,049
- microfinance	22,882	-	22,882
<i>Trading segment</i>			
Sale of goods - materials and others	1,560,764	-	1,560,764
<i>Other segment</i>			
Rendering of ship design services	3,358	-	3,358
Charter hire income	-	299,683	299,683
Others	22,103	-	22,103
Total revenue	3,355,922	4,909,399	8,265,321

(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 as well as sales of some shipbuilding-related goods. Revenue of investment segment comprises interest income from loans to non-related parties - microfinance, debt investments at amortised cost and other investments. Revenue of trading segment is derived from the trading of ship related equipment, and goods such as metal and chemical products. Revenue from other segment is mainly derived from ship management services. Breakdown of the revenue by major product types is as follows:

	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020
	RMB'000	RMB'000
Construction of container ships	1,936,600	1,703,036
Construction of multiple purpose cargo ships	2,152,335	2,906,680
Construction of oil tanker	171,472	-
Construction of LNG vessels	169,928	-
Sales of other completed vessels	347,829	684,766
Sales of ship related equipment, metal and chemical products	321,881	1,560,764
Interest income from loans to non-related parties - microfinance	64,487	22,882
Interest income from debt investments at amortised cost	839,419	1,062,049
Rendering of ship design services	2,948	3,358
Charter hire income	568,706	299,683
Others	24,631	22,103
	<u>6,600,236</u>	<u>8,265,321</u>

(c) Geographical information

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

	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020
	RMB'000	RMB'000
PRC & Taiwan	4,080,186	4,528,387
Germany	185,344	125,593
Greece	123,843	934,563
Other European countries	899,691	1,639,866
Other Asian countries	118,167	411,272
Canada and USA	1,031,918	-
Norway	-	578,852
Korea	-	4,078
Others	161,087	42,710
	<u>6,600,236</u>	<u>8,265,321</u>

Revenues of approximately RMB2,205,734,000 (1H2020: RMB2,341,429,000) are derived from three (1H2020: three) major customers. These revenues are attributable to the shipbuilding segment.

5. Profit before taxation

5.1. Significant items

	<u>The Group</u>		+ / (-) %
	1H2021	1H2020	Variance
	RMB'000	RMB'000	%
After charging:			
Depreciation and amortization	263,482	264,671	0%
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	36,059	57,718	-38%
Impairment loss of loans to non-related parties - microfinance	4,335	(2,630)	n.m.
Impairment loss on Advances to suppliers	-	47,350	n.m.
Fair value loss on derivative financial instruments	2,812	(15,429)	n.m.
After crediting:			
Reversal of impairment loss/(Impairment loss) of debt investment at amortised costs	169,976	(273,836)	n.m.
Sale of materials	29,533	19,142	54%
Interest income	128,293	157,225	-18%
Provision of service	36,032	1,446	2392%
Fair value gain/(loss) on financial assets, at fair value through profit or loss	162,181	(3,158)	n.m.
Foreign exchange related gains, net	112,621	63,856	76%
Subsidy income	52,689	37,906	39%
Gain/(loss) from disposal of property, plant and equipment	25,426	(5,475)	n.m.
Dividend income	71,058	5,442	1206%
Reversal of allowance/(allowance) for losses recognised on onerous contracts, net	50,728	96,821	-48%
Bad debt recovery/(written off)	588	(63,080)	n.m.

5.2. Related party transactions

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

	<u>The Group</u>	
	1H2021	1H2020
	RMB'000	RMB'000
Sales of goods to a joint venture and associated companies	27,042	20,273
Purchase of goods from other related party	24,009	32,736
Purchase of materials from a joint venture	4,405	5,265

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. Taxation

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 2021	6 months ended 30 June 2020
	RMB'000	RMB'000
Income tax expense attributable to profit is made up of:		
Current year		
- Current income tax	389,002	440,661
- Deferred income tax	179,381	48,478
	568,383	489,139

7. Dividends

	<u>The Group</u>	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	RMB'000	RMB'000
<i>Ordinary dividends</i>		
Final exempt dividend paid in respect of the previous financial year of SGD4.5 cents (2020: SGD4.5 cents) per share	836,856	884,844

8. Net Asset Value

	<u>The Group</u>		<u>The Company</u>	
	30/06/21	31/12/20	30/06/21	31/12/20
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	860.52	839.51	319.19	306.28

The Group's and the Company's net assets value per ordinary share as at 30 June 2021 and 31 December 2020 have been computed based on the share capital of 3,848,516,000 shares and 3,852,516,000 shares respectively.

