

## Supplemental Listing Document

If you are in any doubt about this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser. The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of Macquarie Bank Limited, the Company (defined below) or the Warrants.

**Non-collateralised warrants**  
**22,000,000 European Style Cash Settled Put Warrants**  
**relating to the ordinary shares of Yangzijiang Shipbuilding (Holdings) Ltd.**  
**issued by**



**Macquarie Bank Limited**  
(ABN 46 008 583 542)  
(Incorporated under the laws of Australia)

---

**Issue Price: SGD 0.203 per Warrant**

---

This document is published for the purpose of obtaining a listing of all the above warrants (the “**Warrants**”) to be issued by Macquarie Bank Limited (the “**Issuer**”, “**Macquarie Bank**”, “**we**” or “**us**”) and is supplemental to and should be read in conjunction with a base listing document published on 6 June 2024 as amended by the addendum dated 1 November 2024 (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer and the Warrants. Information relating to Yangzijiang Shipbuilding (Holdings) Ltd. (the “**Company**”) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Warrants or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration Warrants or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Warrants and on distributions of documents relating thereto in Singapore, the U.S., the United Kingdom, Hong Kong and Australia (see Base Listing Document).

**Investors are warned that the price of the Warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Warrants and carefully study the risk factors set out in this document before they invest in the Warrants.**

**The Warrants constitute direct, general and unsecured contractual obligations of the Issuer and of no other person, including those in respect of deposits, but excluding any debts for the time being preferred by law and any subordinated obligations and if you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against the Company.**

**The Issuer is regulated as an authorised deposit taking institution by the Australian Prudential Regulation Authority (“APRA”). The Issuer, acting through its Singapore branch is authorised and licensed by the Monetary Authority of Singapore to carry on wholesale banking business in Singapore pursuant to the Banking Act 1970 of Singapore and therefore is subject to the supervision of the Monetary Authority of Singapore.**

11 December 2024

Application has been made to the SGX-ST for permission to deal in and for quotation of the Warrants and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Warrants. It is expected that dealings in the Warrants will commence on 12 December 2024.

Warrants are complex instruments and are not suitable for inexperienced investors. Investors should also have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants. Prospective purchasers should not invest in Warrants which are complex financial instruments unless they have the expertise (either alone or with a financial adviser) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of the Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Warrants. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and is not limited by anything likely to affect the import of such information. The information contained herein with regard to the Company consists of extracts from information released publicly by the Company on the web-site of the SGX-ST. The Issuer accepts responsibility for accurately reproducing such extracts but accept no further or other responsibility in respect of such information.

Neither the delivery of this document nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Issuer, and its subsidiaries and affiliates since the date hereof. No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the offering of the Warrants, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer.

This document does not constitute an offer or invitation by or on behalf of the Issuer to purchase or subscribe for any of the Warrants. The distribution of this document and the offering of the Warrants may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions.

The Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). Warrants, or interests therein, may not at any time be offered, sold, resold or delivered within the U.S. or to, or for the account or benefit of, U.S. persons and any offer, sale, resale or delivery made within the U.S. or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Warrants and distribution of this document is given in the section headed “Sales Restrictions” in the Base Listing Document.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Warrants, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer or its affiliates may repurchase Warrants at any time and any Warrant which is repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. Investors should not therefore make any assumption as to the number of Warrants in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Put Warrants contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

## TERMS AND CONDITIONS OF THE WARRANTS

*The following are the terms and conditions of the Warrants and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the base listing document dated 6 June 2024 as amended by the addendum dated 1 November 2024 (the “**Base Listing Document**”).*

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Put Warrants” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Warrants:	22,000,000 European Style Cash Settled Put Warrants relating to the ordinary shares (“ <b>Shares</b> ”) of the Company
Company:	Yangzijiang Shipbuilding (Holdings) Ltd. (Reuters Instrument Code: YAZG.SI)
Conversion Ratio (number of Shares per Warrant):	0.100000 (i.e. every 10 Warrants initially relate to 1 Share)
Underlying Price <sup>1</sup> and Source:	SGD 2.650 (out of the money) (Reuters/Bloomberg)
Exercise Price:	SGD 2.300
Gearing <sup>1</sup> :	1.3x
Premium <sup>1</sup> :	89.8%
Volatility <sup>1</sup> :	Implied: 450% Historical: 50%
Launch Date:	06 December 2024
Closing Date:	11 December 2024
Dealing Commencement Date:	12 December 2024
Last Trading Date:	The 5th Business Day immediately preceding the Expiry Date, currently being 20 June 2025
Expiry Date:	27 June 2025
Board Lot:	100 Warrants

<sup>1</sup> These figures are calculated as at, and based on information available to the Issuer on or about, the date of the termsheet in respect of the Warrants. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after the date of the termsheet in respect of the Warrants.

Valuation Date:	Each of the five Business Days immediately preceding the Expiry Date (subject to Market Disruption Events as set out in the Conditions of the Warrants)
Exercise:	<p>Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day). The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) of the Warrants. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.</p>
Cash Settlement Amount:	<p>In respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to:</p> <p>(A) (i) the Exercise Price LESS (ii) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date MULTIPLIED by (B) the Conversion Ratio</p> <p>In certain circumstances, the Conversion Ratio and the Exercise Price will be adjusted as set out in Condition 6 of the Warrants.</p>
Reference Currency:	Singapore dollars
Settlement Currency:	Singapore dollars
Exercise Expenses:	Warrantholders will be required to pay all charges (including any taxes if applicable) which are incurred in respect of the exercise of the Warrants.
Relevant Stock Exchange:	Singapore Exchange Securities Trading Limited (" <b>SGX-ST</b> ")
Clearing System:	The Central Depository (Pte) Limited (" <b>CDP</b> ")
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Warrants on the SGX-ST.

*The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Put Warrants” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Warrants.*

## **TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED PUT WARRANTS**

### **1. Form, Status, Transfer and Title**

- (a) *Form.* The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 11) are issued subject to and with the benefit of:
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 15 July 2022, made by Macquarie Bank Limited (the “**Issuer**”); and
  - (ii) a master warrant agent agreement (the “**Warrant Agent Agreement**”) dated 26 November 2004 and such other Warrant Agent Agreement as may be in force from time to time, made between the Issuer and the Warrant Agent for the Warrants.

Copies of the Master Instrument and the Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Warrantholders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Warrant Agent Agreement.

- (b) *Status.* The Warrants constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Warrants provide for cash settlement on exercise.
- (c) *Transfer.* The Warrants are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Warrants in definitive form will not be issued. Transfers of Warrants may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) *Title.* Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Warrants, notwithstanding any notice to the contrary. The expression “**Warrantholder**” shall be construed accordingly.

### **2. Warrant Rights and Exercise Expenses**

- (a) *Warrant Rights.* Every Warrant entitles each Warrantholder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to:

(A) (i) the Exercise Price for the time being LESS (ii) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the relevant stock exchange on which the Shares related to the Warrants are traded ("**Relevant Stock Exchange**") (as specified in the relevant Supplemental Listing Document), subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date (as defined below) MULTIPLIED by (B) the Conversion Ratio,

and multiplied by the applicable exchange rate if the Reference Currency is different from the Settlement Currency.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event (as defined below) has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day (as defined below) on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the two Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:

- (A) that second Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and
- (B) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on that second Business Day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Expiry Date, then (1) the Business Day immediately preceding the Expiry Date (the "**Last Valuation Date**") shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (2) the Issuer shall determine the closing price on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

"**Conversion Ratio**" means the ratio (expressed as the number of Shares to which one Warrant relates) specified by the Issuer, subject to adjustments in accordance with these Conditions.

