



## **YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No. 200517636Z)

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

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR SIX-MONTH PERIOD ENDED 30 JUNE 2023**

## A. Condensed Consolidated Statement of Comprehensive Income

Note	The Group				
	1st Half Year				
	1H2023	% of	1H2022	+ / (-)%	
	RMB'000	Revenue	RMB'000	Variance	
<b>Continuing operations</b>					
Revenue	4	11,321,043	100%	9,741,127	16%
Cost of sales		(9,211,329)	-81%	(8,317,157)	11%
Gross profit		<u>2,109,714</u>	19%	<u>1,423,970</u>	48%
Other income					
- Interest		207,510	2%	150,021	38%
- Others		26,591	0%	12,033	121%
Other gains, net		157,717	1%	305,730	-48%
Expenses					
- Administrative					
- Impairment loss on financial assets - net		(47,875)	-0.4%	(90,677)	-47%
- Others		(270,482)	-2%	(278,557)	-3%
		<u>(318,357)</u>		<u>(369,234)</u>	
- Finance		(45,017)	0%	(52,275)	-14%
Share of results of associated companies and joint ventures <sup>#</sup>		50,206	0.4%	5,475	817%
Profit before income tax	5	<u>2,188,364</u>	19%	<u>1,475,720</u>	48%
Income tax expense	6	(463,859)	-4%	(306,529)	51%
<b>Profit from continuing operations</b>		<u><b>1,724,505</b></u>	15%	<u><b>1,169,191</b></u>	47%
<b>Discontinued operations</b>					
Profit from discontinued operations	7	-		194,576	-100%
<b>Total profit</b>		<u><b>1,724,505</b></u>		<u><b>1,363,767</b></u>	26%
<b>Profit attributable to:</b>					
Equity holders of the Company		1,725,996		1,365,203	26%
Non-controlling interests		(1,491)		(1,436)	4%
		<u><b>1,724,505</b></u>		<u><b>1,363,767</b></u>	
<b>Profit attributable to equity holders of the Company relates to:</b>					
Profit from continuing operations		1,725,996		1,170,627	47%
Profit from discontinued operations		-		194,576	-100%
		<u><b>1,725,996</b></u>		<u><b>1,365,203</b></u>	
<b>Earnings per share for profit from continuing and discontinued operations attributable to equity holders of the Company (expressed in RMB cents per share)</b>					
- Basic and diluted					
From continuing operations		43.69		29.76	
From discontinued operations		-		4.95	

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

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

	<b>The Group</b>		
	1st Half Year		
	<b>1H2023</b>	<b>1H2022</b>	<b>+ / (-)%</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>Variance</b>
<b>Profit for the year</b>	<b>1,724,505</b>	<b>1,363,767</b>	26%
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of associated companies and joint ventures			
- Currency translation gains	5,289	6,762	-22%
Currency translation gains/(losses) arising from consolidation			
- Currency translation gains	94,011	71,590	31%
- Reclassification	25,660	-	n.m.
Cash flow hedges			
- Fair value losses	(424,020)	(156,118)	172%
- Reclassification	148,753	107,547	38%
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Currency translation gains/(losses) arising from consolidation	7,013	3,021	132%
<b>Other comprehensive (losses)/gains, net of tax</b>	<b>(143,294)</b>	<b>32,802</b>	
<b>Total comprehensive income, net of tax</b>	<b>1,581,211</b>	<b>1,396,569</b>	13%
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	1,575,689	1,394,984	13%
Non-controlling interests	5,522	1,585	248%
	<b>1,581,211</b>	<b>1,396,569</b>	13%

n.m. denotes not meaningful.

## B. Condensed Consolidated Statement of Financial Position

		<u>The Group</u>	
		30 June	31 December
		2023	2022
Note	RMB'000	RMB'000	
<b>ASSETS</b>			
<b>Current assets</b>			
	Cash and cash equivalents	10,726,594	10,778,393
	Restricted cash	88	6,634
	Financial assets, at fair value through profit or loss	18,294	119,154
	Debt investments at amortised cost	-	1,575,780
9	Trade and other receivables	4,728,357	3,669,935
	Inventories	1,403,720	1,231,116
	Contract assets	5,996,144	5,595,675
	Derivative financial instruments	4,961	33,302
		<u>22,878,158</u>	<u>23,009,989</u>
<b>Non-current assets</b>			
	Financial assets, at fair value through profit or loss	27,300	27,300
9	Trade and other receivables	1,527,144	1,625,704
	Derivative financial instruments	-	137,218
	Investment in joint ventures	521,568	453,886
	Investments in associated companies	54,433	47,424
10	Investment property	2,132,336	-
11	Property, plant and equipment	7,047,069	7,277,768
	Intangible assets	28,876	25,842
	Deferred income tax assets	258,504	361,972
		<u>11,597,230</u>	<u>9,957,114</u>
	<b>Total assets</b>	<u>34,475,388</u>	<u>32,967,103</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
12	Trade and other payables	4,093,224	3,172,408
	Contract liabilities	4,743,021	5,597,040
	Derivative financial instruments	417,280	71,385
13	Borrowings	4,759,968	2,269,198
	Provisions	416,183	364,418
	Current income tax liabilities	609,831	782,271
		<u>15,039,507</u>	<u>12,256,720</u>
<b>Non-current liabilities</b>			
	Derivative financial instruments	75,893	71,752
13	Borrowings	298,000	2,298,342
	Deferred income tax liabilities	694,167	635,529
		<u>1,068,060</u>	<u>3,005,623</u>
	<b>Total liabilities</b>	<u>16,107,567</u>	<u>15,262,343</u>
	<b>NET ASSETS</b>	<u>18,367,821</u>	<u>17,704,760</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
	Share capital	7,361,990	7,361,990
	Treasury shares	(127,753)	(127,753)
	Other reserves	613,979	1,673,870
	Retained earnings	10,276,177	8,665,024
		<u>18,124,393</u>	<u>17,573,131</u>
	<b>Non-controlling interests</b>	243,428	131,629
	<b>Total equity</b>	<u>18,367,821</u>	<u>17,704,760</u>