9. Earnings per share

	<u>The Group</u>	
Earnings per share	1H 2021	1H 2020
(a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS	42.58	30.05
Weighted average number of Ordinary shares	3,848,616,000	3,918,765,200
(b) On fully diluted basis (RMB cents)	42.58	30.05

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

Diluted earnings per share is equal to basic earnings per share as at the period ended 30 June 2021 and 2020 as the Company has no potential dilutive ordinary shares.

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

	The Group	
	6 months ended 30 June 2021 RMB'000	6 months ended 30 June 2020 RMB'000
Beginning of financial period	2,639,039	1,249,048
Additions	109,640	650,750
Fair value gain/(loss) through profit and loss	162,181	(3,158)
Disposals	(506,657)	-
End of financial period	<u>2,404,203</u>	<u>1,896,640</u>

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

	The Group	
	30 June 2021 RMB'000	31 December 2020 RMB'000
<u>Current</u>		
<u>Listed</u>		
- Equity securities - PRC	299,831	137,650
<u>Unlisted</u>		
- Equity securities - PRC	1,187,451	1,584,468
	<u>1,487,282</u>	<u>1,722,118</u>
<u>Non-Current</u>		
<u>Unlisted</u>		
- Equity securities - PRC	916,921	916,921
	<u>2,404,203</u>	<u>2,639,039</u>

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

10.1 Fair value measurement

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
The Group				
30 June 2021				
Assets				
Financial assets, at fair value through profit or loss	299,831	-	2,104,372	2,404,203
Non-hedging derivatives	-	104,182	-	104,182
	<u>-</u>	<u>104,182</u>	<u>-</u>	<u>104,182</u>
Liabilities				
Non-hedging derivatives	-	(6,905)	-	(6,905)
	<u>-</u>	<u>(6,905)</u>	<u>-</u>	<u>(6,905)</u>
31 December 2020				
Assets				
Financial assets, at fair value through profit or loss	137,650	-	2,501,389	2,639,039
Non-hedging derivatives	-	100,089	-	100,089
	<u>-</u>	<u>100,089</u>	<u>-</u>	<u>100,089</u>

11. Debt investments at amortised cost

The Group invests in fixed interest debt instruments through intermediary financial institutions for specific borrowings arranged by these intermediaries.

Movements during the period are as follows:

	The Group	
	6 months ended 30 June 2021 RMB'000	6 months ended 30 June 2020 RMB'000
Beginning of financial period	16,957,689	14,428,382
Addition	12,919,828	10,466,750
Redemptions	(13,421,213)	(8,608,286)
Reversal of impairment losses/(impairment losses) recognised in profit or loss	169,976	(273,836)
End of financial period	<u>16,626,280</u>	<u>16,013,010</u>

Presented as:

	The Group	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Current		
Debt investments	12,473,183	15,247,942
Less: Allowance for impairment loss	(1,566,013)	(1,692,622)
	<u>10,907,170</u>	<u>13,555,320</u>
Non-current		
Debt investments	5,988,943	3,715,569
Less: Allowance for impairment loss	(269,833)	(313,200)
	<u>5,719,110</u>	<u>3,402,369</u>
Total		
Debt investments	18,462,126	18,963,511
Less: Allowance for impairment loss	(1,835,846)	(2,005,822)
	<u>16,626,280</u>	<u>16,957,689</u>

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

Category	Performing RMB'000	Under- performing RMB'000	Non- performing RMB'000	Total RMB'000
30 June 2021				
Expected credit loss rates	5.0%	10.2%	- *	
Gross carrying amount	15,072,940	498,290	2,890,896	18,462,126
Credit loss allowance	(750,509)	(51,037)	(1,034,300)	(1,835,846)
Net carrying amount	<u>14,322,431</u>	<u>447,253</u>	<u>1,856,596</u>	<u>16,626,280</u>
31 December 2020				
Expected credit loss rates	5.9%	6.4%	- *	
Gross carrying amount	15,182,252	518,290	3,262,969	18,963,511
Credit loss allowance	(897,702)	(32,922)	(1,075,198)	(2,005,822)
Net carrying amount	<u>14,284,550</u>	<u>485,368</u>	<u>2,187,771</u>	<u>16,957,689</u>

12. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to RMB141,863,000 (30 June 2020: RMB25,659,000) and disposed of assets amounting to RMB158,377,000.