"**Market Disruption Event**" means the occurrence or existence on any Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange of the Shares requested by the Company if that suspension, is in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Shares if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to

trading on the Relevant Stock Exchange if that disruption, is in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion, terrorism or otherwise.

**“Valuation Date”** means, with respect to the exercise of Warrants, and subject as provided above in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Expiry Date relating to such exercise.

- (b) *Exercise Expenses.* Warrantholders will be required to pay all charges (including any taxes if applicable) which are incurred in respect of the exercise of the Warrants (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Warrantholders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Warrantholders in accordance with Condition 4.

### 3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Warrants shall be deemed to expire at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day).

### 4. Exercise of Warrants

- (a) *Exercise.* Warrants may only be exercised on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day). The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.
- (c) *Settlement.* In respect of Warrants which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Warrantholder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Last Valuation Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Warrantholder only (or, in the case of joint Warrantholders, the first-named Warrantholder) appearing in the records maintained by CDP. Any payment

made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Warrantholder and posted to the Warrantholder's address appearing in the records maintained by CDP (or, in the case of joint Warrantholders, to the address of the first-named Warrantholder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

- (d) *CDP not liable.* CDP shall not be liable to any Warrantholder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Warrants or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Warrants are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Warrantholders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Warrantholders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Warrantholders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Shares are traded.
- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
  - (i) a subdivision, consolidation or reclassification of the Shares (excluding a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;



- (ii) a distribution or dividend to existing holders of the Shares of (1) such Shares, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Shares, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
  - (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Shares that are not fully paid;
  - (v) a repurchase by the Company of the Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
  - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Shares.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Shares, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Shares traded on that options exchange;
  - (ii) cancel the Warrants by giving notice to the Warrantholders in accordance with Condition 9. If the Warrants are so cancelled, the Issuer will pay an amount to each Warrantholder in respect of each Warrant held by such Warrantholder which amount shall be the fair market value of a Warrant taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 9; or

- (iii) following any adjustment to the settlement terms of options on the Shares on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Shares are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Warrantholders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Warrantholders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Shares of that Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the Last Valuation Date. “**Nationalisation**” means that all the Shares or all or substantially all of the assets of a Company are

nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. **"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Other Adjustments.* Except as provided in this Condition 6 and Condition 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Warrantholders generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction).
- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

The Issuer or its related corporations may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

## **8. Meetings of Warrantholders; Modification**

- (a) *Meetings of Warrantholders.* The Warrant Agent Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Warrant Agent Agreement) of a modification of the provisions of the Warrants or of the Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Warrantholders. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than ten per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Warrantholders, effect (i) any modification of the provisions of the Warrants or the Master Instrument which is not materially prejudicial to the interests of the Warrantholders or (ii) any modification of the provisions of the Warrants or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Warrantholders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## **9. Notices**

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Warrantholder or to which a Warrantholder is entitled or which the Issuer shall have agreed to deliver to a Warrantholder may be delivered by hand or sent by post addressed to the Warrantholder at his address appearing in the records maintained by CDP or, in the case of joint Warrantholders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Warrantholder.
- (b) *Notices.* All notices to Warrantholders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Warrant, give notice of the date of expiry of such Warrant in the manner prescribed above, provided that if the tenure of the Warrant is less than one month, the Issuer shall publish the expiry notice as soon as practicable after the listing of the Warrant.

## 10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## 11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholders, to create and issue further warrants so as to form a single series with the Warrants.

## 12. De-Listing

- (a) *De-Listing.* If at any time, any Shares cease to be listed, traded or publicly quoted on the Relevant Stock Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Issuer ("**De-Listing**"), the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants (including terminating the Warrants early) as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantholders generally are not materially prejudiced as a consequence of such De-Listing (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Adjustments.* Without prejudice to the generality of Condition 12(a), where the Shares are, or, upon the De-Listing, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Relevant Stock Exchange and the Issuer may, without the consent of the Warrantholders, make such adjustments to the entitlements of Warrantholders on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the Settlement Currency) as may be appropriate in the circumstances.
- (c) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantholders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholders in accordance with Condition 9 as soon as practicable after they are determined.

### **13. Early Termination for Illegality and Force Majeure, etc.**

- (a) *Illegality and Force Majeure, etc.* If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Warrants has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Warrants for any reason, the Issuer may at its discretion and without obligation terminate the Warrants early by giving notice to the Warrantheolders in accordance with Condition 9.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

- (b) *Termination.* If the Issuer terminates the Warrants early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantheolder in respect of each Warrant held by such holder equal to the fair market value of a Warrant notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantheolders in accordance with Condition 9.

### **14. Governing Law**

The Warrants, the Master Instrument and the Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Warrantheolder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants, the Master Instrument and the Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

### **15. Prescription**

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

### **16. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

## SUMMARY OF THE ISSUE

*The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.*

Issuer:	Macquarie Bank Limited
Company:	Yangzijiang Shipbuilding (Holdings) Ltd.
The Warrants:	European Style Cash Settled Put Warrants relating to the Shares
Number:	22,000,000 Warrants
Form:	The Warrants will be issued subject to, and with the benefit of, an instrument by way of deed poll dated 15 July 2022 (the “ <b>Master Instrument</b> ”) and executed by the Issuer and a master warrant agent agreement dated 26 November 2004 (the “ <b>Warrant Agent Agreement</b> ”) and made between the Issuer and the Warrant Agent.
Conversion Ratio (number of Shares per Warrant):	0.100000 (i.e. every 10 Warrants initially relate to 1 Share)
Cash Settlement Amount:	<p>In respect of each Warrant, shall be an amount (if positive) payable in the Settlement Currency equal to:</p> <p>(A) (i) the Exercise Price LESS (ii) the arithmetic mean of the closing prices of one Share (as derived from the daily publications of the Relevant Stock Exchange, subject to any adjustments to such closing prices determined by the Issuer to be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date MULTIPLIED by (B) the Conversion Ratio</p> <p>In certain circumstances, the Conversion Ratio and the Exercise Price will be adjusted as set out in Condition 6 of the Warrants.</p>
Denominations:	Warrants are represented by a global warrant in respect of all the Warrants.
Exercise:	Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Warrants shall be deemed to have been automatically exercised at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business Day). The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in Condition 4(c) of the Warrants. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all Warrants shall be deemed to have expired at 12:00 noon (Singapore time) on the Expiry Date (or if the Expiry Date is not a Business Day, the immediately preceding Business

Day) and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.

Trading Currency:	Singapore dollars
Transfers of Warrants:	Warrants may only be transferred in Board Lots (or integral multiples thereof). All transfers in Warrants, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Warrants and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Warrants. Issue of the Warrants is conditional on such listing being granted. It is expected that dealings in the Warrants on the SGX-ST will commence on or about 12 December 2024.
Governing Law:	The laws of Singapore
Warrant Agent:	Macquarie Capital Securities (Singapore) Pte. Limited
Further Issues:	Further issues which will form a single series with the Warrants will be permitted.

