



**YANGZIJIANG FINANCIAL HOLDING LTD.**

(Company Registration No. 202143180K)

(Incorporated in the Republic of Singapore on 14 December 2021)

## **FIRST HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

## A. Condensed Interim Consolidated Statement of Comprehensive Income

		<b>The Group</b>			
		1st Half Year			
Note	<b>1H 2023</b>	% of	<b>1H 2022</b>	+ / (-)%	
	SGD'000	Interest Income	SGD'000	Variance	
<b>Interest income</b>	5	100%	<b>184,873</b>	-18%	
<b>Non-interest income</b>					
Fee income		0.3%	77	440%	
Dividend income		8%	7,584	54%	
Fair value changes on financial assets, at fair value through profit or loss		23%	(19,015)	n.m.	
Other income		0.2%	273	-3%	
<b>Non-interest income/(loss)</b>		31%	<b>(11,081)</b>	n.m.	
<b>Total income</b>		131%	<b>173,792</b>		
Employee compensation	6	-2%	(1,113)	185%	
Other expenses	7	-8%	(14,451)	-12%	
<b>Total expenses</b>		-10%	<b>(15,564)</b>		
<b>Profit before allowances</b>		120%	<b>158,228</b>	15%	
Reversal of allowances for credit and other losses, net of utilisation	8	6%	11,997	-29%	
<b>Profit after allowances</b>		126%	<b>170,225</b>		
Share of results of associated companies, net of tax		-1%	(23,316)	-90%	
Other gains		17%	22,559	14%	
<b>Profit before income tax</b>		142%	<b>169,468</b>	27%	
Income tax expense	9	-34%	(33,089)	57%	
<b>Net profit attributable to equity holders of the company</b>		107%	<b>136,379</b>	19.2%	
<b>Earnings per share attributable to equity holders of the company</b>					
– Basic and diluted (expressed in \$ cents per share)	12		3.45	27%	
<b>Net profit for the financial period</b>		107%	<b>136,379</b>	19.2%	
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
– Currency translation gain/(loss)			(2,564)	n.m.	
– Currency translation difference for presentation currency			-	n.m.	
<b>Other comprehensive loss, net of tax</b>			<b>(2,564)</b>		
<b>Total comprehensive income attributable to equity holders of the company</b>			<b>133,815</b>		

## B. Condensed Interim Consolidated Statement of Financial Position

	Note	<u>The Group</u>		<u>The Company</u>	
		As at	As at	As at	As at
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		SGD'000	SGD'000	SGD'000	SGD'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		536,521	620,686	432	73,026
Financial assets, at fair value through profit or loss	13	36,599	56,210	-	-
Debt investments at amortised cost	15	2,002,958	2,264,600	-	-
Trade and other receivables	16	131,292	26,708	3,978,692	4,084,201
		<u>2,707,370</u>	<u>2,968,204</u>	<u>3,979,124</u>	<u>4,157,227</u>
<b>Non-current assets</b>					
Debt investments at amortised cost	15	619,048	407,307	-	-
Trade and other receivables	16	1,874	2,788	-	-
Investment in subsidiaries		-	-	117,080	4,958
Investments in associated companies		308,522	322,643	-	-
Investment properties		20,396	21,540	-	-
Financial assets, at fair value through profit or loss	13	415,828	413,862	-	-
Derivative financial instruments		1,509	-	-	-
Property, plant and equipment		1,909	2,814	957	1,116
Goodwill		1,029	1,061	-	-
Deferred income tax assets		57,780	65,728	-	-
		<u>1,427,895</u>	<u>1,237,743</u>	<u>118,037</u>	<u>6,074</u>
<b>Total assets</b>		<u>4,135,265</u>	<u>4,205,947</u>	<u>4,097,161</u>	<u>4,163,301</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Other payables		41,497	52,917	229,591	137,057
Derivative financial instruments		1,782	6,876	1,782	4,035
Borrowings	17	378	13,830	378	384
Current income tax liabilities		20,348	28,867	523	507
		<u>64,005</u>	<u>102,490</u>	<u>232,274</u>	<u>141,983</u>
<b>Non-current liabilities</b>					
Borrowings	17	586	732	586	732
Deferred income tax liabilities		231,038	228,906	216,032	222,747
		<u>231,624</u>	<u>229,638</u>	<u>216,618</u>	<u>223,479</u>
<b>Total liabilities</b>		<u>295,629</u>	<u>332,128</u>	<u>448,892</u>	<u>365,462</u>
<b>NET ASSETS</b>		<u><b>3,839,636</b></u>	<u><b>3,873,819</b></u>	<u><b>3,648,269</b></u>	<u><b>3,797,839</b></u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		3,742,375	3,858,695	3,742,375	3,858,695
Treasury shares		(104,514)	(94,120)	(104,514)	(94,120)
Other reserves		34,733	26,963	-	-
Retained earnings		166,586	84,999	12,038	34,252
Currency translation reserve		456	(2,718)	(1,630)	(988)
<b>Total equity</b>		<u><b>3,839,636</b></u>	<u><b>3,873,819</b></u>	<u><b>3,648,269</b></u>	<u><b>3,797,839</b></u>