13. Borrowings

	<u>The Group and the Company</u>	
	30 Jun 2021	31 Dec 2020
	RMB'000	RMB'000
Current		
Bank borrowings (secured)	62,134	98,185
Bank borrowings (unsecured)	2,142,702	2,021,605
Lease liabilities	690	760
	2,205,526	2,120,550
Non-current		
Bank borrowings (secured)	627,316	566,318
Bank borrowings (unsecured)	1,850,000	1,556,860
Lease liabilities	-	325
	2,477,316	2,123,503
	4,682,842	4,244,053

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

14. Subsequent events

On 21 July 2021, the Company entered an agreement to acquire 20% of the issued share capital of Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. ("Xinfu") from Sanfu Shipbuilding Holdings Pte. Ltd. for an aggregate consideration of RMB650,000,000, to be fully satisfied by the transfer of 100,000,000 treasury shares of the Company. Subsequent to this acquisition, the Company, together with Jiangsu New Yangzi Shipbuilding Co., Ltd., the Group's wholly-owned subsidiary, will own the entire share capital of Xinfu.

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Yangzijiang Shipbuilding (Holdings) Ltd. and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

There were no outstanding convertible securities as at 30 June 2021 and 30 June 2020.

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 2021	%	As at 30 June 2020	%
Shares held as treasury shares	125,561	3.16%	55,312	1.39%
Issued shares excluding treasury shares	3,848,516	96.84%	3,918,765	98.61%
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 2021 and 30 June 2020.

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 2021	As at 31 December 2020
Issued shares at the end of periods	3,974,077	3,974,077
Treasury shares at the end of periods	(125,561)	(121,561)
Issued shares excluding treasury shares	<u>3,848,516</u>	<u>3,852,516</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
Treasury shares		
Balance as at 1 January 2021	121,561	560,443
Repurchased during 1H2021	4,000	19,191
Treasury shares re-issued	-	-
Balance as at 30 June 2021	<u>125,561</u>	<u>579,634</u>

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

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

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

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

Income statement review

Shipbuilding Related Segment	1H2021		1H2020	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	4,778,164	100%	5,294,481	100%
Cost	(4,130,869)	-86%	(4,434,984)	-84%
Margin	647,295	14%	859,497	16%
Trading				
Turnover	321,881	100%	1,560,764	100%
Cost	(313,478)	-97%	(1,538,623)	-99%
Margin	8,403	3%	22,141	1%
Others				
Turnover	596,285	100%	325,145	100%
Cost	(422,712)	-71%	(257,933)	-79%
Margin	173,573	29%	67,212	21%

Investment Segment	1H2021		1H2020	
	RMB'000	%	RMB'000	%
Interest Income	903,906	100%	1,084,931	100%
Sale taxes and levies	(46,864)	-5%	(49,871)	-5%
Net interest income	857,042	95%	1,035,060	95%

Revenue

Revenue for the Group comprises income generated from the shipbuilding related segment and investment segment.

23 vessels were delivered in 1H2021, lower than 28 vessels delivered in 1H2020. As a result, revenue from shipbuilding activities in 1H2021 was RMB4,778 million, 10% lower than same period last year. Meanwhile, due to lower volume of trading activities in the first half year of 2021, trading business contributed towards a lower revenue of RMB322 million in 1H2021 as compared to RMB1,561 million of 1H2020. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was higher at RMB596 million in 1H2021 when compared to RMB325 million of 1H2020 due to an expanded charter fleet size and improved charter rates.

Although investment portfolio had not changed significantly as compared to same period last year, interest income derived from investment segment decreased from RMB1,085 million in 1H2020 to RMB904 million in 1H2021, mainly due to lower average interest rate earned from new investments as compared to last year.

Operating cost

In line with lower revenue from shipbuilding business, our cost of sales of RMB4,131 million in 1H2021 was also lower than RMB4,435 million recorded in 1H2020. In 1H2021, a net reversal of loss provision of RMB51 million for onerous contracts was recorded as a result of progressive construction of some of the contracts.