*The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.*



## RISK FACTORS

The following risk factors are relevant to the Warrants:

- (a) investment in Warrants involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Warrants. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Warrants. You should consider carefully whether Warrants are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Warrants are not suitable for inexperienced investors;
- (b) the Warrants constitute direct, general and unsecured contractual obligations of the Issuer and no other person and will rank pari passu with the Issuer's other unsecured contractual obligations and with the Issuer's unsecured and unsubordinated debt other than indebtedness preferred by mandatory provisions of law. The Warrants are not secured by any collateral. Section 13A(3) of the Banking Act of 1959 of Australia provides that, in the event of the Issuer becoming unable to meet its obligations or suspends payments, the assets of the Issuer in Australia are to be available to satisfy specified liabilities in priority to all other liabilities of the Issuer (including the obligations of the Issuer under the Warrants). The specified liabilities include first, certain obligations of the Issuer to APRA in respect of amounts payable by APRA to holders of protected accounts and any administration costs incurred by APRA. Then, as the next priority, other liabilities of the Issuer in Australia in relation to protected accounts that account-holders keep with the Issuer. Following this any debts that the Issuer owes to the Reserve Bank of Australia and any liabilities under an industry support contract (certified under section 11CB of the Banking Act) and then, any other liabilities, in order of their priority. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Warrants, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Warrants you are relying upon the creditworthiness of the Issuer and have no rights under the Warrants against the company which has issued the underlying shares. The Issuer is not a fiduciary of Warrantholders (as defined in the Conditions) and has substantially no obligation to a Warrantholder other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Warrant. Any profit or loss realised by a Warrantholder in respect of a Warrant upon exercise or otherwise due to changes in the value of such Warrant, or the underlying shares, is solely for the account of such Warrantholder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Warrant or the underlying shares. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Warrants;
- (c) the price of the Warrants may fall in value as rapidly as it may rise and Warrantholders may sustain a total loss of their investment. The risk of losing all or any part of the purchase price of a Warrant upon the expiry of the Warrants means that, in order to recover and realise a return on investment, investors in Warrants must generally anticipate correctly the direction, timing and magnitude of any change in the value of the shares of the underlying company. Changes in the price of the shares of the underlying company can be unpredictable, sudden and large and such changes may result in the price of such shares moving in a direction which will negatively impact upon the return on an investment. In the case of Warrants relating to shares, certain events relating to such shares or the underlying company may cause adverse movements in the value and price of the underlying shares, as a result of which, the Warrantholders may, in certain circumstances, sustain a total loss of their

investment if, for the Warrants, the average closing price of the underlying shares on the valuation dates is equal to or higher than the exercise price;

- (d) due to their nature, the Warrants can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Warrants may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the underlying shares, dividends, interest rate, volatility, foreign exchange rates, the time remaining to expiry and the creditworthiness of the Issuer;
- (e) before exercising or selling the Warrants, the holders of Warrants should carefully consider, among other things, (i) the trading price of the Warrants; (ii) the value and volatility of the reference security; (iii) the time remaining to expiration; (iv) the probable range of Cash Settlement Amounts; (v) any change(s) in interim interest rates and dividend yields; (vi) any change(s) in currency exchange rates; (vii) the depth of the market or liquidity of the reference security; (viii) any related transaction costs; and (ix) the creditworthiness of the Issuer;
- (f) fluctuations in the price of the underlying shares will affect the price of the Warrants but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Warrants to hedge their market risk associated with investing in the underlying shares, should recognise the complexities of utilising the Warrants in this manner;
- (g) the settlement amount of Warrants at any time prior to the expiry of the Warrants may be less than the trading price of such Warrants at that time. The difference between the trading price and the settlement amount as the case may be, will reflect, among other things, a "time value" for the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to the expiry date of the Warrants and expectations concerning the value of the shares of the underlying company;
- (h) investors should note that an investment in the Warrants involves valuation risks in relation to the underlying asset. The value of the underlying asset may vary over time and may increase or decrease by reference to various factors, which may include corporate actions, macro economic factors and market trends. Certain events relating to the underlying shares require or permit the Issuer to make certain adjustments or amendments to the Conditions (for example, adjusting the Exercise Price and the Conversion Ratio). However, the Issuer is not required to make an adjustment for every event that affects the underlying asset. If an event occurs that does not require the Issuer to adjust the Conversion Ratio or any other part of the Conditions, the market price of the Warrants and the return upon the exercise of the Warrants may be affected;
- (i) as indicated in the Conditions, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants in a particular series will either have to sell their Warrants or purchase additional Warrants, incurring transactions costs in each case, in order to realise their investment;
- (j) unless otherwise specified in the Conditions, in the case of any exercise of the Warrants, there may be a time lag between the date on which the Warrants are exercised and the time the applicable settlement amount relating to such an event is determined. Any such delay between the time of exercise and the determination of the settlement amount will be specified in the Conditions. However such delay could be significantly longer, particularly in the case of a delay in the exercise of the Warrants arising from, a determination by the Issuer that a Market Disruption Event has occurred at any relevant time or that adjustments are required in accordance with the Conditions. That applicable settlement amount, may change significantly

during any such period, and such movement or movements could decrease or modify the settlement amount of the Warrants;

- (k) if, whilst the Warrants remain unexercised, trading in the underlying shares on the relevant stock exchange is suspended, trading in the Warrants may be suspended for a similar period;
- (l) in the case of the Warrants, certain events relating to the shares of the underlying company require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions, and investors have limited anti-dilution protection under the Conditions. The Issuer may at its sole discretion adjust the entitlement upon exercise or valuation of the Warrants for events such as, amongst others, subdivision of the shares of the underlying company and dividend in specie, however the Issuer is not required to make an adjustment for every event that may affect the shares of the underlying company;
- (m) the Warrants are only exercisable on their expiry date and may not be exercised by Warrantheolders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount (where applicable) is zero or negative, a Warrantheolder will lose the value of his investment;
- (n) investors should note that it is not possible to predict the price at which the Warrants will trade in the secondary market or whether such market will be liquid or illiquid. A decrease in the liquidity of the Warrants or the underlying shares, futures, derivatives or other security related to the Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants. The Issuer may, but is not obligated to, at any time, purchase Warrants at any price in the open market or by tender or private agreement. Any Warrants so purchased may be held or resold or surrendered for cancellation. As the Warrants are only exercisable on the expiry date, an investor will not be able to exercise his warrants to realize value in the event that the relevant issue becomes illiquid;
- (o) in the event of any delisting of the Warrants from the SGX-ST (other than at expiry), the Issuer will use all reasonable efforts to list the Warrants on another exchange. If the Warrants are not listed or traded on any exchange, pricing information for the Warrants may be difficult to obtain and the liquidity of the Warrants may be adversely affected;
- (p) two or more risk factors may simultaneously have an effect on the value of a Warrant such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Warrant;
- (q) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the underlying shares or related derivatives. In addition, in connection with the offering of any Warrants, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the underlying shares or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the underlying shares or related derivatives which may affect the market price, liquidity or value of the Warrants and which may affect the interests of Warrantheolders;
- (r) if the Issuer determines in good faith that the performance of its obligations under the Conditions has become unlawful or impractical in whole or in part, the Issuer may at its sole and absolute discretion and without obligation, terminate the Warrants prior to the expiry date,

in which event the Issuer to the extent permitted by any relevant applicable law, will pay to each Warrantholder an amount as determined by the Issuer, in its sole and absolute discretion, in accordance with the Conditions. If the Issuer terminates the Warrants prior to the expiry date, the Issuer will, if and to the extent permitted by any relevant applicable law, pay each Warrantholder an amount to be determined by the Issuer, in its sole and absolute discretion, to be the fair market value of the Warrants immediately prior to such termination or otherwise determined as specified in the Conditions, notwithstanding the illegality or impracticality;

- (s) the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its affiliates with respect to the primary or secondary market in the Warrants and such arrangement may present certain conflicts of interest for the brokers. The arrangements may or may not result in the benefit to investors in Warrants buying and selling Warrants through nominated brokers. Investors in the Warrants should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to deal, exclusively in the Warrants, therefore any broker and/or its subsidiaries or affiliates may from time to time engage in transactions involving the shares in the underlying company and/or structured products of other issuers over the same shares in the same underlying company as the Warrants for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Warrants and present certain conflicts of interests;
- (t) third party individuals may comment on the Warrants on social media or other platforms from time to time. None of these third party individuals, whether sponsored by the Issuer or not, is an agent of the Issuer and such commentary is not the Issuer's advice or recommendation to invest in the Warrants. The Issuer is not responsible for any statements or comments made by such third party individuals. To the extent a fee is paid by the Issuer, such fee arrangement may present potential conflicts of interest for the individual;
- (u) changes in Singapore tax law and/or policy may adversely affect Warrantholders. Warrantholders who are in any doubt as to the effects of any such changes should consult their stockbrokers, bank managers, accountants, solicitors or other professional advisers;
- (v) as the Warrants are represented by a global warrant certificate which will be deposited with the CDP:
  - (i) investors should note that no definitive certificate will be issued in relation to the Warrants;
  - (ii) there will be no register of Warrantholders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Warrants by way of interest (to the extent of such number) in the global warrant certificate in respect of those Warrants represented thereby shall be treated as the holder of such number of Warrants;
  - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Warrants; and
  - (iv) notices to such Warrantholders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices; and