## C. Condensed Interim Consolidated Statement of Cash Flows

	<u>The Group</u>	
	1H2023	1H2022
	SGD '000	SGD '000
<b>Cash flows from operating activities</b>		
Profit after income tax	162,515	136,379
Adjustments for:		
– Income tax expenses	51,974	33,089
– Depreciation of property, plant and equipment	277	111
– Depreciation of investment properties	507	556
– Fair value (gain)/loss on financial assets, at fair value through profit or loss	(34,519)	19,015
– Dividend income	(11,697)	(7,584)
– Fair value (gain)/loss on derivative financial instruments	(6,603)	6
– Share of loss from associated company	2,260	23,316
– Net effect of exchange rate changes in consolidating foreign operations	(3,653)	-
	<b>161,061</b>	<b>204,888</b>
Changes in working capital		
– Trade and other receivables	(104,559)	(664,131)
– Other payables	(9,825)	8,347
– Debt investments at amortised cost	(30,643)	263,032
Cash generated from/(used in) operations	16,034	(187,864)
Income tax paid	(45,494)	(51,420)
<b>Net cash used in operating activities</b>	<b>(29,460)</b>	<b>(239,284)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of financial assets, at fair value through profit and loss	133,236	3,954
Proceeds from disposal of property, plant and equipments	701	-
Dividend received	11,697	7,584
Additions to investment properties	-	(240)
Acquisition of financial assets, at fair value through profit and loss	(90,858)	(727)
Acquisition of a subsidiary, net of cash	-	(1,080)
Additions to investments in associated companies	(12,443)	(43,388)
Return of capital by associated companies	14,635	12,775
<b>Net cash provided by/(used in) investing activities</b>	<b>56,968</b>	<b>(21,122)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(66,132)	-
Proceeds from loans and borrowings	21,998	-
Repayment of loans and borrowings	(35,596)	-
Share buyback	(13,231)	(6,250)
Movement in funding from YZJ Group	-	771,630
Distributions to YZJ Group	-	(71,099)
<b>Net cash (used in)/provided by financing activities</b>	<b>(92,961)</b>	<b>694,281</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(65,453)</b>	<b>433,875</b>
Cash and cash equivalents at the beginning of financial period	620,686	18,374
Effects of currency translation on cash and cash equivalents	(18,712)	(2,565)
<b>Cash and cash equivalents at the end of financial period</b>	<b>536,521</b>	<b>449,684</b>

## D. Condensed Interim Consolidated Statement of Changes in Equity

### THE GROUP

#### Attributable to equity holders of the Group

	Currency						<u>Total</u> SGD'000
	<u>Share capital</u>	<u>Owner's net investment</u>	<u>Treasury shares</u>	<u>Other reserve</u>	<u>translation reserve</u>	<u>Retained earnings</u>	
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	
<b>Balance at 1 January 2023</b>	3,858,695	-	(94,120)	26,963	(2,718)	84,999	<b>3,873,819</b>
Profit for the financial period	-	-	-	-	-	<b>162,515</b>	<b>162,515</b>
Other comprehensive income	-	-	-	-	<b>(117,335)</b>	-	<b>(117,335)</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>(117,335)</b>	<b>162,515</b>	<b>45,180</b>
Transfer <sup>(1)</sup>	-	-	-	<b>8,582</b>	-	<b>(8,582)</b>	-
Translation differences arising from translation of equity items to presentation currency	<b>(116,320)</b>	-	<b>2,837</b>	<b>(812)</b>	<b>120,509</b>	<b>(6,214)</b>	-
Dividend <sup>(2)</sup>	-	-	-	-	-	<b>(66,132)</b>	<b>(66,132)</b>
Share buyback <sup>(3)</sup>	-	-	<b>(13,231)</b>	-	-	-	<b>(13,231)</b>
<b>Balance at 30 June 2023</b>	<b>3,742,375</b>	-	<b>(104,514)</b>	<b>34,733</b>	<b>456</b>	<b>166,586</b>	<b>3,839,636</b>

	Currency						<u>Total</u> SGD'000
	<u>Share capital</u>	<u>Owner's net investment</u>	<u>Treasury shares</u>	<u>Other reserve</u>	<u>translation reserve</u>	<u>Retained earnings</u>	
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	
<b>Balance at 1 January 2022</b>	2,084,771	984,363	-	15,042	272,369	892,255	<b>4,248,800</b>
Profit for the financial period	-	-	-	-	-	<b>136,379</b>	<b>136,379</b>
Other comprehensive income	-	-	-	-	<b>(2,564)</b>	-	<b>(2,564)</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>(2,564)</b>	<b>136,379</b>	<b>133,815</b>
Transfer <sup>(1)</sup>	-	-	-	<b>4,352</b>	-	<b>(4,352)</b>	-
Spin-off process	<b>2,067,191</b>	<b>(984,363)</b>	-	<b>(2,273)</b>	<b>(272,369)</b>	<b>(953,464)</b>	<b>(145,278)</b>
Share buyback	-	-	<b>(6,250)</b>	-	-	-	<b>(6,250)</b>
<b>Balance at 30 June 2022</b>	<b>4,151,962</b>	-	<b>(6,250)</b>	<b>17,121</b>	<b>(2,564)</b>	<b>70,818</b>	<b>4,231,087</b>

**THE COMPANY**

	Attributable to equity holders of the Company				
	Share capital	Treasury shares	Other reserves	Retained earnings	Total equity
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>Balance at 1 January 2023</b>	3,858,695	(94,120)	(988)	34,252	<b>3,797,839</b>
Profit for the financial period	-	-	-	43,918	43,918
Other comprehensive income	-	-	(114,125)	-	(114,125)
<b>Total comprehensive income for the period</b>	-	-	<b>(114,125)</b>	<b>43,918</b>	<b>(70,207)</b>
Share buyback <sup>(2)</sup>	-	(13,231)	-	-	(13,231)
Dividend <sup>(3)</sup>	-	-	-	(66,132)	(66,132)
Translation differences arising from translation of equity items to presentation currency	(116,320)	2,837	113,483	-	-
<b>Balance at 30 June 2023</b>	<b>3,742,375</b>	<b>(104,514)</b>	<b>(1,630)</b>	<b>12,038</b>	<b>3,648,269</b>
<b>Balance at 1 January 2022</b>	-	-	-	-	-
Issuance of shares	4,151,962	-	-	-	4,151,962
Profit for the financial period	-	-	-	77,057	77,057
Other comprehensive income	-	-	(1,124)	-	(1,124)
<b>Total comprehensive income for the period</b>	-	-	<b>(1,124)</b>	<b>77,057</b>	<b>75,933</b>
Dividend distributed YZJ Group before spin-off	-	-	-	(53,047)	(53,047)
Share buyback	-	(6,250)	-	-	(6,250)
<b>Balance at 30 June 2022</b>	<b>4,151,962</b>	<b>(6,250)</b>	<b>(1,124)</b>	<b>24,010</b>	<b>4,168,598</b>

(1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the People's Republic of China ("PRC") where subsidiaries of the Group operate. In accordance with the relevant rules and regulations, the Group's subsidiaries in the PRC are required to appropriate certain percentage of their profits to various reserve funds. 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 1H2023, the Company bought back 41,000,000 shares of the Company by way of market acquisition, which are held as treasury shares.