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

<b>The Company</b>		
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
Note	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	64,842	14,242
Trade and other receivables	6,817,145	6,708,150
	<u>6,881,987</u>	<u>6,722,392</u>
<b>Non-current assets</b>		
Trade and other receivables	4,945,414	3,548,131
Investment in subsidiaries	7,926,193	7,226,917
Investment in joint ventures	309,327	266,150
Investments in associated companies	134,062	134,062
Property, plant and equipment	645	1,045
	<u>13,315,641</u>	<u>11,176,305</u>
<b>Total assets</b>	<u>20,197,628</u>	<u>17,898,697</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables	2,631,863	2,641,536
Borrowings	768	798
Current income tax liabilities	478	46
	<u>2,633,109</u>	<u>2,642,380</u>
<b>Non-current liabilities</b>		
Borrowings	-	342
	<u>-</u>	<u>342</u>
<b>Total liabilities</b>	<u>2,633,109</u>	<u>2,642,722</u>
<b>NET ASSETS</b>	<u>17,564,519</u>	<u>15,255,975</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	7,326,773	7,326,773
Treasury shares	(127,753)	(127,753)
Other reserves	180,637	180,637
Retained earnings	10,184,862	7,876,318
<b>Total equity</b>	<u>17,564,519</u>	<u>15,255,975</u>

## C. Condensed Consolidated Statement of Cash Flows

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	RMB '000	RMB '000
<b>Cash flows from operating activities</b>		
Net profit	1,724,505	1,363,767
Adjustments for:		
- Income tax expenses	463,859	388,194
- Depreciation on property, plant and equipment	241,016	267,110
- Depreciation of investment properties	-	868
- Amortisation of intangible assets	2,065	1,348
- Finance expenses	45,017	52,275
- Gain on:		
• Dissolution of subsidiaries	(1,066)	(41,136)
• Disposal of property, plant and equipment	(90,705)	(155)
- Fair value change on:		
• Derivative financial instruments	16,748	211,461
• Financial assets at fair value, through profit and loss	5,464	209,995
- Interest income	(207,510)	(150,317)
- Dividend income	(336)	(592)
- Share of (profits)/losses of associated companies and joint ventures	(50,206)	3,211
	<b>2,148,851</b>	<b>2,306,029</b>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	(172,604)	(210,120)
- Construction contract balances	(1,079,485)	(1,319,798)
- Trade and other receivables	(975,696)	(986,767)
- Trade and other payables	879,606	1,093,776
- Provisions	51,765	(124,276)
- Debt investments at amortised cost	1,575,780	904,539
- Restricted cash	6,546	(67,412)
Cash generated from operations	2,434,763	1,595,971
Interest paid	(45,017)	(48,494)
Interest received	207,510	150,317
Income tax paid	(427,375)	(451,506)
<b>Net cash provided by operating activities</b>	<b>2,169,881</b>	<b>1,246,288</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of property, plant and equipment	200,669	28,138
Proceeds from sales of financial assets, at fair value through profit and loss	95,396	155,371
Dividend received	336	592
Purchase of property, plant and equipment	(12,278)	(360,026)
Acquisition of subsidiaries, net of cash acquired	(2,053,761)	-
Acquisition of intangible assets	(5,099)	-
Acquisition of investment in associated companies	-	(209,000)
Additions of investments in joint ventures	(43,177)	-
Return of capital by associated companies	-	11,012
Return of capital by joint ventures	23,980	76,742
<b>Net cash used in investing activities</b>	<b>(1,793,934)</b>	<b>(297,171)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	-	(60,369)
Proceeds from borrowings	750,000	2,359,305
Repayments of borrowings	(259,200)	(1,518,151)
Principal payment of lease liabilities	(396)	-
Capital injection by non-controlling interest	124,654	-
Proceeds from issuance of convertible bond	-	234,660
Cash and cash equivalents of spin-off group at point of distribution	-	(4,307,763)
Dividends paid to equity holders	(1,024,427)	(969,988)
Dividend paid to non-controlling interests	(18,377)	(3,467)
<b>Net cash used in financing activities</b>	<b>(427,746)</b>	<b>(4,265,773)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(51,799)</b>	<b>(3,316,656)</b>
Cash and cash equivalents at the beginning of financial period	10,778,393	12,363,193
<b>Cash and cash equivalents at the end of financial period</b>	<b>10,726,594</b>	<b>9,046,537</b>

## D. Condensed Consolidated Statement of Changes in Equity

	<-----Attributable to equity holders of the Company----->									
	Share capital	Treasury shares	Statutory reserve	Other reserve	Hedging 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	RMB'000
<b>2023</b>										
<b>As at 31 December 2022</b>	7,361,990	(127,753)	4,624,921	(2,685,589)	(235,103)	(30,359)	8,665,024	17,573,131	131,629	17,704,760
Profit for the period	-	-	-	-	-	-	1,725,996	1,725,996	(1,491)	1,724,505
Other comprehensive (loss)/income for the period	-	-	-	-	(275,267)	124,960	-	(150,307)	7,013	(143,294)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	(275,267)	124,960	1,725,996	1,575,689	5,522	1,581,211
Transfer <sup>(1)</sup>	-	-	(909,584)	-	-	-	909,584	-	-	-
Dividends <sup>(2)</sup>	-	-	-	-	-	-	(1,024,427)	(1,024,427)	(18,377)	(1,042,804)
Capital injection by non-controlling interest <sup>(3)</sup>	-	-	-	-	-	-	-	-	124,654	124,654
<b>Total transactions with owners, recognised directly in equity</b>	-	-	(909,584)	-	-	-	(114,843)	(1,024,427)	106,277	(918,150)
<b>As at 30 June 2023</b>	<b>7,361,990</b>	<b>(127,753)</b>	<b>3,715,337</b>	<b>(2,685,589)</b>	<b>(510,370)</b>	<b>94,601</b>	<b>10,276,177</b>	<b>18,124,393</b>	<b>243,428</b>	<b>18,367,821</b>