- (w) the value of the Warrants depends upon, amongst other things, the ability of Issuer to fulfil its obligations under the terms which, in turn is primarily dependent on the financial prospects of the Issuer; and
- (x) Foreign Account Tax Compliance withholding may affect payments on the Warrants

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the U.S., (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

"Passthru payments" means any withholdable payment and any "foreign passthru payment," which is currently not defined. The current proposed FATCA regulations ("**Proposed Regulations**") state that the Internal Revenue Service and the U.S. Treasury have determined, that withholding on "foreign passthru payments" is not required, pending further guidance and analysis. The Proposed Regulations provide that such withholding will not be effective before the date that is two years after the publication of final regulations defining the term "foreign pass-thru payment".

While the Warrants are in dematerialised form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. An Issuer's obligations under the Warrants are discharged once it has paid the clearing systems and an Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

### Macro-economic risks

- (y) Macquarie Bank's and the MBL Group's business and results of operation have been and may, in the future, be adversely affected by financial markets, global credit and other economic and geopolitical challenges generally.

Macquarie Bank and/or its controlled entities' (the "**MBL Group**") businesses operate in or depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities and it is impacted by various factors it cannot control. In particular, uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, the level and volatility of interest rates, constrained access to funding, uncertainty concerning government shutdowns and debt ceilings, fluctuations or other significant changes in both equity and capital market activity, supply chain disruptions and labour shortages have adversely affected and may continue to adversely affect transaction flow in a range of industry sectors. These factors could also adversely affect the MBL Group's access to, and costs of funding and in turn may negatively impact its liquidity and competitive

position. Recent stress in the global banking sector, including bank failures, has heightened the risk of volatility in global financial markets.

Additionally, global markets may be adversely affected by the current or anticipated impact of climate change, extreme weather events or natural disasters, the emergence or continuation of widespread health emergencies or pandemics, cyberattacks or campaigns, military conflicts, including the Russia-Ukraine conflict, the Israeli-Palestinian conflict and escalating hostilities throughout the Middle East, terrorism or other geopolitical events such as rising tensions between the U.S. and China and concerns about a potential conflict involving Taiwan. The dynamic and constantly evolving sanctions environment, including the volume and nature of sanctions imposed during the Russia-Ukraine conflict, continues to drive heightened sanctions compliance risk and complexity in applying control frameworks across the market. The Russia-Ukraine conflict and the conflict in the Middle East have caused, and may continue to cause, supply shocks in energy, food and other commodities markets, disruption to global shipping lanes and supply chains, increased inflation, cybersecurity risks, increased volatility in commodity, currency and other financial markets, risk of recession in Europe and heightened geopolitical tensions. Moreover, hostile actions by the various parties in conflict, and any further measures taken by the U.S. or its allies, could continue to have negative impacts on regional and global energy, commodities and financial markets and macroeconomic conditions generally, adversely impacting the MBL Group and its customers, clients and employees.

Actions taken by central banks, including changes to official interest rate targets, balance sheet management and government-sponsored lending facilities are beyond the MBL Group's control and difficult to predict. Sudden changes in monetary policy, for example in response to high inflation, could lead to financial market volatility and are likely to affect market interest rates and the value of financial instruments and other assets and liabilities, and can impact the MBL Group's customers.

The MBL Group's trading income may be adversely affected during times of subdued market conditions and client activity. Increased market volatility can lead to trading losses or cause the MBL Group to reduce the size of its trading activities in order to limit its risk exposure. Market conditions, as well as declines in asset values, may cause the MBL Group's clients to transfer their assets out of the MBL Group's funds or other products or their brokerage accounts and result in reduced net revenues.

The MBL Group's returns from asset sales may also decrease if economic conditions deteriorate. In addition, if financial markets decline, revenues from the MBL Group's products are likely to decrease. In addition, increases in volatility increase the level of the MBL Group's risk weighted assets and increase the MBL Group's capital requirements. Increased capital requirements may require the MBL Group to raise additional capital at a time, and on terms, which may be less favourable than the MBL Group would otherwise achieve during stable market conditions.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces the MBL Group's ability to limit losses in such positions and difficulty in valuing assets may negatively affect the MBL Group's capital, liquidity or leverage ratios, increase funding costs and generally require the MBL Group to maintain additional capital.

Concerns about, or a default by, one or more institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions, financial instruments losing their value and liquidity, and interruptions to capital markets that may further affect the MBL Group. Negative perceptions about the soundness of a financial institution can result in counterparties seeking to limit their exposure and depositors withdrawing their deposits, which can happen more quickly than in the past due to the rapid dissemination of negative information through social media channels and other advances in technology, further weakening the institution. Recent bank failures in the U.S. and Europe have heightened these

concerns. The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that Macquarie Bank interacts with on a daily basis. If any of the MBL Group’s counterpart financial institutions fail, the MBL Group’s financial exposures to that institution may lose some or all of their value. Any of these events would have a serious adverse effect on the MBL Group’s liquidity, profitability and value.

- (z) Macquarie Bank’s and the MBL Group’s ability to operate their businesses could be impaired if their liquidity is constrained.

Liquidity is essential to Macquarie Bank’s and the MBL Group’s business. Financial institutions have failed in the past due to lack of liquidity. Inadequate liquidity, or even the perception that Macquarie Bank’s and the MBL Group’s liquidity is inadequate, would pose a serious risk to their ability to operate. Macquarie Bank’s and the MBL Group’s liquidity may be impacted at any given time as a result of various factors, including deposit losses, market disruptions, macroeconomic shocks, increases to liquidity and regulatory capital requirements due to legal and regulatory changes, restrictive central bank actions such as quantitative tightening that may reduce monetary supply and increase interest rates, the insolvency of a major market participant or systemically important financial institution, any idiosyncratic event impacting Macquarie Bank’s or the MBL Group’s reputation and/or business, any other unexpected cash outflows or higher-than-anticipated funding needs. The uncertainties surrounding these factors could undermine confidence in Macquarie Bank and the MBL Group, or the financial system as a whole.

Factors beyond Macquarie Bank’s and the MBL Group’s control, such as periods of market stress, a fall in investor confidence or financial market illiquidity may increase their funding costs and reduce their access to conventional funding sources. Additionally, from time to time, regulations that impose increased liquidity requirements on financial institutions may be adopted. These regulations may require the Bank and the MBL Group to hold larger amounts of highly liquid assets and/or constrain the Bank’s and the MBL Group’s ability to raise funding or deploy capital. Further, Macquarie Bank’s and the MBL Group’s ability to liquidate assets may be impaired if there is not generally a liquid market for such assets, as well as in circumstances where other market participants are seeking to sell similar otherwise generally liquid assets at the same time, as is likely to occur in a liquidity or other market crisis or in response to changes in law or regulation.

Macquarie Bank and the MBL Group may need to raise funding from alternative sources if their access to stable and lower cost sources of funding, such as customer deposits and the equity and debt capital markets, is reduced. Those alternative sources of funding could be more expensive or also limited in availability. Macquarie Bank’s and the MBL Group’s funding costs could also be negatively affected by actions that they may take in order to satisfy their mandated liquidity coverage and net stable funding ratios or other regulatory requirements.