(3) The S\$66.1 million represents the final dividend of 1.8 Singapore cents per ordinary share in respect of the financial year ended 31 December 2022. The Company paid the dividend on 25 May 2023.

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

### **1. Corporate information**

On 29 November 2021, Yangzijiang Shipbuilding (Holdings) Ltd. ("YZJ") announced its plan to sharpen its strategic focus by spinning off the investment business ("Investment Business") of YZJ and its subsidiaries (collectively the "YZJ Group") via the transfer of existing investments to a newly incorporated company. To achieve this transformation, YZJ embarked on a Reorganisation Exercise to separate its existing investment business into a separate legal structure. For this purpose, Yangzijiang Financial Holding Ltd. (the "Company") was incorporated in Singapore on 14 December 2021 as a private company limited by shares under the name of "Yangzijiang Financial Holding Pte. Ltd.". On 25 March 2022, the Company was converted into a public company limited by shares and the name was changed to "Yangzijiang Financial Holding Ltd.". The address of the Company's registered office is 80 Robinson Road #02-00 Singapore 068898.

The principal activity of the Company is investment holding. The Company together with its subsidiaries (the "YZJ Financial Group", or the "Group") are principally engaged in investment-related activities. The Group's investments include debt investments, venture capital investments, micro-financing, and fund management and investment advisory services.

YZJ Financial Group, comprising the former Investment Business of the YZJ Group, historically did not exist as a separate legal entity and reporting group and no separate (statutory) financial statements were therefore prepared. Accordingly, for the purpose of the evaluation of the historical financial results and the preparation of capital markets access, combined financial statements of YZJ Financial Group for the financial years ended 31 December 2019, 2020 and 2021 (collectively referred to as the "Track Record Period") have been prepared. For FY2022, financial performance of YZJ Financial Group also includes the profit and loss from the Investment Business of the YZJ Group before the spin-off in April 2022.

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

These combined financial statements prior to the spin-off had been prepared on a "carve-out basis" from the YZJ Group Consolidated Financial Statements for the purpose of presenting the financial positions, financial performances and cash flows of the Investment Business on a stand-alone basis for the Track Record Period.

The condensed interim financial statements for the six months period ended 30 June 2023 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 2022.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Renminbi ("RMB") and the financial statements are presented in Singapore Dollar ("SGD") ("presentation currency").

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

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



## 2.2. Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements disclosed in the introductory document dated 1 April 2022.

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

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

- Note 15 – impairment of debt investments at amortised costs: key assumptions applied in estimating the expected credit loss rates.
- Note 13 – Fair value of investments in financial assets, at fair value through profit or loss & associated companies.

## 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial 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 principal activities of the Group consist of micro-financing, debt investments at amortised cost, fund management and other investments and therefore management considers that the Group operates in one single business segment at two geographical locations.

The Management Team considers the business mainly from a geographical perspective. Geographically, management manages and monitors the business from both the PRC and areas outside of the PRC.

### Geographical information

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

	<b>6 months ended 30 June 2023 SGD'000</b>	6 months ended 30 June 2022 SGD'000
PRC	<b>145,650</b>	183,220
Outside of PRC	<b>5,903</b>	1,653
	<b><u>151,553</u></b>	<u>184,873</u>

The Group's non-interest income based on the source of the income are as follows:

	<b>6 months ended 30 June 2023 SGD'000</b>	6 months ended 30 June 2022 SGD'000
PRC	<b>28,195</b>	(11,159)
Outside of PRC	<b>18,701</b>	78
	<b>46,896</b>	(11,081)

## 5. Interest Income

	<b>6 months ended 30 June 2023 SGD'000</b>	6 months ended 30 June 2022 SGD'000
Interest income from:		
– debt investments at amortised cost	<b>142,972</b>	177,615
– microfinance	<b>159</b>	1,866
	<b>143,131</b>	179,481
– cash and cash equivalents	<b>8,422</b>	5,392
	<b>151,553</b>	184,873

## 6. Employee compensation

	<b>6 months ended 30 June 2023 SGD'000</b>	6 months ended 30 June 2022 SGD'000
Salaries, wages and employer's contributions to defined contribution plans	<b>3,167</b>	1,113

## 7. Other expenses

	<b>6 months ended 30 June 2023 SGD'000</b>	6 months ended 30 June 2022 SGD'000
Business tax on interest income from debt instruments at amortised cost and loans to non-related parties – microfinance	<b>8,001</b>	10,270
Professional fees	<b>1,065</b>	1,471
Tax surcharge	<b>559</b>	1,409
Depreciation of investment properties	<b>507</b>	556
Depreciation of property, plant and equipment	<b>277</b>	111
Business hospitality expenses	<b>36</b>	49
Legal fees	<b>117</b>	206
Travel expenses	<b>109</b>	53
Directors' fee	<b>321</b>	-
Finance costs	<b>626</b>	-
Others	<b>1,086</b>	326
	<b>12,704</b>	14,451