In 1H2021, in line with the increase in revenue from other shipbuilding related business, the operating costs for this segment was also higher than same period last year.

In 1H2021, total cost of RMB47 million was incurred for the Group's investment segment, which mainly consist of value added taxes and levies on interest income.

Gross Profit

The Group's shipbuilding business registered a gross profit margin of 14% in 1H2021, slightly lower than 16% recorded in 1H2020, mainly due to the rising raw material costs and the strengthening RMB against USD during the period.

Trading business contributed a gross profit of RMB8.4 million in 1H2021, with the typical low gross profit margin of around 3%, which is higher than of 1% in 1H2020. The slightly higher margin this year was due to higher commission income earned for acting as export agent of vessels.

Other shipbuilding related businesses such as shipping logistics & chartering and ship design services registered a gross profit margin of 29% in 1H2021, higher than 21% of 1H2020, mainly due to improved charter rates for bulk carriers this period.

Other income

Due to lower interest rates for US dollar deposits, a lower interest income from bank deposits was recorded this period. As a result, interest income for 1H2021 was lower at RMB128 million, as compared to RMB157 million of 1H2020. However, due to a higher dividend income of RMB71 million from financial assets, at fair value through profit or loss in 1H2021, other income increased to RMB265 million from RMB163 million in the same period last year.

Other gains/losses - net

Other gains/losses normally comprise foreign exchange related gains/losses, and fair value change on financial assets, at fair value through profit or loss and derivative financial instruments and subsidy income etc. The Group recorded other gains of RMB352 million in 1H2021 as compared to RMB139 million in 1H2020. The increase was mainly due to higher fair value gain of RMB162 million on financial assets, at fair value through profit or loss, foreign exchange related gains of RMB113 million, higher subsidy income of RMB53 million and gain of RMB25 million from disposal of property, plant and equipment, which mainly related to the disposal of one unit of 82,000DWT bulk carrier under our shipping arm in 1H2021.

Expenses

In 1H2021, the group recorded a net reversal of impairment loss on financial assets of RMB166 million under administrative expenses as compared to a provision of impairment loss of RMB334 million in the same period last year. Allowance for impairment loss on debt investment at amortised costs is measured by applying the expected credit loss ("ECL") impairment model in accordance to SFRS(I) 9 Financial Instrument. The Group applies a general 3 stage approach to measure expected credit loss on debt investment at amortised costs. In measuring expected credit loss, the Group considers the probability of default upon initial recognition of investment and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The reversal in 1H2021 was mainly due to the reversal of impairment loss on debt investment at amortised costs, being the net release of impairment provision following the repayment of debt investment at amortised costs during the period.

As a result of lower bank borrowings and borrowing costs in 1H2021, finance cost decreased to RMB36 million as compared to RMB58 million in 1H2020.

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 RMB68 million mainly related to share of profits from Yangzi-Mitsui Shipbuilding Co. Ltd ("YAMIC"), 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 1H2021 was 25.2%, lower than 28.8% of 1H2020. The higher tax rate in 1H2020 was mainly because the Group adopted the 25% standard income tax rate instead of 15% preferential tax rate over the earnings of Jiangsu New Yangzi Shipbuilding Co., Ltd ("**New Yard**"). The tax rate on earning of New Yard for FY2020 had been revised to 15% in 4Q2020 after all the requirements are met for New Yard to be entitled to 15% preferential tax policy as a New High Technology Enterprise.

Statements of Financial Position Review

Assets

As at 30 June 2021, cash and cash equivalents increased to RMB9,716 million from RMB6,633 million as at the end of FY2020, mainly due to the net cash provided by operating activities in 1H2021.

Restricted cash, which is held in designated bank accounts as deposits of performance guarantees and letter of credits, increased from RMB16 million at the end of FY2020 to RMB732 million in 1H2021, the increase mainly related to funds frozen by the court due to a dispute with a minority shareholder of a subsidiary, and as the said dispute had been settled in July 2021, the funds were unfrozen after the settlement.