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

	<-----Attributable to equity holders of the Company----->									
	<u>Share</u>	<u>Treasury</u>	<u>Statutory</u>	<u>Other</u>	<u>Hedging</u>	<u>Currency</u>	<u>Retained</u>	<u>Total</u>	<u>Non-controlling</u>	<u>Total</u>
	<u>capital</u>	<u>shares</u>	<u>reserve</u>	<u>reserve</u>	<u>reserve</u>	<u>translation</u>	<u>earnings</u>	<u>interest</u>	<u>equity</u>	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2022</b>										
<b>As at 31 December 2021</b>	7,361,990	(269,582)	4,637,147	(2,477,682)	-	(143,763)	26,815,306	35,923,416	138,149	36,061,565
Profit for the period	-	-	-	-	-	-	1,365,203	1,365,203	(1,436)	1,363,767
Other comprehensive (loss)/income for the period	-	-	-	-	(48,571)	78,352	-	29,781	3,021	32,802
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	(48,571)	78,352	1,365,203	1,394,984	1,585	1,396,569
Transfer	-	-	33,925	-	-	-	(33,925)	-	-	-
Purchase of treasury shares	-	(60,369)	-	-	-	-	-	(60,369)	-	(60,369)
Treasury shares re-issued	-	202,198	-	32,462	-	-	-	234,660	-	234,660
Dividends	-	-	-	-	-	-	(969,988)	(969,988)	(3,467)	(973,455)
Dividend in specie	-	-	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Disposal of subsidiaries as part of spin-off	-	-	(78,380)	-	-	-	78,380	-	-	-
Acquisition of the non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	-	141,829	(44,455)	32,462	-	-	(20,925,533)	(20,795,697)	(3,467)	(20,799,164)
<b>As at 30 June 2022</b>	<b>7,361,990</b>	<b>(127,753)</b>	<b>4,592,692</b>	<b>(2,445,220)</b>	<b>(48,571)</b>	<b>(65,411)</b>	<b>7,254,976</b>	<b>16,522,703</b>	<b>136,267</b>	<b>16,658,970</b>

**Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries**  
Condensed Interim Financial Statements and Dividend Announcement  
For six-month period ended 30 June 2023

**THE COMPANY**

	Attributable to equity holders of the Company				
	Share capital RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>Balance as at 31 December 2022</b>	7,326,773	(127,753)	180,637	7,876,318	15,255,975
Dividend relating to 2022 paid <sup>(2)</sup>	-	-	-	(1,024,427)	(1,024,427)
Total comprehensive income	-	-	-	3,332,971	3,332,971
<b>Balance as at 30 June 2023</b>	<b>7,326,773</b>	<b>(127,753)</b>	<b>180,637</b>	<b>10,184,862</b>	<b>17,564,519</b>
<b>Balance as at 31 December 2021</b>	7,326,773	(269,582)	148,175	5,317,142	12,522,508
Purchase of treasury shares	-	(60,369)	-	-	(60,369)
Dividend relating to 2021 paid	-	-	-	(969,988)	(969,988)
Dividend relating to spin-off	-	-	-	(20,000,000)	(20,000,000)
Treasury shares re-issued	-	202,198	32,462	-	234,660
Total comprehensive income	-	-	-	19,913,389	19,913,389
<b>Balance as at 30 June 2022</b>	<b>7,326,773</b>	<b>(127,753)</b>	<b>180,637</b>	<b>4,260,543</b>	<b>11,640,200</b>

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the PRC where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.
- (2) The RMB1,024 million represents the final dividend of 5.0 Singapore cents per ordinary share in respect of the financial year ended 31 December 2022. The Company paid the dividend on 25 May 2023. The RMB18 million represents dividend paid to non-controlling shareholders of Yangzijiang Taihua Shipping Pte. Ltd., and Yangzijiang Express Shipping Pte. Ltd., both 49.48%-owned subsidiaries of the Group.
- (3) In April 2023, the non-controlling shareholders of Yangzijiang Realty Pte. Ltd. (the 81%-owned subsidiary of the Group) injected capital of RMB125 million.

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

### **1. Corporate information**

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

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

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

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

The condensed interim financial statements as at and for the six-month period ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) 1-34 Interim Financial Reporting (SFRS(I) 1-34) issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new or amended standards effective as of 1 January 2023 and the accounting for investment property 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 or amended standards and investment property accounting adopted by the Group**

The Group adopted the new or amended SFRS(I)s that are effective for annual periods beginning on or after 1 January 2023. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

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

- Amendments to:
  - SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Noncurrent)
  - SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)
  - SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
  - SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

During the financial period ended 30 June 2023, through the acquisition of 39 Robinson Road Pte. Ltd. ("39 Robinson"), the Group acquired a commercial property in Singapore, which is accounted for as an investment property held at fair value as of 30 June 2023.

#### *Investment property*

Investment property includes a commercial building that is held for long-term rental yields and/or for capital appreciation and are not substantially occupied by the Group.

Investment property is initially recognised at cost and subsequently carried at fair value, determined by independent professional valuer at least once a year, on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

## **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 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.

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

Other segments include terminal services, trading, ship design services, and investment property. 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".

Information regarding the Group's reportable segments is presented in the following table.