**8. Reversal of allowances for credit and other losses, net of utilisation**

	<b>6 months ended 30 June 2023 SGD'000</b>	6 months ended 30 June 2022 SGD'000
<b>Reversal of allowances for credit and other losses</b>		
– Debt investments at amortised cost	(8,493)	(10,088)
– Loans to non-related parties – microfinance	-	(1,909)
	<b>(8,493)</b>	<b>(11,997)</b>

**9. Income taxes**

	<b>6 months ended 30 June 2023 SGD'000</b>	6 months ended 30 June 2022 SGD'000
Income tax expense/(credit) attributable to profit is made up of:		
– Current income tax	41,799	36,455
– Deferred income tax	10,175	(3,366)
	<b>51,974</b>	<b>33,089</b>

**10. Related party transactions**

	<b>1H2023 SGD'000</b>	1H2022 SGD'000
Capital injection from YZJ Group	-	4,151,962
Movement in funding to YZJ Group	-	(1,055,462)
Acquisition of a subsidiary	-	(1,680)

**11. Net Asset Value**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2023</b>	31 December 2022	<b>30 June 2023</b>	31 December 2022
Net asset value per ordinary share based on issued share capital excluding treasury shares (SGD cents)	105.20	104.95	99.95	102.90

The Group's and the Company's net assets value per ordinary share as at 30 June 2023 and 31 December 2022 have been computed based on the share capital of 3,649,978,120 shares and 3,690,978,120 shares respectively.

## 12. Earnings per share

Earnings per share	The Group	
	1H2023	1H2022
(a) Based on weighted average number of ordinary shares in issue (SGD cents) – Basic EPS	4.39	3.45
Weighted average number of Ordinary shares	3,704,824,187	3,947,930,316
(b) On fully diluted basis (SGD cents)	4.39	3.45

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 2023 and 2022 as the Company has no potential dilutive ordinary shares.

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

	The Group	
	6 months ended 30 June 2023 SGD'000	6 months ended 30 June 2022 SGD'000
Beginning of financial period	470,072	505,426
Investments transfer to YZJ Group before spin-off	-	(71,361)
Additions	90,858	727
Fair value gain/(loss) through profit and loss	21,710	(19,015)
Disposals	(120,427)	(3,954)
Currency translation difference	(9,786)	(8,652)
End of financial period	452,427	403,171

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

	The Group	
	30 June 2023 SGD'000	31 December 2022 SGD'000
<b><u>Current</u></b>		
Listed		
- Equity securities	5,022	27,597
Unlisted		
- Venture Capital funds	31,577	28,613
	36,599	56,210
<b><u>Non-Current</u></b>		
Unlisted		
- Venture Capital funds	415,828	413,862
	452,427	470,072

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

#### 14. Fair value measurement

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

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

	Level 1 SGD'000	Level 2 SGD'000	Level 3 SGD'000	Total SGD'000
The Group				
30 June 2023				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	<b>5,022</b>	-	<b>447,405</b>	<b>452,427</b>
31 December 2022				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	27,597	-	442,475	470,072

#### 15. Debt investments at amortised cost

The Group invests in fixed interest debt instruments through intermediary financial institutions for specific borrowings arranged by these intermediaries, government bonds and other short-term investments offered by various banks that the Group intends to hold till maturity.

Movements during the period are as follows:

	<b>The Group</b>	
	<b>6 months ended 30 June 2023 SGD'000</b>	<b>6 months ended 30 June 2022 SGD'000</b>
Beginning of financial period	2,671,907	3,514,595
Investments transfer to YZJ Group before spin-off	-	(536,377)
Addition	474,373	914,656
Redemptions	(452,007)	(1,187,773)
Reversal of impairment losses recognized in profit or loss	8,493	10,088
Currency Translation Difference	(80,760)	(55,191)
End of financial period	<b>2,622,006</b>	<b>2,659,998</b>

Presented as:

	<b>The Group</b>	
	<b>30 June 2023 SGD'000</b>	<b>31 December 2022 SGD'000</b>
<b>Current</b>		
Debt investments	2,158,732	2,461,001
Less: Allowance for impairment loss	(160,838)	(211,006)
Currency transaction difference	5,064	14,605
	<b>2,002,958</b>	<b>2,264,600</b>

	<b>The Group</b>	
	<b>30 June 2023</b>	31 December 2022
	<b>SGD'000</b>	SGD'000
<b>Non-current</b>		
Debt investments	<b>684,651</b>	447,697
Less: Allowance for impairment loss	<b>(67,461)</b>	(44,137)
Currency transaction difference	<b>1,858</b>	3,747
	<b>619,048</b>	407,307
<b>Total</b>		
Debt investments	<b>2,843,383</b>	2,908,698
Less: Allowance for impairment loss	<b>(228,299)</b>	(255,144)
Currency transaction difference	<b>6,922</b>	18,353
	<b>2,622,006</b>	2,671,907

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

<u>Category</u>	<u>Performing</u> SGD'000	<u>Under- performing</u> SGD'000	<u>Non- performing</u> SGD'000	<u>Total</u> SGD'000
<b>30 June 2023</b>				
Expected credit loss rates	4.3%	8.9%	- *	
Gross carrying amount	1,468,481	127,185	960,499	2,556,165
Credit loss allowance	(64,861)	(11,698)	(151,740)	(228,299)
Currency translation difference	2,006	375	4,541	6,922
Net carrying amount of fixed interest debt instruments through intermediary financial institutions in China	1,405,626	115,862	813,300	2,334,788
Government bonds and other short-term investments offered by various banks	287,218	-	-	287,218
Net Carrying amount	<b>1,692,844</b>	<b>115,862</b>	<b>813,300</b>	<b>2,622,006</b>
<b>31 December 2022</b>				
Expected credit loss rates	5.6%	10.9%	- *	
Gross carrying amount	1,347,746	149,382	1,141,897	2,639,025
Credit loss allowance	(84,135)	(17,373)	(153,636)	(255,144)
Currency translation difference	8,873	1,147	8,333	18,353
Net carrying amount of fixed interest debt instruments through intermediary financial institutions in China	1,272,484	133,156	996,594	2,402,234
Government bonds and other short-term investments offered by various banks	269,673	-	-	269,673
Net Carrying amount	1,542,157	133,156	996,594	2,671,907

\* The ECL for non-performing investment is determined on an individual basis using a discounted cash flow methodology. The expected future cash flows are based on the management estimates as at the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries. Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on its estimated fair value of collateral at the time of expected realisation, less costs for obtaining and selling the collateral. The cash flows are discounted at the original effective interest rate.