If Macquarie Bank and the MBL Group fail to effectively manage their liquidity, this could constrain their ability to fund or invest in their businesses, and thereby adversely affect their business, results of operations, prospects, financial performance or financial condition.

- (aa) Failure of Macquarie Bank or the MBL Group to maintain their credit ratings and those of their subsidiaries could adversely affect their cost of funds, liquidity, competitive position and access to capital markets.

The credit ratings assigned to Macquarie Bank or the MBL Group and certain of their subsidiaries by rating agencies are based on their evaluation of a number of factors, including the MBL Group’s ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, funding stability and security, disciplined liquidity management and its key operating environments, including the availability

of systemic support in Australia. In addition, a credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events that are not related to the MBL Group where there has been no deterioration in its business, such as changes to the ratings methodology or criteria.

If these MBL Group entities fail to maintain their current credit ratings, this could (i) adversely affect Macquarie Bank's or the MBL Group's cost of funds, liquidity, competitive position, the willingness of counterparties to transact with the MBL Group and its ability to access capital markets or (ii) trigger Macquarie Bank's or the MBL Group's obligations under certain bilateral provisions in some of their trading and collateralised financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with the MBL Group or require it to post collateral. Termination of Macquarie Bank's or a MBL Group entity's trading and collateralised financing contracts could cause them to sustain losses and impair their liquidity by requiring them to find other sources of financing or to make significant cash payments or securities movements.

- (ab) Changes and increased volatility in currency exchange rates may adversely impact the MBL Group's financial results and its financial and regulatory capital positions.

While the MBL Group's consolidated financial statements are presented in Australian Dollars, a significant portion of the MBL Group's operating income is derived, and operating expenses are incurred, from its offshore business activities, which are conducted in a broad range of currencies. Changes in the rate at which the Australian Dollar is translated from other currencies can impact the MBL Group's financial statements and the economics of its business.

Although the MBL Group seeks to carefully manage its exposure to foreign currencies, in part through matching of assets and liabilities in local currencies and through the use of foreign exchange forward contracts to hedge its exposure, the MBL Group is still exposed to exchange risk. The risk becomes more acute during periods of significant currency volatility. Insofar as the MBL Group is unable to hedge or has not completely hedged its exposure to currencies other than the Australian Dollar, the MBL Group's reported profit and foreign currency translation reserve would be affected.

In addition, because the MBL Group's regulatory capital position is assessed in Australian Dollars, its capital ratios may be adversely impacted by a depreciating Australian Dollar, which increases the capital requirement for assets denominated in currencies other than Australian Dollars.

- (ac) Macquarie Bank's and the MBL Group's businesses are subject to the risk of loss associated with price volatility in the equity markets and other markets in which they operate.

Macquarie Bank and the MBL Group are exposed to changes in the value of financial instruments and other financial assets that are carried at fair market value, as well as changes to the level of their advisory and other fees, due to changes in interest rates, exchange rates, equity and commodity prices and credit spreads and other market risks. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political or other scandals that reduce investor confidence in capital markets, natural disasters or pandemics or a combination of these or other factors.

Macquarie Bank and the MBL Group trade in foreign exchange, interest rate, commodity, bullion, energy, securities and other markets and are an active price maker in the derivatives market. Certain financial instruments that Macquarie Bank and/or the MBL Group hold and contracts to which they are a party are complex and these complex structured products often do not have readily available markets to access in times of liquidity stress. Additionally, a number of the markets Macquarie Bank and the MBL Group trade in, and in particular the energy markets, have or may experience increased levels of volatility as a result of



uncertainty and supply chain disruptions related to ongoing developments, such as the Russia-Ukraine conflict, the conflict in the Middle East and rising interest rates.

In addition, reductions in equity market prices or increases in interest rates may reduce the value of Macquarie Bank's and the MBL Group's clients' portfolios, which in turn may reduce the fees they earn for managing assets in certain parts of their business. Increases in interest rates or attractive prices for other investments could cause Macquarie Bank's and the MBL Group's clients to transfer their assets out of their funds or other products.

Interest rate benchmarks around the world (for example, the London Inter-Bank Offered Rate ("LIBOR")) have been subject to regulatory scrutiny and are subject to change. See also "Risk Factors – Legal and Regulatory Risks – The MBL Group may not manage risks associated with the replacement of interest rate benchmarks effectively".

Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the MBL Group. See also "Risk Factors – Inflation has had, and could continue to have, a negative effect on Macquarie Bank's or the MBL Group's business, results of operations and financial condition".

- (ad) Macquarie Bank's and the MBL Group's businesses are subject to risks including trading losses, risks associated with market volatility and the risks associated with their physical commodities activities.

Macquarie Bank's and the MBL Group's commodities business primarily involves transacting with their clients to help them manage risks associated with their commodity exposures and Macquarie Bank and the MBL Group may also enter into commodity transactions on their own behalf. These transactions often involve Macquarie Bank and the MBL Group taking on exposure to price movements in the underlying commodities. Macquarie Bank and the MBL Group employ a variety of techniques and processes to manage these risks, including hedging, but, they may not fully hedge their risk and their risk management techniques may not be as effective as they intend for a variety of reasons, including unforeseen events occurring outside their risk modelling. For example, some products may have limited market liquidity and access to derivative markets may become constrained during periods of volatile commodity market conditions, increasing the cost of hedging instruments. Macquarie Bank's and the MBL Group's counterparty risk may also be elevated at times of high volatility because their counterparties may be more likely to be under financial stress, increasing their exposure to potential losses as a result of those counterparties defaulting or failing to perform their obligations. See also "Risk Factors – Counterparty credit risk – Failure of third parties to honour their commitments in connection with Macquarie Bank's and the MBL Group's trading, lending and other activities may adversely impact their business".

While most of Macquarie Bank's and the MBL Group's commodities markets activities involve financial exposures, from time to time they will also have physical positions, which expose them to the risks of owning and/or transporting commodities, some of which may be hazardous. Commodities involved in Macquarie Bank's and the MBL Group's intermediation activities and investments are also subject to the risk of unforeseen or catastrophic events, which are likely to be outside of their control. These risks may include accidents and failures with transportation and storage infrastructure, determinations made by exchanges, extreme weather events or other natural disasters, leaks, spills or release of hazardous substances, disruptions to global supply chains and shipping operations, changes to local legislation and regulation, government action (for example, energy price caps or emergency measures) or hostile geopolitical events (including the ongoing Russia-Ukraine conflict and conflict in the Middle East and any potential conflict as a result of rising tensions between China and Taiwan and the U.S.). The occurrence of any of such events may prevent Macquarie Bank and the MBL Group from performing under their agreements with clients, may impair their operations or financial results and may result in litigation, regulatory action, negative publicity or other reputational harm. Also, while Macquarie Bank and the MBL Group seek to insure against

potential risks, insurance may be uneconomic to obtain, the insurance that they have may not be adequate to cover all their losses or they may not be able to obtain insurance to cover some of these risks. There may also be substantial costs in complying with extensive and evolving laws and regulations relating to Macquarie Bank's and the MBL Group's commodities and risk management related activities and investments including energy and climate change laws and regulations worldwide. Increasingly complex sanctions regimes implemented by countries globally have increased risk and uncertainty in some areas of the commodities sector, by prohibiting the continuation of, or requiring significant restructuring of, large and complex transactions and potentially affecting planned exit strategies. See also "Risk Factors – The MBL Group is subject to the risk of loss as a result of not complying with laws governing financial crime, including sanctions".