#### 4.1 Continuing reportable segments

	<u>Shipbuilding</u> RMB'000	<u>Shipping</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
<b>The Group</b>				
<b>1 January 2023 to 30 June 2023</b>				
<b>Segment revenue</b>	<b>10,659,105</b>	<b>532,444</b>	<b>129,494</b>	<b>11,321,043</b>
<b>Segment result</b>	<b>1,702,524</b>	<b>336,090</b>	<b>(38,568)</b>	<b>2,000,046</b>
<i>Included within segment result:</i>				
Finance expenses	(43,616)	-	(1,382)	(44,998)
Fair value loss on				
· Derivatives financial instruments	(16,748)	-	-	(16,748)
· Financial assets, at fair value through profit or loss	-	-	(5,464)	(5,464)
Impairment loss on:				
· Debt investments at amortised cost	-	-	(65,878)	(65,878)
Depreciation of property, plant and equipment	(165,026)	(66,550)	(9,440)	(241,016)
Dividend income	-	-	336	336
Share of profits of associated companies	1,806	-	-	1,806
Share of profits of joint venture	48,400	-	-	48,400
Sales of bunker stock	-	5,218	-	5,218
Bad debt recovery	14,150	-	3,853	18,003
(Loss)/gain on disposal of:				
· Property, plant and equipment	(8,316)	99,021	-	90,705
Business tax on interest income from debt investments at amortised cost	-	-	(841)	(841)
Interest income - finance lease	-	63,001	-	63,001
<b>Segment assets</b>	<b>25,449,051</b>	<b>5,431,602</b>	<b>3,336,231</b>	<b>34,216,884</b>
<i>Segment assets includes:</i>				
Investment in associated companies	48,511	-	5,922	54,433
Investments in joint ventures	521,568	-	-	521,568
Additions to property, plant and equipment	8,602	-	3,675	12,277
<b>Segment liabilities</b>	<b>(14,572,519)</b>	<b>(121,235)</b>	<b>(109,815)</b>	<b>(14,803,569)</b>

**Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries**  
Condensed Interim Financial Statements and Dividend Announcement  
For six-month period ended 30 June 2023

	<u>Shipbuilding</u> RMB'000	<u>Shipping</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
<b><u>The Group</u></b>				
<b>1 January 2022 to 30 June 2022</b>				
<b>Segment revenue</b>	<b>8,521,106</b>	<b>560,947</b>	<b>659,074</b>	<b>9,741,127</b>
<b>Segment result</b>	<b>643,292</b>	<b>288,615</b>	<b>(69,981)</b>	<b>861,926</b>
<i>Included within segment result:</i>				
Finance expenses	(38,693)	(4,258)	(1,813)	(44,764)
Fair value gain on				
· Derivatives financial instruments	(211,461)	-	-	(211,461)
· Financial assets, at fair value through profit or loss	-	-	(72,541)	(72,541)
(Impairment loss)/ reversal of impairment loss on:				
· Debt investments at amortised cost	-	-	(106,007)	(106,007)
· Reversal of provision for onerous contracts - net	123,245	-	-	123,245
Depreciation of property, plant and equipment	(190,826)	(70,514)	(5,506)	(266,846)
Dividend income	-	-	592	592
Share of profits of associated companies	3,564	-	-	3,564
Share of profits of joint venture	1,911	-	-	1,911
Sales of bunker stock	-	9,053	-	9,053
Bad debt written off	13,327	-	2,003	15,330
(Loss)/gain on disposal of:				
· Property, plant and equipment	(195)	350	-	155
Business tax on interest income from debt investments at amortised cost	-	-	(4,974)	(4,974)
Interest income - finance lease	-	57,387	-	57,387
<b>Segment assets</b>	<b>23,791,235</b>	<b>3,945,912</b>	<b>3,334,047</b>	<b>31,071,194</b>
<i>Segment assets includes:</i>				
Investment in associated companies	37,978	-	5,964	43,942
Investments in joint ventures	447,924	-	-	447,924
Additions to property, plant and equipment	67,770	522,389	1,808	591,967
<b>Segment liabilities</b>	<b>(10,945,233)</b>	<b>(582,619)</b>	<b>(1,208,452)</b>	<b>(12,736,304)</b>

Sales between segments are carried out at market terms.

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

(a) Reconciliation

(i) Segment profits

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

	<b>1H2023</b>	<b>1H2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment results for reportable segments	2,038,614	931,907
Segment results for other segments	(38,568)	(69,981)
Unallocated:		
Other income	165,546	95,022
Other gains - net	89,224	589,577
Administrative expenses	(66,433)	(63,294)
Finance expenses	(19)	(7,511)
<b>Profit before tax</b>	<b>2,188,364</b>	<b>1,475,720</b>

(ii) Segment assets

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

	<b>As at 30 Jun</b>	<b>As at 31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment assets for reportable segments	30,880,653	29,932,075
Other segment assets	3,336,231	2,673,056
Unallocated:		
Deferred income tax assets	258,504	361,972
<b>Total assets</b>	<b>34,475,388</b>	<b>32,967,103</b>

(iii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	<b>As at 30 Jun</b>	<b>As at 31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment liabilities for reportable segments	(14,693,754)	(13,733,378)
Other segment liabilities	(109,815)	(111,165)
Unallocated:		
Current income tax liabilities	(609,831)	(782,271)
Deferred income tax liabilities	(694,167)	(635,529)
<b>Total liabilities</b>	<b>(16,107,567)</b>	<b>(15,262,343)</b>

## 4.2 Disaggregation of Revenue

### (a) Disaggregation of Revenue

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

	At a point <u>in time</u> RMB'000	<u>Over time</u> RMB'000	<u>Total</u> RMB'000
<u>The Group</u>			
<b>1H2023</b>			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	10,522,890	10,522,890
- Sale of completed vessels	136,215	-	136,215
<i>Shipping segment</i>			
Charter hire income	-	532,444	532,444
<i>Others segment</i>			
Rendering of ship design services	11,165	-	11,165
Sale of goods - materials and others	68,605	-	68,605
Interest income from debt investments at amortised cost	14,850	-	14,850
Others	34,874	-	34,874
Total revenue	<b>265,709</b>	<b>11,055,334</b>	<b>11,321,043</b>