## 16. Trade and other receivables

	30 June 2023 SGD'000	31 December 2022 SGD'000
<b>Current</b>		
Trade receivables		
– Loans to non-related parties – microfinance	21,857	23,894
– Non-related customers	-	-
Less: Allowance for impairment of loans to non-related parties – microfinance	(5,146)	(6,925)
Currency translation difference	-	467
	<b>16,711</b>	<b>17,436</b>
Other receivables		
– Non-related parties – Other assets	114,581	9,272
Trade and other receivables – current	<b>131,292</b>	<b>26,708</b>
<b>Non-current</b>		
Trade receivables		
– Loans to non-related parties – microfinance	1,874	2,788
Less: Allowance for impairment of loans to non-related parties – microfinance	-	-
Trade and other receivables – non-current	<b>1,874</b>	<b>2,788</b>

## 17. Borrowings

	<b>The Group</b>	
	30 June 2023 RMB'000	31 December 2022 RMB'000
<b>Current</b>		
Bank borrowings (secured)	-	-
Bank borrowings (unsecured)	-	13,446
Lease liabilities	378	384
	<b>378</b>	<b>13,830</b>
<b>Non-Current</b>		
Bank borrowings (secured)	-	-
Bank borrowings (unsecured)	-	-
Lease liabilities	586	732
	<b>586</b>	<b>732</b>
	<b>964</b>	<b>14,562</b>

Secured bank borrowings are secured by Government bonds and other short-term investments offered by banks of the Group.

## Other Information Required by Listing Rule Appendix 7.2



**1. Review**

The condensed consolidated statement of financial position of Yangzijiang Financial Holding Ltd. and its subsidiaries as at 30 June 2023 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 2023 and 30 June 2022.

**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 2023	%	As at 30 June 2022	%
Shares held as treasury shares	300,611	7.61%	13,000	0.33%
Issued shares excluding treasury shares	3,649,978	92.39%	3,937,589	99.67%
Total number of shares	<u>3,950,589</u>	100%	<u>3,950,589</u>	100%

The Company did not have subsidiary holdings as at 30 June 2023 and 30 June 2022.

**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 2023	As at 31 December 2022
Issued shares at the end of periods	3,950,589	3,950,589
Treasury shares at the end of periods	(300,611)	(259,611)
Issued shares excluding treasury shares	<u>3,649,978</u>	<u>3,690,978</u>

**5. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Treasury shares	Number of Shares ('000)	SGD '000
Balance as at 1 January 2023	259,611	94,120
Repurchased during 1H2023	41,000	13,231
Translation difference	-	(2,837)
Treasury shares re-issued	-	-
<b>Balance as at 30 June 2023</b>	<b>300,611</b>	<b>104,514</b>

**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.**

There is no sales, transfers, cancellation and/or use of 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**

**Total Income**

Total income increased by approximately S\$24.7 million or 14% from S\$173.8 million in 1H2022 to S\$198.4 million in 1H2023. Our total income is mainly derived from the following items:

	1H2023 SGD'000	1H2022 SGD'000
Interest income	151,553	184,873
Non-interest income/(losses)	46,896	(11,081)
<b>Total income</b>	<b>198,449</b>	<b>173,792</b>

**Interest income**

Interest Income, our main income generator in the Period Under Review, is mainly derived from our Group's Debt Investments Business, which comprise debt investments and microfinancing loans.

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

	1H2023		1H2022	
	SGD'000	%	SGD'000	%
<b>Interest income from:</b>				
Debt investments (at amortised costs)	142,972	94.3%	177,615	96.1%
Microfinance	159	0.1%	1,866	1.0%
	143,131	94.4%	179,481	97.1%
Cash and cash equivalents	8,422	5.6%	5,392	2.9%
<b>Total interest income</b>	<b>151,553</b>	<b>100.0%</b>	<b>184,873</b>	<b>100.0%</b>

Interest income derived from our Group's Debt Investments Business was approximately S\$143.1 million for 1H2023. This represents approximately a 20.3% decrease or S\$36.4 million from S\$179.5 million for 1H2022, mainly due to a S\$34.6 million decrease or 19.5% decrease in interest income earned on our Group's Debt Investments. This was a result of lower average debt investments balance in 1H2023 as compared to same period last year, and the increase of non-performing loans since 2H2022 as a result of deteriorating China real estate market.

On the other hand, interest income from cash and cash equivalents increased significantly by S\$3.0 million from S\$5.4 million for 1H2022 to S\$8.4 million in 1H2023, the increase was mainly a result of higher cash balance and higher return from offshore yield enhancement cash management products denominated in USD.

#### Non-interest income

Our Group's non-interest income comprises of fee income, dividend income earned on our investments in financial assets at fair value through profit or loss, net changes in fair values of our investments in financial assets at fair value through profit or loss and other income including rental income from investment properties and service income earned from consultation services.