- (ae) Funding constraints of investors may impact Macquarie Bank's and/or the MBL Group's income.

Macquarie Bank and the MBL Group generate a portion of their income from the sale of assets to third parties. If buyers are unable to obtain financing to purchase assets that Macquarie Bank and/or the MBL Group currently hold or purchase with the intention to sell in the future, Macquarie Bank and/or the MBL Group may be required to hold investment assets for longer than they intended or sell these assets at lower prices than they historically would have expected to achieve, which may lower their rate of return on these investments and require funding for periods longer than they have anticipated.

- (af) Inflation has had, and could continue to have, a negative effect on Macquarie Bank's or the MBL Group's business, results of operations and financial condition.

Inflationary pressures have affected economies, financial markets and market participants worldwide. Central bank responses to inflationary pressures have resulted in higher market interest rates and aggressive balance sheet policy, which has contributed and may continue to contribute to elevated financial and capital market volatility and significant changes to asset values. Macquarie Bank and the MBL Group expect elevated levels of inflation may result in higher labour costs and other operating costs, thus putting pressure on Macquarie Bank's and the MBL Group's expenses. Central bank actions in response to elevated inflation may lead to slow economic growth and increase the risk of recession, which could adversely affect Macquarie Bank's and the MBL Group's clients, businesses and results of operations.

- (ag) The MBL Group's businesses could suffer losses due to climate change.

The MBL Group's businesses could also suffer losses due to climate change. Climate change is systemic in nature and is a significant long-term driver of both financial and non-financial risks. Climate change related impacts include physical risks from changing climatic conditions which could result from increased frequency and/or severity of adverse weather events. Such disasters could disrupt the MBL Group's operations or the operations of customers or third parties on which the MBL Group rely. Over the longer term, these events could impact the ability of the MBL Group's clients or customers to repay their obligations, reduce the value of collateral, negatively impact asset values and result in other effects. Additionally, climate change could result in transition risks such as changes to laws and regulations, technology development and disruptions and changes in consumer and market preferences towards low carbon goods and services. These factors could restrict the scope of the MBL Group's existing businesses, limit the MBL Group's ability to pursue certain business activities and offer certain products and services, amplify credit and market risks, negatively impact asset values, result in litigation, regulatory scrutiny and/or action, negative publicity or other reputational harm and/or otherwise adversely impact the MBL Group, its business or its customers.

Climate risks can also arise from the inconsistencies and conflicts in the manner in which climate policy and financial regulation is implemented in the regions where the MBL Group operates, including initiatives to apply and enforce policy and regulation with extraterritorial

effect. Legislative or regulatory uncertainties and changes are also likely to result in higher regulatory, compliance, credit, reputation and other risks and costs.

The MBL Group's ability to meet its climate-related goals, targets and commitments, including its goal to achieve net zero emissions in its own business operations across Scope 1 and 2 by FY2025 and its goal to align its financing activity with the global goal of net zero emissions by 2050, is subject to risks and uncertainties, many of which are outside of the MBL Group's control, such as technology advances, public policies and challenges related to capturing, verifying, analysing and disclosing emissions and climate-related data. Failure to effectively manage these risks could adversely affect the MBL Group's business, prospects, reputation, financial performance or financial condition.

## **Legal and regulatory risks**

- (ah) Many of Macquarie Bank's and the MBL Group's businesses are highly regulated and they could be adversely affected by temporary and permanent changes in law, regulations and regulatory policy.

The MBL Group operates various kinds of businesses across multiple jurisdictions or sectors which are regulated by more than one regulator. Additionally, some members of the Macquarie Group own or manage assets and businesses that are regulated. The MBL Group's businesses include an "authorised deposit-taking institution" ("ADI") in Australia (regulated by APRA), a credit institution in Ireland (regulated by the Central Bank of Ireland), bank branches in the United Kingdom, the Dubai International Finance Centre and Singapore and representative offices in the U.S., South Africa, Brazil and Switzerland. The regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not holders of Macquarie Bank's securities or creditors. In addition, as a diversified financial institution, many of the MBL Group's businesses are subject to financial services regulation other than prudential banking regulation, as well as laws, regulations and oversight specific to the industries applicable to the MBL Group's businesses and assets. Failure to comply with any laws or regulations which the MBL Group is subject to could adversely affect its business, prospects, reputation or financial condition.

Regulatory agencies and governments frequently review and revise banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies, including fiscal policies. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could substantially affect Macquarie Bank and the MBL Group or their businesses, the products and services Macquarie Bank and the MBL Group offer or the value of their assets, or have unintended consequences or impacts across Macquarie Bank's and the MBL Group's business. These may include imposing more stringent liquidity requirements and capital adequacy, increasing tax burdens generally or on financial institutions or transactions, limiting the types of financial services and products that can be offered and/or increasing the ability of other providers to offer competing financial services and products, as well as changes to prudential regulatory requirements. Global economic conditions and increased scrutiny of the governance, culture, remuneration and accountability in the banking sector have led to increased supervision and regulation, as well as changes in regulation in the markets in which Macquarie Bank and the MBL Group operate and may lead to further significant changes of this kind. Health, safety, environmental and social laws and regulations can also change rapidly and significantly. The occurrence of any adverse health, safety, environmental or social event, or any changes, additions to, or more rigorous enforcement of, health, safety, environmental and social standards could have a significant impact on operations and/or result in material expenditures.

In some countries in which the MBL Group does business or may in the future do business, in particular in emerging markets, the laws and regulations are uncertain and evolving, and it may be difficult for the MBL Group to determine the requirements of local laws in every market. The MBL Group's inability to remain in compliance with local laws in a particular

market could have a significant and negative effect not only on its businesses in that market but also on its reputation generally.

In addition, regulation is becoming increasingly extensive and complex and in many instances requires the MBL Group to make complex judgments, which increases the risk of non-compliance. Some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation. The nature and impact of future changes are unpredictable, beyond Macquarie Bank's and the MBL Group's control and may result in potentially conflicting requirements, resulting in additional legal and compliance expenses and changes to their business practices that adversely affect their profitability.

APRA may introduce new prudential regulations or modify existing regulations, including those that apply to Macquarie Bank as an ADI. Any such event could result in changes to the organisational structure of the MBL Group and/or the Macquarie Group and adversely affect the MBL Group. Macquarie Bank and its subsidiaries are subject to laws that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to Macquarie Bank. Restrictions or regulatory action of that kind could impede access to funds that Macquarie Bank needs to make payments on its obligations, including debt obligations, or dividend payments.

- (ai) The MBL Group is subject to the risk of loss as a result of not complying with laws governing financial crime, including sanctions.

The MBL Group is subject in its operations worldwide to laws and regulations relating to corrupt and illegal payments, counter-terrorism financing, anti-bribery and corruption and adherence to anti-money laundering obligations, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The geographical diversity of its operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that it may be found in violation of financial crime related laws. Emerging financial crime risk typologies could also limit the MBL Group's ability to track the movement of funds thereby heightening the risk of the MBL Group breaching financial crime related laws, sanctions or bribery and corruption laws. The MBL Group's ability to comply with relevant laws is dependent on its detection and reporting capabilities, control processes and oversight accountability. Additionally, the current sanctions environment remains dynamic and constantly evolving. Increasingly complex sanctions and disclosure regimes, which often differ or are not aligned across countries, could adversely affect the MBL Group's business activities and investments, as well as expose it to compliance risk and reputational harm.

A failure to comply with these requirements and expectations, even if inadvertent, or resolve any identified deficiencies could subject the MBL Group to significant penalties, revocation, suspension, restriction or variation of conditions of operating licenses, adverse reputational consequences, a breach of the MBL Group's contractual arrangements, litigation by third parties (including potentially class actions) or limitations on its ability to do business.