	At a point <u>in time</u> RMB'000	<u>Over time</u> RMB'000	<u>Total</u> RMB'000
<u>The Group</u>			
<b>1H2022</b>			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	8,128,382	8,128,382
- Sale of completed vessels	392,724	-	392,724
<i>Shipping segment</i>			
Charter hire income	-	560,947	560,947
<i>Others segment</i>			
Rendering of ship design services	5,242	-	5,242
Sale of goods - materials and others	545,830	-	545,830
Interest income from debt investments at amortised cost	78,763	-	78,763
Others	29,239	-	29,239
Total revenue	<b>1,051,798</b>	<b>8,689,329</b>	<b>9,741,127</b>



**(b) Revenue from major products**

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

	<b>1H2023</b> <b>RMB'000</b>	<b>1H2022</b> <b>RMB'000</b>
Construction of container ships	10,458,807	7,542,214
Construction of multiple purpose cargo ships	64,083	340,220
Construction of chemical tanker	-	72,654
Construction of LNG vessels	-	173,294
Sales of other completed vessels	136,215	392,724
Interest income from debt investments at amortised cost	14,850	78,763
Charter hire income	532,444	560,947
Rendering of ship design services	11,165	5,242
Sale of goods – materials and others	68,605	545,830
Others	34,874	29,239
	<b>11,321,043</b>	<b>9,741,127</b>

**(c) Geographical information**

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

	<b>1H2023</b> <b>RMB'000</b>	<b>1H2022</b> <b>RMB'000</b>
Greater China	2,319,645	5,247,231
Canada	7,042,935	2,906,737
Japan	1,200,278	734,958
Bulgaria	64,083	237,050
Other European countries	265,608	152,065
Other Asian countries	428,494	463,086
	<b>11,321,043</b>	<b>9,741,127</b>

Revenues of approximately RMB8,281,786,000 (1H2022: RMB4,456,384,000) are derived from three (1H2022: three) major customers. These revenues are attributable to the shipbuilding segment.

## 5.1 Profit before income tax

	<b>1H2023</b>	<b>1H2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
After charging:		
Depreciation and amortization	243,081	268,194
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	45,017	52,275
Fair value loss on financial assets, at fair value through profit or loss	5,464	72,541
Fair value loss on derivative financial instruments	16,748	211,461
Foreign exchange related loss/(gain), net	20,937	(466,376)
Impairment loss on debt investment at amortised costs	65,878	106,007
After crediting:		
Gain from dissolution of subsidiaries	1,066	41,136
Gain from disposal of property, plant and equipment	90,705	155
Bad debt recovery	18,003	15,330
Interest income	207,510	150,021
Subsidy income	94,096	77,817
Dividend income	336	592
Reversal of allowance for losses recognised on onerous contracts, net of utilisation	-	123,245

## 5.2 Related party transactions

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

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of goods to a joint venture	<b>2,083</b>	77,567
Provision of services to a joint venture	<b>17,212</b>	13,361
Rental income from a joint venture	<b>47,435</b>	34,362
Loan to an associated company	<b>27,000</b>	6,000
Purchase of materials from other related parties	-	28,888

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

## 6. Income taxes

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

	<u>The Group</u>	
	<b>1H2023</b>	1H2022
	<b>RMB'000</b>	RMB'000
Current year		
- Current income tax	<b>301,753</b>	452,866
- Deferred income tax	<b>162,106</b>	(64,672)
	<b>463,859</b>	388,194
	<hr/>	<hr/>
Tax expense is attributable to:		
- continuing operations	<b>463,859</b>	306,529
- discontinued operations	-	81,665
	<b>463,859</b>	388,194
	<hr/>	<hr/>

## 7. Discontinued operations

The results of the discontinued operations are as follows:

	<u>The Group</u>	
	<b>1H2023</b>	1H2022
	<b>RMB'000</b>	RMB'000
Revenue	-	440,922
Cost of sales	-	(27,548)
Other income	-	779
Other losses, net	-	(136,836)
Expenses		
-Reversal of impairment loss on financial assets - net	-	16,115
-Others	-	(8,505)
Share of results of associated companies and joint ventures	-	(8,686)
<b>Profit before tax from discontinued operations</b>	-	276,241
Income tax expense	-	(81,665)
<b>Profit after tax from discontinued operations</b>	-	194,576
	<hr/>	<hr/>

## 8. Dividends

	<u>The Group</u>	
	<b>1H2023</b>	1H2022
	<b>RMB'000</b>	RMB'000
<i>Ordinary dividends</i>		
Final exempt dividend paid in respect of the previous financial year of SGD5.0 cents (2022: SGD5.0 cents) per share	<b>1,024,427</b>	969,988
	<hr/>	<hr/>

## 9. Trade and other receivables

	<u>The Group</u>	
	30 June 2023	31 December 2022
	RMB'000	RMB'000
<b>Current</b>		
Finance lease receivables	193,495	157,587
Trade receivables	937,105	1,144,706
Other receivables	172,705	116,245
Other assets	48,186	124,335
Prepayments	3,376,866	2,127,062
	<b>4,728,357</b>	<b>3,669,935</b>
<b>Non-current</b>		
Finance lease receivables	1,444,539	1,535,218
Prepayments	82,605	90,486
	<b>1,527,144</b>	<b>1,625,704</b>

## 10. Investment property

During the six months ended 30 June 2023, the Group acquired an investment property, with a value of RMB2,132 million as at 30 June 2023.

## 11. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to RMB12 million (30 June 2022: RMB592 million) and disposed of assets amounting to RMB93 million (30 June 2022: RMB38 million).