As at 30 June 2021, investment in financial assets, at fair value through profit or loss had decreased to RMB2,404 million from RMB2,639 million as at 31 December 2020, the decrease was mainly a result of disposal of RMB507 million of financial assets, at fair value through profit or loss and fair value gain of RMB162 million on listed equity securities in China in 1H2021.

As at 30 June 2021, debt investment at amortised costs had decreased slightly to RMB16.6 billion from RMB17.0 billion at the end of FY2020 as a result of net redemption in 1H2021. Meanwhile, the impairment provision for debt investment at amortised costs also decreased from RMB2,006 million at the end of last year to RMB1,836 million as at 30 June 2021, the movement being net reversal of impairment provision in 1H2021.

Inventory increased slightly to RMB1,928 million from RMB1,678 million at the end of FY2020, the increase mainly related to raw materials due to the increased shipbuilding activities.

With progressive delivery of shipbuilding contracts, contract assets at the end of 1H2021 had decreased to RMB2,487 million from RMB3,127 million as at the end of last financial year.

Current and non-current derivative financial instruments of a total of RMB104 million related to the fair value of the outstanding USD/CNY forward contracts with positive valuation as at 30 June 2021, which were entered by the Group to manage its currency exposure to its future USD denominated income from shipbuilding business, increased marginally from that of 31 December 2020.

Non-current trade and other receivables decreased by RMB258 million since the end of last year, the decrease was mainly due to repayment of loans by YAMIC, a joint venture of the Group.

Investment in joint ventures represents the investments in United Wave Shipping S.A. ("UWS") and Yangzi-Mitsui Shipbuilding Co., Ltd. ("YAMIC"), the movement from the end of last year mainly being the share of profit of RMB72 million from YAMIC and UWS for the period, and net additional investment of RMB112 million in YAMIC and additional investment in UWS of RMB18 million during 1H2021.

Deferred income tax assets decreased from RMB709 million as at the end of last year to RMB611 million, the movement being the release of tax benefit to profit or loss during the period.

Liabilities

The current and non-current derivative financial instruments of RMB7 million related to the fair value of USD/CNY forward contracts with negative valuation as at the 30 June 2021, those 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 being the fair value losses during the period.

Due to higher advances received on construction contracts from new shipbuilding contracts entered in 1H2021, contract liabilities as at 30 June 2021 increased significantly to RMB2,714 million from RMB1,232 million as at the end of last year.

Borrowings represented the Group's secured and unsecured borrowings of RMB4,683 million, higher than RMB4,244 million at the end of last year, the movement being net proceeds from borrowings during the period.

Equity

The change of "Total equity attributable to equity holders" to RMB33,117 million as at 30 June 2021 from RMB32,342 million as at 31 December 2020 was mainly a result of profits earned during the reporting period, which was partly offset by a dividend payment for FY2020.

Statements of cash flows review for 1H2021

The increase of cash and cash equivalents from RMB6,633 million at the end of last year to RMB9,716 million was mainly attributable to net cash provided by operating activities during the period.

Decrease in net working capital requirements (including restricted cash) of RMB981 million was primarily attributable to decrease of construction contract balances of RMB2,121 million, which was partly offset by increase of RMB716 million of restricted cash and income tax paid of RMB456 million in 1H2021.

The net cash generated by investing activities of RMB423 million mainly consists of proceeds from sales of financial assets, at fair value through profit and loss of RMB507 million and proceeds of RMB150 million from sales of one 82,000DWT bulk carrier under our shipping arm, which was partly offset by additional investment in joint ventures UWS and YAMIC of RMB135 million, acquisition of financial assets, at fair value through profit or loss of RMB110 million and purchase of property, plant and equipment of RMB142 million, mainly related to the construction of a unit of 52,000DWT bulk carrier for the Group's domestic shipping company, Shanghai Huayuan Shipping Co. Ltd.

Net cash used in financing activities of RMB421 million during 1H2021 was mainly consists of dividend payment to equity holders of RMB837 million for FY2020, which was partly offset by net proceeds from borrowings of RMB441 million. Overall liquidity remains at a healthy level as evidenced by the current ratio of 3.39 as of 30 June 2021.

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

Not applicable.