- (aj) Macquarie Bank and the MBL Group may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and Macquarie Bank's business operations, capital, liquidity, financial and non-financial risk management and other matters, has increased dramatically in recent years. The political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, to increased regulatory scrutiny, enforcement actions and litigation. Responding to and addressing such matters, regardless of the ultimate outcome, is time-consuming,

expensive, can adversely affect investor confidence and can divert the time and effort of the MBL Group's staff (including senior management) from their business.

Investigations, inquiries, penalties and fines sought by regulatory authorities have increased substantially over the last several years, with regulators exercising their enhanced enforcement powers in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. If the MBL Group is subject to adverse regulatory findings, the financial penalties could have a material adverse effect on its results of operations. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on the MBL Group's reputation with clients and on the morale and performance of its employees.

- (ak) Litigation and regulatory actions may adversely impact Macquarie Bank and the MBL Group's results of operations.

Macquarie Bank and the MBL Group may, from time to time, be subject to material litigation and regulatory actions, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory breaches, which, if they crystallise, may adversely impact upon their results of operations and financial condition in future periods or their reputation. Macquarie Bank and the MBL Group entities regularly obtain legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for or that additional litigation, regulatory actions or other contingent liabilities may arise. Furthermore, even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm Macquarie Bank's and the MBL Group's reputation or brand, thereby adversely affecting their business.

- (al) The MBL Group may not manage risks associated with the replacement of interest rate benchmarks effectively.

LIBOR and other interest rate benchmarks (collectively, the "**IBORs**") have been the subject of ongoing national and international regulatory scrutiny and reform. The LIBOR administrator ceased publication of non-USD LIBOR and one-week and two-months USD LIBOR on a permanent or representative basis on 31 December 2021, and ceased publication of all other USD LIBOR tenors on 1 July 2023. The transition away from and discontinuance of established benchmark rates and the adoption of alternative reference rates ("**ARR**") by the market may pose a number of risks for the MBL Group, its clients, and the financial services industry more widely. These include, but are not limited to:

- Conduct risks – where, by undertaking actions to transition away from using the IBORs, the MBL Group faces conduct risks which may lead to client complaints, regulatory sanctions or reputational impact.
- Legal and execution risks – relating to documentation changes required for new ARR products and for the transition of legacy contracts to ARRs.
- Financial risks and pricing risks – any changes in the pricing mechanisms of financial instruments linked to IBOR or ARRs which could impact the valuations of these instruments.
- Operational risks – due to the potential need for the MBL Group, its clients and the market to adapt information technology systems, operational processes and controls to accommodate one or more ARRs for a large volume of trades.

Any of these factors may have a material adverse effect on the MBL Group's business, results of operations, financial condition and prospects.

## Counterparty credit risk

- (am) Failure of third parties to honour their commitments in connection with Macquarie Bank's and the MBL Group's trading, lending and other activities may adversely impact their business.

Macquarie Bank and the MBL Group are exposed to potential losses as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. Macquarie Bank and the MBL Group are also exposed to potential concentration risk arising from individual exposures or other concentrations including to industries or countries. Macquarie Bank and the MBL Group assume counterparty risk in connection with their lending, trading, derivatives and other businesses where they rely on the ability of third parties to satisfy their financial obligations to them in full and on a timely basis. Macquarie Bank's and the MBL Group's recovery of the value of the resulting credit exposure may be adversely affected by a number of factors, including declines in the financial condition of the counterparty, the value of collateral they hold and the market value of counterparty obligations they hold. Changes in sanctions laws may affect the credit condition of their counterparties, with those whose businesses were developed around the ability to trade in or utilise now-sanctioned commodities more likely to have been negatively affected. A period of low or negative economic growth, changes in market conditions or stressed or volatile markets and/or a rise in unemployment could also adversely impact the ability of Macquarie Bank's and the MBL Group's consumer and/or commercial borrowers or counterparties to meet their financial obligations and negatively impact Macquarie Bank's and the MBL Group's credit portfolio. Consumers have been and may continue to be negatively impacted by inflation, resulting in drawdowns of savings or increases in household debt. Higher interest rates, which have increased debt servicing costs for some businesses and households, may adversely impact credit quality, particularly in a period of low or negative economic growth. If the macroeconomic environment worsens, Macquarie Bank's and the MBL Group's credit portfolio and allowance for credit losses could be adversely impacted. Please refer to Note 33 of the Macquarie Bank 2024 Financial Report for details on the concentration of credit risk by significant geographical locations and counterparty types.

Macquarie Bank and the MBL Group are also subject to the risk that their rights against third parties may not be enforceable in all circumstances. Macquarie Bank's and the MBL Group's inability to enforce their rights may result in losses.

- (an) Macquarie Bank and the MBL Group may experience impairments in their loans, investments and other assets.

Macquarie Bank and its subsidiaries recorded A\$49 million of credit and other impairment charges for the financial year ended 31 March 2024, including A\$34 million for net credit impairment reversals, and A\$15 million for net other impairment reversals on interests in associates and joint ventures, intangible assets and other non-financial assets. Credit and other impairments may be required in future periods depending upon the credit quality of Macquarie Bank's counterparties or if the market value of assets similar to those held were to decline. Credit and other impairment charges may also vary following a change to the inputs or forward-looking information used in the determination of expected credit losses. Please refer to Note 12 of the Macquarie Bank 2024 Financial Report for further information on the determination of expected credit losses.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces Macquarie Bank's and the MBL Group's ability to limit losses in such positions and the difficulty in valuing assets may negatively affect their capital, liquidity or leverage ratios, increase their funding costs and generally require them to maintain additional capital.

## Operational risks

- (ao) Macquarie Bank's and the MBL Group's ability to retain and attract qualified employees is critical to the success of their business and the failure to do so may materially adversely affect their performance.

Macquarie Bank and the MBL Group's employees are their most important resource, and their performance largely depends on the talents and efforts of highly skilled individuals. Macquarie Bank's and the MBL Group's continued ability to compete effectively in their businesses and to expand into new business areas and geographic regions depends on their ability to retain and motivate their existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry, such as professional service firms, hedge funds, private equity funds and venture capital funds, for qualified employees has historically been intense. Remuneration costs required to attract and retain employees may increase and the competitive market for talent may further intensify. Recent employment conditions have made the competition to hire and retain qualified employees more challenging and costly. Attrition rates may also be impacted by factors such as changes in worker expectations, concerns and preferences, including an increased demand for remote work options and other flexibility in the post-COVID-19 environment.

In order to attract and retain qualified employees, Macquarie Bank and the MBL Group must compensate such employees at or above market levels. Typically, those levels have caused employee remuneration to be the MBL Group's greatest expense as its performance-based remuneration has historically been cash and equity based and highly variable. Recent market events have resulted in increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed. As a regulated entity, Macquarie Bank may be subject to limitations on remuneration practices (which may or may not affect its competitors). These limitations may require Macquarie Bank and the MBL Group to further alter their remuneration practices in ways that could adversely affect their ability to attract and retain qualified and talented employees.

Current and future laws (including laws relating to immigration and outsourcing) may restrict Macquarie Bank's and the MBL Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact Macquarie Bank's and the MBL Group's ability to take advantage of business and growth opportunities or potential efficiencies.

- (ap) Macquarie Bank and the MBL Group may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failure in internal or external operational systems and infrastructures, people and processes.

Macquarie Bank and the MBL Group's businesses depend on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. While Macquarie Bank and the MBL Group employ a range of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, Macquarie Bank and the MBL Group may, in the course of their activities, incur losses. There can be no assurance that the risk management processes and strategies that Macquarie Bank and the MBL Group have developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances. For a further discussion of Macquarie Bank's and the MBL Group's risk management policies and procedures, please refer to Note 33 of the Macquarie Bank 2024 Financial Report.