## 12. Trade and other payables

	<u>The Group</u>	
	30 June 2023	31 December 2022
	RMB'000	RMB'000
<b>Current</b>		
Trade payables	2,613,248	1,698,712
Other payables	1,217,561	1,187,103
Other operating accruals	104,933	129,111
Deferred compensation income	157,482	157,482
	<b>4,093,224</b>	<b>3,172,408</b>

### 13. Borrowings

	<u>The Group</u>	
	<b>30 June 2023</b>	31 December 2022
	<b>RMB'000</b>	RMB'000
<b>Current</b>		
Bank borrowings (secured)	9,200	18,400
Bank borrowings (unsecured)	4,750,000	2,250,000
Lease liabilities	768	798
	<b>4,759,968</b>	<b>2,269,198</b>
<b>Non-current</b>		
Bank borrowings (secured)	48,000	48,000
Bank borrowings (unsecured)	250,000	2,250,000
Lease liabilities	-	342
	<b>298,000</b>	<b>2,298,342</b>
	<b>5,057,968</b>	<b>4,567,540</b>

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

### 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).

<u>The Group</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>30 June 2023</b>				
<b>Assets</b>				
Investment property	-	-	2,132,336	2,132,336
Financial assets, at fair value through profit or loss	-	-	45,594	45,594
Derivative financial instruments	-	4,961	-	4,961
<b>Liabilities</b>				
Derivative financial instruments	-	(493,173)	-	(493,173)
<b>31 December 2022</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	100,860	-	45,594	146,454
Derivative financial instruments	-	170,520	-	170,520
<b>Liabilities</b>				
Derivative financial instruments	-	(143,137)	-	(143,137)

## Other Information Required by Listing Rule Appendix 7.2

**1. Review**

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

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

There were no outstanding convertible securities as of 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	23,488	0.59%	23,488	0.59%
Issued shares excluding treasury shares	3,950,589	99.41%	3,950,589	99.41%
<b>Total number of shares</b>	<b><u>3,974,077</u></b>	<b>100%</b>	<b><u>3,974,077</u></b>	<b>100%</b>

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

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

	Number of Shares ('000)	RMB '000
Total number of treasury shares		
Balance as at 1 January 2023	23,488	127,753
Repurchased during 2023	-	-
Treasury shares re-issued	-	-
<b>Balance as at 30 June 2023</b>	<b><u>23,488</u></b>	<b><u>127,753</u></b>

## 6. Net Asset Value

	The Group		The Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	458.78	444.82	444.61	386.17

The Group's and the Company's net assets value per ordinary share as of 30 June 2023 and 31 December 2022 have been computed based on the share capital of 3,950,589,220 shares and 3,950,589,220 shares respectively.

## 7. Earnings per share

	The Group	
	1H2023	1H2022
(a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS	43.69	34.71
- From continuing operations	43.69	29.76
- From discontinued operations	-	4.95
Weighted average number of Ordinary shares	3,950,589,220	3,933,458,144
(b) On fully diluted basis (RMB cents)	43.69	34.71

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 of 30 June 2023 and 30 June 2022 as the Company has no potential dilutive ordinary shares.

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

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

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

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



## Income statement review

Continuing operations	1H2023		1H2022	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	10,659,105	100%	8,521,106	100%
Cost	(8,771,091)	-82%	(7,431,004)	-87%
Margin	<b>1,888,014</b>	<b>18%</b>	<b>1,090,102</b>	<b>13%</b>
Shipping				
Turnover	532,444	100%	560,947	100%
Cost	(352,531)	-66%	(334,864)	-60%
Margin	<b>179,913</b>	<b>34%</b>	<b>226,083</b>	<b>40%</b>
Others				
Turnover	129,494	100%	659,074	100%
Cost	(87,707)	-68%	(551,289)	-84%
Margin	<b>41,787</b>	<b>32%</b>	<b>107,785</b>	<b>16%</b>

### Revenue

In 1H2023, a total of 31 vessels were delivered, with 6 of them being from the joint venture ("Yangzi-Mitsui"). This is in comparison to the 35 vessels delivered in 1H2022, with 8 from the joint venture. During this period, the Group's shipbuilding revenue witnessed a substantial increase, reaching RMB10,659 million, as opposed to RMB8,521 million in 1H2022. This growth was driven by heightened progressive construction activities.

The revenue contribution from the shipping business experienced a 5% decrease, amounting to RMB532 million. This decline can be attributed to reduced charter rates during the same period.

The Group is involved in various other businesses, such as terminal services, trading, ship design services, investment property and investments retained post-spin-off. The revenue generated by these other businesses decreased from RMB659 million in 1H2022 to RMB129 million in 1H2023, primarily due to a decrease in the volume of trading business.

### Operating cost

As a result of the increased revenue from the shipbuilding business in 1H2023, the cost of sales also rose to RMB8,771 million, compared to RMB7,431 million in 1H2022. There was no allowance (or reversal of allowance) for losses recognised on onerous contracts in 1H2023.

The operating costs for the shipping business segment were higher than the costs incurred during the same period last year. This increase can be attributed to the expansion of the charter fleet size in the last year, leading to higher operating expenses during the current period.

### Gross Profit

In 1H2023, the Group's shipbuilding business showed an increase in gross profit margin, rising from 13% in the same period of 2022 to 18% in 1H2023. This improvement can be mainly attributed to the depreciation of the RMB against the USD and reduced material costs incurred during the period.

The shipping business segment recorded a gross profit margin of 34% in 1H2023, representing a 6% decrease from the 40% margin achieved in 1H2022. This decline in gross profit margin can be attributed to reduced charter rates for bulk carriers during the period.

Other businesses, such as terminal services, trading, ship design services, investment property and investments retained post-spin-off, demonstrated an improvement in gross profit margin. In 1H2023, their margin reached 32%, from the 16% margin attained in 1H2022. This improvement can be attributed to a strategic reduction in low-margin trading business activities during the period. In 1H2023, the net interest income generated from investments retained post-spin-off was RMB 14 million, a decrease from RMB 74 million in 1H2022.