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

	1H2023	1H2022
	SGD'000	SGD'000
Fee income	416	77
Dividend income	11,697	7,584
Fair value changes on financial assets, at fair value through profit or loss	34,519	(19,015)
Other income	264	273
<b>Non-interest income/(losses)</b>	<b>46,896</b>	<b>(11,081)</b>

Fee income of S\$0.4 million represents the fund management service fees earned by our wholly owned subsidiary, GEM Asset Management Pte. Ltd. ("**GEM Asset**") a capital markets services-licensed fund management company incorporated in Singapore.

Dividend income from our Group's investments was approximately S\$11.7 million for 1H2023. This represents approximately a 54.2% increase or S\$4.1 million from S\$7.6 million for 1H2022. The increase was mainly due to higher dividend distribution of S\$5.4 million from our offshore fund investments in 1H2023.

In 1H2023, a gain of S\$34.5 million was recorded from net change in fair value of our investments in financial assets, at fair value through profit or loss, as compared to a S\$19.0 million fair value loss for 1H2022. Out of the S\$34.5 million gains, approximately S\$12.8 million gain is attributable to fair value gain of the Group's offshore fund investments, while another S\$14.2 million gain was a result of fair value gain from PRC listed shares, and remaining S\$7.5 million is the fair value gain of unlisted investments within the PE funds we have invested in China.

### **Total Expenses**

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

- 1) employee compensation, which accounted for approximately 20.0%, 7.2% of our total expenses in 1H2023 and 1H2022 respectively and
- 2) other expenses, which accounted for approximately 80.0% and 92.8% of our total expenses in 1H2023 and 1H2022 respectively.

Our Group recorded approximately 2.0% increase or S\$0.3 million in total expenses, from S\$15.6 million in 1H2022 to S\$15.9 million in 1H2023.

### **Employee compensation**

Our employee compensation comprises mainly of salaries, wages and employer's contributions to defined contribution plans. Our employee compensation expense as a percentage of our total income was approximately 1.6% and 0.6% in 1H2023 and 1H2022, respectively. Employee compensation expense incurred by our Group is small given the nature of our businesses. Our employee compensation expense increased by approximately S\$2.1 million from S\$1.1 million in 1H2022 to S\$3.2 million in 1H2023. The increase for the Period Under Review was mainly because we have increased Singapore employee headcount as a result of our Group's expanding business operations into Singapore.

### **Other expenses**

Other expenses comprise mainly of business tax on interest income from debt investments at amortised costs and loans to non-related parties – microfinance. Other expenses contributed approximately 80.0% of total expenses or S\$12.7 million in 1H2023. This represents a 12.1% decrease or S\$1.7 million from S\$14.5 million in 1H2022. The decrease in other expenses was mainly attributed to lower business tax on interest income as a result of lower interest income from debt investments.

### **Reversal of allowances for credit and other losses**

Our Group has recorded allowances for or reversal of allowances for credit and other losses on our debt investments (at amortised costs) and loans to non-related parties – microfinance. Such allowances relate to the expected credit losses of debt investments (at amortised costs) and loans to non-related parties – microfinance.

	<b>1H2023</b>	<b>1H2022</b>
	<b>SGD'000</b>	<b>SGD'000</b>
<b>Reversal of allowances for credit and other losses</b>		
– Debt investments (at amortised costs)	<b>(8,493)</b>	<b>(10,088)</b>
– Loans to non-related parties – microfinance	<b>-</b>	<b>(1,909)</b>
	<b><u>(8,493)</u></b>	<b><u>(11,997)</u></b>

The reversal of allowances of S\$8.5 million recognised in 1H2023 mainly due to the net reversal of unutilised allowance on debt investments (at amortised costs), which were fully repaid during 1H2023, net of additional allowances made for both new and existing debt investments (at amortised costs).

### **Profit before/after allowances**

As a result of the above changes to income and expenses, profit before allowances increased by approximately 15.4%, or S\$24.4 million from S\$158.2 million for 1H2022 to S\$182.6 million for 1H2023. The increase was slightly dragged down by an approximately S\$3.5 million lower reversal for credit losses from a reversal of allowance of S\$12.0 million for 1H2022 to a reversal of allowance of S\$8.5 million for 1H2023.

As a result, profit after allowances increased by 12.2% or S\$20.8 million from S\$170.2 million for 1H2022 to S\$191.1 million of 1H2023.

### **Share of results of associated companies, net of tax**

Our Group's share of results of associated companies, net of tax, comprise of Venture Capital investments and provision of seed funding activities carried out by such associated companies. For the Period Under Review, the share of losses decreased by approximately S\$21.1 million to S\$2.3 million in 1H2023 from S\$23.3 million of 1H2022, mainly due to lower share of losses by associated companies as a result of overall market losses from listed shares within those associated companies we have invested in China, who engage in Venture Capital investments and provision of funding activities.

### **Other gains**

Other gains of S\$25.7 million mainly relate to foreign translation gain of approximately US\$425 million USD asset kept at Singapore as a result of appreciation of USD against RMB in 1H2023.

### **Profit before income tax**

As a result of the above, profit before income tax increased by approximately 26.6% or S\$45.0 million from S\$169.5 million in 1H2022 to S\$214.5 million in 1H2023.

### **Income tax expenses**

Our Group is subject to income tax at the applicable rates in Singapore and the PRC. The statutory tax rate in Singapore and the PRC was 17.0% and 25.0%, respectively under the Period Under Review. Our effective tax rates were approximately 24.2% and 19.5% in 1H2023 and 1H2022 respectively. Our income tax expenses also comprise deferred tax on undistributed profits of PRC subsidiaries. Relatively higher effective tax rate in 1H2023 as compared to 1H2022 was mainly due to certain dividend income and fair value gain on financial assets, at fair value through profit or loss are tax exempt or not subject to tax in 1H2022.

### **Net Profit**

Overall, net income increased by approximately 19.2% or S\$26.1 million from S\$136.4 million for 1H2022 to S\$162.5 million for 1H2023.