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

According to Clarksons, global new shipbuilding orders in the first half of 2021 ('1H2021') are at a seven year high, recording 23.8 million CGT with total contract value of USD52 billion. This was underpinned by huge number of orders placed for containerships in 1H2021, accounting for more than half of the new shipbuilding orders in 1H2021, recording 12.7 million CGT and total contract value of USD25 billion. In comparison, new shipbuilding orders in 2020 were 21.9 million CGT with total contract value of USD47.5 billion.

Buoyed by favourable market sentiments and hinging on the Group's reputation and capabilities in shipbuilding, 1H2021 was monumental for the Group across multiple aspects including the value of and the types of orders placed. As of announcement date, the Group has achieved an unparalleled outstanding orderbook of USD8.65 billion after inking record-high order wins (based on total contract value) till date in 2021 with a total of 112 vessels and contract value of USD6.67 billion. The Group remains confident in securing more order wins amidst favourable market sentiments.

Out of these new orders, Yangzijiang has clinched its first batch of orders for 3 units of 40,000 CBM LPG vessels as well as 10+5¹ units of LNG dual-fuel 7,000TEU containerships, a huge step forward for Yangzijiang in the clean energy sector and represents fruition of the Group's investment in R&D towards the designing and building of clean energy vessels. The LNG fuel storage and supply system, and LNG tanks were jointly designed by Yangzijiang, laying a strong foundation for Group's further expansion in the LNG market and placed the Group amongst the playing field of other shipyards that were known to enjoy monopoly over the construction of dual-fuel engine vessels.

These dual-fuel engines and vessels comply with, and exceeds the current guidelines initiated by the IMO. Yangzijiang remains in support of the reduction of carbon emissions of the shipping industry with the ultimate goal of achieving carbon-neutrality and will continue its efforts to develop strong capabilities within the LNG market. Yangzijiang remains confident to further capture market share within the clean energy sector as more shipowners look to purchase similar vessels to ensure functionality and relevance of their new-built vessels. This bodes well for the Group given the comparatively greater value-add for clean energy vessels and as the shipping industry pivots to sustainable growth.

The Group has also announced the acquisition of the remaining 20% equity stake in Xinfu yard for RMB650 million (or about S\$137 million), which will be fully funded by 100 million treasury shares. Post transaction, Xinfu yard will become a wholly owned subsidiary of the Group, with all profits attributing to the record shipbuilding orders accruing to the Group's bottom line and is expected to be earnings accretive for the Group. The Changbo yard has also resumed operations on 30 July 2021, and is expected to deliver 6 to 7 feeder containerships in the second half of 2021.

The numerous milestones achieved by Yangzijiang was due to a combination of favourable market conditions and the Group's continuous efforts to ensure sustainable growth and build competitive advantages in its core shipbuilding business. In view of the Board's commitment to continuously improve corporate governance and focus on developing its strengths in shipbuilding, the Group is in the preliminarily phase of conducting a strategic review of its debt investment portfolio to allow the Group to focus solely on the expansion of its core shipbuilding business. As Yangzijiang aspires to become one of the best shipbuilders in the world, we remain committed to ensuring long-term value creation for all stakeholders and will act in the best interest of our shareholders.

10. Dividend

a) Current Financial Period Reported On

None

¹Orders for 5 units of LNG dual-fuel 7,000TEU containerships will come into effect this month, in August 2021

b) Corresponding Period of the Immediately Preceding Financial Year

None

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

Not applicable.

d) Date payable

Not applicable.

e) Books closure date

Not applicable.

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

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

12. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the first half year ended 30 June 2021:

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 24,009,000 *	Nil [^]
<u>Ren Yuanlin</u>		
<u>Jiangsu Jiangyin-Jingjiang Industrial Zone Tongyi Trading Pte Ltd</u> - Provision of loan	RMB 107,000,000 *	Nil [^]
<u>Jiangsu Suyang Property Management Co. Ltd.</u> - Provision of service	RMB 360,000 *	
<u>Jiangyin Xinyangchuan Enterprise Management Center (Limited Partnership)</u> - Joint investment in Jiangsu Run Yuan Energy Co., Ltd.	RMB 6,000,000 *	

*Aggregate value less than 3% of Group's NTA as at 30 June 2021, shareholder mandate not applicable.

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

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

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

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Ren Letian
Executive Chairman and Chief Executive Officer

Xu Wen Jiong
Non-Independent Non-Executive Director

Singapore
Date: 5 August 2021