### Other income

The "Other income" category primarily comprises interest income from bank deposits, interest income from ship finance leases, and income from the sale of bunker stock.

In 1H2023, interest income experienced growth, rising from RMB150 million in 1H2022 to RMB208 million. This increase was primarily driven by higher interest income from bank deposits, resulting from a rise in cash and cash equivalents held by the Group during the same period.

### Other gains - net

The category of "Other gains - net" encompasses several components, including foreign exchange-related gains/losses, fair value changes on derivative financial instruments and financial assets at fair value through profit or loss, gain on disposal of property, plant, and equipment as well as subsidy income.

In 1H2023, the company reported total other gains amounting to RMB158 million, compared to RMB306 million in 1H2022. These net gains were primarily attributed to the subsidy income of RMB94 million and gain of RMB91 million from the disposal of property, plant, and equipment, mainly arising from the disposal of two vessels during the period. These positive impacts were partly offset by foreign exchange-related losses of RMB21 million, a fair value loss of RMB17 million on derivative financial instruments, and a fair value loss of RMB5 million on financial assets at fair value through profit or loss.

### Expenses

In 1H2023, the total administrative expenses decreased to RMB318 million from RMB369 million in 1H2022. The Group recorded a lower impairment loss on financial assets, amounting to RMB48 million in 1H2023, compared to RMB91 million in 1H2022. There was a slight reduction in other administrative costs, which decreased from RMB279 million in 1H2022 to RMB270 million in 1H2023.

In 1H2023, the finance cost decreased to RMB45 million from RMB52 million in 1H2022. This decline is attributed to the Group's lower bank borrowing and lower borrowing costs during the same period.

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

The "Share of results of associated companies and joint ventures" represents the portion of results attributed to the Group's associated companies and joint ventures. In 1H2023, the share of profits from associated companies and joint ventures amounted to RMB50 million. This amount primarily comprises the share of profit from Yangzi-Mitsui Shipbuilding Co., Ltd. ("Yangzi-Mitsui"), which is the joint venture established by the Group in partnership with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd. ("Mitsui").

### Corporate Income Tax

In 1H2023, the Group's effective tax rate stood at 21.2%, which was slightly higher than the 20.8% in 1H2022. The main reason for the higher effective tax rate in 1H2023 was the decrease in shipping business profits generated outside mainland China during the same period. These profits were subject to a lower income tax rate than the standard 25% rate in mainland China. As a result, the overall tax rate for the Group was slightly higher in 1H2023.

## **Statements of Financial Position Review**

### Assets

As of 30 June 2023, the Group's cash and cash equivalents decreased to RMB10,727 million from RMB10,778 million as of 31 December 2022. This decrease was primarily due to the cash outflow related to the acquisition of 39 Robinson Road Pte. Ltd. ("39 Robinson").

The investment in financial assets, at fair value through profit or loss, decreased to RMB46 million from RMB146 million as of 31 December 2022. This decrease was mainly a result of the disposal of RMB100 million.

The balance of debt investments at amortized costs decreased to zero as of 30 June 2023 from RMB 1,576 million as of 31 December 2022, as these investments were redeemed or disposed during the period. The loss allowance for debt investment at amortised costs decreased to zero as of 30 June 2023 from RMB1,155 million as of 31 December 2022, the movement being the loss allowance of RMB66 million recognised in profit and loss and utilisation of RMB1,221 million during the period.

Current trade and other receivables increased from RMB3,670 million as of 31 December 2022 to RMB4,728 million as of 30 June 2023. This increase was mainly due to an increase in prepayment to suppliers, which aligns with the higher volume of shipbuilding business.

Inventory increased to RMB1,404 million as of 30 June 2023 from RMB1,231 million as of 31 December 2022. The increase was mainly attributed to the increased amount of raw materials required for the increased shipbuilding activities.

Contract assets increased to RMB5,996 million as of 30 June 2023 from RMB5,596 million as of 31 December 2022, as more shipbuilding contracts commenced construction during the period.

Non-current trade and other receivables decreased to RMB1,527 million as of 30 June 2023 from RMB1,626 million as of 31 December 2022. The decrease was mainly due to a reduction in non-current finance lease receivables.

The current and non-current derivative financial assets of RMB5 million as of 30 June 2023 mainly represented the fair values of USD/CNY forward contracts with positive valuation. These contracts were entered by the Group to manage its currency exposure to future USD-denominated receipts from the shipbuilding business. The movement from RMB171 million as of 31 December 2022 was the fair value movement during the period.

Investment property increased from nil as of 31 December 2022 to RMB2,132 million as of 30 June 2023. This increase was a result of the acquisition of a commercial building located in Singapore, acquired through the acquisition of 39 Robinson.

Investment in joint ventures, primarily related to Yangzi-Mitsui, increased from RMB454 million as of 31 December 2022 to RMB522 million as of 30 June 2023. This increase was mainly attributed to the acquisition of additional equity interest of Yangzi-Mitsui for RMB43 million and a share of profits amounting to RMB48 million, partially offset by a return of capital of RMB24 million.

Property, plant, and equipment decreased from RMB7,278 million as of 31 December 2022 to RMB7,047 million as of 30 June 2023. This decrease was primarily due to depreciation and the disposal of two vessels during the year.

#### Liabilities

As of 30 June 2023, current trade and other payables increased to RMB4,093 million from RMB3,172 million as of 31 December 2022. This increase was primarily due to higher trade payables to suppliers, which aligns with the higher volume of shipbuilding business.

The current and non-current derivative financial liabilities amounted to RMB493 million as of 30 June 2023, mainly representing the fair values of USD/CNY forward contracts with negative valuation. These contracts were entered by the Group to manage its currency exposure to future USD-denominated receipts from the shipbuilding business. The movement from RMB143 million as of 31 December 2022 was the result of the fair value movement during the period.