## **REVIEW OF FINANCIAL POSITION**

Our total assets decreased by approximately 1.7% or S\$70.7 million from approximately S\$4.2 billion as at 31 December 2022 to approximately S\$4.1 billion as at 30 June 2023. The decrease was mainly because our presentation currency is SGD, while 85.5% of our group investment portfolio was in China as of 30 June 2023, our portfolio in RMB incurred a translation loss as a result of weaker RMB against SGD during the period (SGD/RMB 5.3442 as at the end of 1H2023 vs 5.1831 at the end of FY2022).

### **Non-current assets**

Non-current assets increased by approximately 15.4% or S\$190.2 million from S\$1,237.7 million as at 31 December 2022 to S\$1,427.9 million as at 30 June 2023, mainly due to the increase of non-current debt investments at amortised costs.

Non-current debt investments at amortised cost increased by S\$211.7 million from S\$407.3 million as at 31 December 2022 to S\$619.0 million as at 30 June 2023, mainly due to the increase of non-current debt investments at amortised costs.

Non-current trade and other receivables mainly comprise loans to non-related parties – microfinance maturing in more than 1 year, decreased by approximately 32.8% or S\$0.9 million from S\$2.8 million as at 31 December 2022 to S\$1.9 million as at 30 June 2023. The decrease was mainly attributed to the reclassification of loans due in the next year to current assets and this change is not offset by new loans with tenure of more than one year.

Investments in associated companies decreased by approximately 4.4% or S\$14.1 million from S\$322.6 million as at 31 December 2022 to S\$308.5 million as at 30 June 2023. The decrease was a result of return of capital of S\$14.6 million and share of loss from associated company of S\$2.3 million, which was partially offset by additional investment in associated companies of S\$12.4 million.

Investment property decreased by approximately 5.3% or S\$1.1 million from S\$21.5 million as at 31 December 2022 to S\$20.4 million as at 30 June 2023. The decrease was a result of amortisation during the period under review and translation loss as a result of weaker RMB against SGD during the period.

Property, plant and equipment decreased by 32.2% or S\$0.9 million in 1H2023, the decrease was mainly due to disposal of Property, plant and equipment and depreciation recognised during the period.

Goodwill of S\$1.0 million represents the excess of the consideration paid for the acquisition of 100% equity shares in GEM Asset on 28 April 2022 over the fair value of the identifiable net assets acquired at the acquisition date.

Deferred income tax assets decreased by S\$7.9 million from S\$65.7 million as at 31 December 2022 to S\$57.8 million as at 30 June 2023, the decrease mainly being deferred income tax assets arising from impairment provisions provided for debt investments (at amortised costs), the decrease of deferred income tax assets in 1H2023 as a result of net reversal of provision of allowances for credit and other losses on debt investments at amortised cost.

Derivative financial instruments of S\$1.5 million relates to the positive valuation of forex derivative and forward contracts the Group entered for the purpose of hedging forex risk of yield enhancement cash management products.

### **Current assets**

As at 30 June 2023, current assets stood at approximately S\$2.7 billion and mainly comprised cash and cash equivalents, current debt investments (at amortised costs), financial assets at fair value through profit or loss and trade and other receivables. This represented a decrease of approximately 8.8% or S\$260.8 million from S\$3.0 billion as at 31 December 2022 to S\$2.7 billion as at 30 June 2023.

Cash and cash equivalents decreased by S\$84.2 million from S\$620.7 million as at 31 December 2022 to S\$536.5 million as at 30 June 2023. The decrease was mainly a result of net cash used in financing activities.

Current financial assets at fair value through profit or loss decreased by 34.9% or S\$19.6 million, from S\$56.2 million as at 31 December 2022 to S\$36.6 million as at 30 June 2023. The decrease was mainly due to disposal during the period.

Current debt investments (at amortised costs) accounted for approximately S\$2.0 billion, representing 74.0% of our current assets. This represented a decrease of approximately S\$261.6 million or 11.6% from our current debt investments (at amortised costs) of S\$2.3 billion as at the end of FY2022 which was mainly due to net repayment in 1H2023.

Our current trade and other receivables increased by approximately S\$104.6 million from approximately S\$26.7 million as at 31 December 2022 to approximately S\$131.3 million as at 30 June 2023, mainly due to increase in other receivables.

### **Non-current liabilities**

Our total liabilities stood at S\$295.6 million as at 30 June 2023. Our non-current liabilities represented approximately 78.3% of our total liabilities, which mainly include non-current lease liability arising from right of use assets for the Company's Singapore leased office space and deferred income tax liabilities as a result of undistributed dividend from a PRC subsidiary, which was a part of the spin-off process, and additional deferred tax liabilities in relation to undistributed profits of PRC subsidiaries.

### **Current liabilities**

Our current liabilities decreased by approximately S\$38.5 million or 37.6% from approximately S\$102.5 million as at 31 December 2022 to S\$64.0 million as at 30 June 2023, mainly due to decrease in trade and other payable and borrowings.

Other payables decreased by S\$11.4 million from S\$52.9 million as at 31 December 2022 to S\$41.5 million as at 30 June 2023, the increase was mainly due to release of cash collaterals following the redemption of the Group's debt investments.

Current derivative financial instruments of S\$1.8 million relates to the valuation of forex derivative and forward contracts the Group entered for the purpose of hedging forex risk of yield enhancement cash management products.

Borrowing of S\$0.4 million represents current portion of lease liability arising from right of use assets for the Company's Singapore leased office space.

### **Equity**

Total equity decreased slightly from S\$3.87 billion as at 31 December 2022 to S\$3.84 billion as at 30 June 2023. Total equity of our Company can be attributed to share capital, other reserves, currency translation reserves and retained earnings.

Share capital had decreased to approximately S\$3.74 billion from S\$3.86 billion because of the depreciation of our functional currency RMB against presentation currency SGD during the reporting period.