As more shipbuilding contracts commenced construction, contract liabilities as of 30 June 2023 decreased to RMB4,743 million from RMB5,597 million as of 31 December 2022.

The Group's borrowings, represented by its secured and unsecured borrowings, amounted to RMB5,058 million as of 30 June 2023, slightly higher than RMB4,568 million as of 31 December 2022. This movement was due to the net addition of bank borrowing during the period.

Provisions increased from RMB364 million as of 31 December 2022 to RMB416 million as at 30 June 2023, primarily due to warranty provisions for more delivered vessels.

#### Equity

The increase in "Total equity attributable to equity holders" to RMB18,124 million as of 30 June 2023 from RMB17,573 million as of 31 December 2022 was primarily driven by the profits earned during the period. The increase was partially offset by FY2022 dividend payment during the same period.

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

The decrease in cash and cash equivalents from RMB10,778 million as of 31 December 2022 to RMB10,727 million as of 30 June 2023 was primarily attributed the cash outflows related to the acquisition of the subsidiary, 39 Robinson and cash outflows for the FY2022 dividend payment. These reductions in cash were partly offset by net cash provided by operating activities and net proceeds from borrowings during the same period.

The net cash used in investing activities of RMB1,794 million mainly consisted of RMB2,054 million used for the acquisition of the subsidiary, 39 Robinson and RMB43 million for additional investment in the joint venture, Yangzi-Mitsui. These cash outflows were partially offset by proceeds of RMB200 million from the sales of property, plant, and equipment and proceeds of RMB95 million from sales of financial assets, at fair value through profit and loss.

The net cash used in financing activities of RMB428 million mainly included cash outflows of RMB1,024 million for the FY2022 dividend payment to equity holders. This was partially offset by a net addition to borrowings amounting to RMB491 million and a capital injection by non-controlling interests of RMB125 million. The company's liquidity remained at a healthy level, as evidenced by a current ratio of 1.52 as of 30 June 2023.

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

Not applicable.

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

**Macro Outlook**

Market sentiment remains subdued as the global economy faces headwinds such as geopolitical tensions, and sluggish manufacturing recovery. Meanwhile, China continues to face challenges in its economic rebound due to slowing growth momentum and weakening consumer confidence. China's Q2 GDP growth was 0.8% quarter-on-quarter, down from the 2.2% growth in Q1.<sup>1</sup>

**Shipbuilding Industry**

For the period under review, maritime decarbonisation regulations continued to be the key driver for new-build orders. Cumulative shipbuilding orders have reached a significant milestone of USD 48.8 billion for 678 vessels, with 44% being alternative-fuelled, up from 38% in 1H2022.<sup>2</sup>

On 7 July 2023, the International Maritime Organisation ("IMO") adopted the 2023 IMO Strategy on Reduction of Greenhouse Gas ("GHG") Emissions from Ships, setting ambitious targets for emissions reduction and promoting zero or net-zero GHG emission technologies.<sup>3</sup> This regulatory push is expected to accelerate fleet decarbonisation efforts, particularly among container shipowners, due to their strong financial positions and the onset of the next fleet replacement cycle.

On the supply side, shipyard capacity across the industry continues to be constrained with most top-tier yards operating at full capacity until at least 2026. The duo factor of increased demand and limited supply is expected to keep new-build prices on the upper limit.<sup>4</sup>

**Shipping Industry**

Amidst global economic uncertainties, shipping rates have shown significant volatility over the last six months. These fluctuations were depicted by the movement in the Baltic Exchange Dry Index, which swung from a low of 530 on 16 February 2023 to a high of 1,640 on 10 May 2023, subsequently settling at 1,091 on 30 June 2023.<sup>5</sup>

In the first quarter of 2023, the Group successfully renewed all of its expiring dry bulk shipping contracts on shorter-term bases - a tactical decision given the present market volatility. The timely renewals and cost-effective fleet maintenance strategy resulted in the generation of healthy cash flows during the period under review.

According to a report by ING, the global shipping market could potentially enter a stronger second half of 2023 premised on recovery in consumer spending and normalization of spending patterns, reduced inventories, and wage growth.<sup>6</sup>

**Summary**

On the back of a shipbuilding upcycle driven by the decarbonization push, Yangzijiang secured new orders totalling USD 5.76 billion for 72 vessels in 1H2023. The Group ended the period with an all-time high outstanding order book of USD 14.70 billion for 181 vessels, with clean energy vessel orders making up 56% of the total value.

With increased clarity from the IMO on the industry's green transition, we will be strengthening our green technology capabilities as we compete at the forefront of the industry. We are seen committing to various initiatives, the Group will further build on our Research and Development capabilities through targeted recruitment and greater investment to enable Yangzijiang to continue our growth trajectory in clean energy vessels.

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<sup>1</sup> National Bureau of Statistics of China

<sup>2</sup> Clarksons Research, 6 July 2023

<sup>3</sup> International Maritime Organisation: 2023 IMO Strategy on Reduction of GHG Emissions from Ships, 7 July 2023

<sup>4</sup> Intermodal: Shipbuilding Weekly Report, 11 July 2023

<sup>5</sup> Baltic Exchange Dry Index

<sup>6</sup> ING: Global Shipping Outlook: It's all about capacity as the tide turns, 28 June 2023

**12. Dividend**

**a) Current Financial Period Reported On**

None.

**b) Corresponding Period of the Immediately Preceding Financial Year**

None.

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

Not applicable.

**d) Date payable**

Not applicable.

**e) Books closure date**

Not applicable.

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

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

**14. Interested Person Transactions**

None.

**15. Confirmation pursuant to Rule 720 (1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

**16. 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 Letian  
Executive Chairman and Chief Executive Officer

Chen Timothy Teck-Leng  
Lead Independent Director

Singapore  
Date: 3 August 2023