Treasury shares of S\$104.5 million represents 287,611,100 shares of the Company bought back by way of market acquisition, which are subsequently held as treasury shares. In 1H2023, the Company bought back a total of 41,000,000 company shares.

Other reserves increased by approximately 28.8% or S\$7.8 million from S\$27.0 million as at 31 December 2022 to S\$34.7 million as at 30 June 2023 due to an increase in statutory reserves.

Retained earnings increased by approximately 96.0% or S\$81.6 million from S\$85.0 million as at 31 December 2022 to S\$166.6 million as at 30 June 2023 mainly due to profit generated by the Group during the period, which was partially offset by dividend distribution in relation to FY2022 of S\$66.1 million.

## **REVIEW OF CASH FLOW STATEMENT**

A review of the liquidity and capital resources of our Group for 1H2023 is set out below:

### **Net cash used in operating activities**

In 1H2023, our Group recorded net cash used in operating activities of approximately S\$29.5 million, which was a result of a profit after income tax of S\$162.5 million and adjustments for items such as (i) fair value gain on financial assets of S\$34.5 million, (ii) share of loss from associated companies of S\$2.3 million, (iii) dividend income of S\$11.7 million, (iv) income tax expenses of S\$52.0 million, (v) depreciation of investment properties and property, plant and equipment of S\$0.8 million, (vi) net effect of exchange rate changes in consolidating foreign operations of S\$3.7 million, and (vii) working capital outflows of S\$145.0 million. Working capital inflows were due to the following:

- 1) an increase in trade and other receivables of S\$104.6 million;
- 2) an increase in debt investments (at amortised costs) of S\$30.6 million; and
- 3) a decrease in other payables of S\$9.8 million.

### **Net cash provided by/(used in) investing activities**

Net cash used in investing activities amounted to approximately S\$57.0 million in 1H2023 mainly due to (i) proceeds from sale of financial assets, at fair value through profit and loss of S\$133.2 million, (ii) dividend received of S\$11.7 million and (iii) return of capital by associated companies of S\$14.6 million. This was partially offset by (i) additions to investment in associated companies of S\$12.4 million, (ii) acquisition of financial assets, at fair value through profit or loss of S\$90.9 million.

### **Net cash (used in)/provided by financing activities**

Net cash used in financing activities amount to approximately S\$93.0 million, mainly due to (i) net repayment of loan and borrowings of S\$13.6 million, (ii) dividend paid for FY2022 of S\$66.1 million, (iii) share buyback of S\$13.2 million.

### **Cash and cash equivalents**

Due to the above and the effects of currency translation on cash and cash equivalents, there was a net decrease of approximately S\$84.2 million in our cash and cash equivalents, from approximately S\$620.7 million as at 31 December 2022 to S\$536.5 million as at 30 June 2023.

## **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.**

The Group would like to highlight that it has made good progress in tackling the Non-Performing Loans (“NPLs”) in its debt investment portfolio in China, due to effective recovery efforts in 1H2023. As of the end of 1H2023, the Group’s NPL ratio stood at 37%, down from 41% at the end of FY2022, despite the continuing headwinds in the real estate market in China. Moving forward, while the Group is cautiously optimistic about the recovery prospects of its remaining NPLs, it will continue to diligently monitor and pro-actively manage its loan book.



In addition, the Group remains focused on diversifying its assets under management (“AUM”) and gradually increasing its investments outside China over the next five years. As part of its key diversification strategy, the Group intends to progressively allocate 50% of its funds to investments beyond China over the long term. One key area of focus for the Group is the deployment of capital into its new maritime fund, Yangzijiang Maritime Private Equity Fund #2 (“Maritime Fund”). The Maritime Fund aims to achieve capital appreciation, as well as generate steady income and returns through investments in a variety of maritime assets that include both debt and equity projects. Given bright prospects, the fund’s target size has since been enlarged from the original US\$500 million to US\$600 million, of which US\$500 million has already been earmarked for investments into eco, modern, efficient, and highly marketable maritime assets. The Maritime Fund has closed a total of 12 deals, committed an amount of US\$173.8 million, and invested US\$109.3 million as at this writing. As of 30 June 2023, the Maritime Fund’s portfolio had achieved an internal rate of return (“IRR”) of 16.4% and a total return on equity of 17.7% since inception. The Group’s emphasis on its Maritime Fund is expected to continue for the remainder of 2023 and beyond.

The Group is also seeking to capitalise on the current high-interest rate environment by investing part of its cash reserve in cash and yield enhancement products offered in Singapore that are generating above-Fed-fund returns. This cash will be progressively deployed at an opportune time when good investment opportunities arise in the region. One such potential opportunity is in private credit assets in Asia, which is in line with the Group’s strategy to diversify into offshore investments outside China. The Asian private credit asset market is expected to remain robust due to the region’s secular growth trends, as well as the funding needs of Asian corporates, which are increasingly turning to alternative sources of funding beyond traditional bank loans and capital markets. The Group has recently entered into a strategic partnership with Singapore-based Tahan Capital Management Pte Ltd to jointly invest in and develop Singapore as an asset management hub for private credit in Asia. It has also set up a partnership with Singapore-based private market exchange ADDX to distribute its capital markets products, which will help broaden the Group’s investor reach and boost its AUM, further enhancing its diversification focus.

Amid still cloudy prospects overhanging China’s economy, and in particular, its property market, the Group remains cautious of its debt investment in China and will actively and progressively diversify its assets beyond China. We also believe that challenges come with opportunities, and with our strong financial position in a volatile market, we are ready to capitalise on investment opportunities when it arises.

## **10. 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.

**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**

None

**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 2023 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Ren Yuanlin  
Executive Chairman

Toe Teow Heng  
Executive Director and Chief Executive Officer

Singapore  
Date: 12 August 2023