Macquarie Bank and the MBL Group also face the risk of operational failure, termination or capacity constraints of any of the counterparties, clearing agents, exchanges, clearing houses or other financial intermediaries Macquarie Bank and the MBL Group use to facilitate their

securities or derivatives transactions, and as Macquarie Bank's and the MBL Group's interconnectivity with their clients and counterparties grows, the risk to Macquarie Bank and the MBL Group of failures in their clients' and counterparties' systems also grows. Any such failure, termination or constraint could adversely affect Macquarie Bank's and the MBL Group's ability to effect or settle transactions, service their clients, manage their exposure to risk, meet their obligations to counterparties or expand their businesses or result in financial loss or liability to their clients and counterparties, impairment of their liquidity, disruption of their businesses, regulatory intervention or reputational damage.

As Macquarie Bank's and the MBL Group's client base, business activities and geographical reach expands, developing and maintaining their operational systems and infrastructure becomes increasingly challenging. Macquarie Bank and the MBL Group must continuously update these systems to support their operations and growth, which may entail significant costs and risks of successful integration. Macquarie Bank's and the MBL Group's financial, accounting, data processing or technology assets may fail to operate properly or be disrupted as a result of events that are wholly or partially beyond their control, such as a malicious cyber-attack or a disruption event at a third-party supplier.

The MBL Group's businesses manage a large volume of sensitive data and rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in their data management systems and technology, and in those managed, processed and stored by third parties on behalf of the MBL Group. Inadequate data governance, management and control across the data lifecycle, which include the capture, processing, retention, publication, use, archiving and disposal of data, could lead to poor decision making in the provision of credit as well as affecting the MBL Group's data management regulatory obligations, all of which may cause the MBL Group to incur losses or lead to regulatory actions. Macquarie Bank and the MBL Group are subject to laws, rules and regulations in a number of jurisdictions regarding compliance with their privacy policies and the disclosure, collection, use, sharing and safeguarding of personally identifiable information of certain parties, such as their employees, customers, suppliers, counterparties and other third parties, the violation of which could result in litigation, regulatory fines and enforcement actions. Furthermore, a breach, failure or other disruption of Macquarie Bank's and the MBL Group's data management systems and technology, or those of their third-party service providers, could lead to the unauthorised or unintended release, misuse, loss or destruction of personal or confidential data about their customers, employees or other third parties in their possession. A purported or actual unauthorised access or unauthorised disclosure of personal or confidential data could materially damage Macquarie Bank's and the MBL Group's reputation and expose Macquarie Bank and the MBL Group to liability for violations of privacy and data protection laws.

Macquarie Bank and the MBL Group are exposed to the risk of loss resulting from the failure of their internal or external processes and systems, such as from the disruption or failure of their IT systems, or from external suppliers and service providers including public and private cloud-based technology platforms. Such operational risks may include theft and fraud, failure to effectively implement employment practices and inadequate workplace safety, improper business practices, mishandling of client moneys or assets, client suitability and servicing risks, product complexity and pricing and valuation risk or improper recording, evaluating or accounting for transactions or breaches of their internal policies and regulations. There is increasing regulatory and public scrutiny concerning the appropriate management of data and the resilience of outsourced and offshore activities and their associated risks. If Macquarie Bank and the MBL Group fail to manage these risks appropriately, they may incur financial losses and/or regulatory intervention and penalties and damage to their reputation which may impact their ability to attract and retain clients who may or may not be directly affected.

Macquarie Bank and the MBL Group are also exposed to the risk of loss and adverse impact to external stakeholders, resulting from their business activities, including the actions or inactions of their employees, contractors and external service providers operating in markets globally. Conduct risks can arise from human errors, lack of reasonable care and diligence



exercised or intentional malfeasance, fraud and other misconduct, including the misuse of client information in connection with insider trading or for other purposes, even if promptly discovered and remediated, can result in reputational damage and material losses and liabilities for Macquarie Bank and the MBL Group.

Whilst Macquarie Bank and the MBL Group have a range of controls and processes to minimise their conduct risk exposure and identify and manage employee behaviours in line with their risk management policies, it is not always possible to deter or prevent employee misconduct. The precautions Macquarie Bank and the MBL Group take to prevent and detect this activity may not be effective in all cases, which could result in financial losses, regulatory intervention and reputational damage.

- (aq) A cyber-attack, information or security breach, or a technology disruption event of Macquarie Bank or the MBL Group or of a third-party supplier could adversely affect Macquarie Bank's or the MBL Group's ability to conduct their business, manage their exposure to risk or expand their businesses. This may result in the disclosure or misuse of confidential or proprietary information and an increase in Macquarie Bank's or the MBL Group's costs to maintain and update their operational and security controls and infrastructure.

The MBL Group's businesses depend on the security and efficacy of its data management systems and technology, as well as those of third parties with whom it interacts or on whom it relies. To access the MBL Group's network, products and services, its customers and other third parties may use personal mobile devices or computing devices that are outside of its network environment and are subject to their own cybersecurity risks. While the MBL Group seeks to operate in a control environment that limits the likelihood of a cyber and information security incident, and to ensure that the impact of a cyber and information security incident can be minimised by information security capability and incident response, there can be no assurances that the MBL Group's security controls will provide absolute security against a dynamic external threat environment.

Cyber and information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology, the increase in remote working arrangements and the increased sophistication and activities of attackers (including hackers, organised criminals, terrorist organisations, hostile state-sponsored activity, disgruntled individuals, activists and other external parties). These risks have grown more acute due to advances in artificial intelligence, such as the use of machine learning and generative artificial intelligence, which has allowed malicious actors to develop more advanced social engineering attacks, including targeted phishing attacks. Global events and geopolitical instability may increase security threats targeted at financial institutions. Targeted social engineering attacks are becoming more sophisticated and are extremely difficult to prevent and requires the exercise of sound judgment and vigilance by the MBL Group's employees when they are targeted by such attacks. The techniques used by hackers change frequently and may not be recognised until launched or until after a breach has occurred. Additionally, the existence of cyber-attacks or security breaches at the MBL Group's suppliers may also not be disclosed to it in a timely manner.

Despite efforts to protect the integrity of the MBL Group's systems through the implementation of controls, processes, policies and other protective measures, there is no guarantee that the measures the MBL Group continues to take will provide absolute security or recoverability given that the techniques used in cyber-attacks are complex, executed rapidly, frequently evolving and as a result are difficult to prevent, detect and respond to.

Due to increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber-attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including the MBL Group. This consolidation, interconnectivity and complexity increases the

risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated. Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect the MBL Group's ability to effect transactions, service its clients, manage its exposure to risk or expand its businesses.

The MBL Group anticipates cyber-attacks will continue to occur because perpetrators are well resourced, deploying highly sophisticated techniques including artificial intelligence based attacks, which are evolving rapidly. This challenges its ability to implement effective controls measures to prevent or minimise damage that may be caused by all information security threats. Cyber-attacks or other information or security breaches, whether directed at the MBL Group or third parties, may result in a material loss or have adverse consequences for the MBL Group, including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, violations of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in its security measures and additional compliance costs, all of which could have a material adverse impact on the MBL Group.

- (ar) Macquarie Bank's and the MBL Group's operations rely on their ability to maintain an appropriately staffed workforce, and on the competence, engagement, health, safety and wellbeing of employees and contractors.

Macquarie Bank's and the MBL Group's ability to operate their businesses efficiently and profitably, to offer products and services that meet the expectations of their clients and customers, and to maintain an effective risk management framework is highly dependent on their ability to staff their operations appropriately and on the competence, integrity and health, safety and wellbeing of their employees and contractors.

Macquarie Bank's and the MBL Group's operations could be impaired if the measures they take to ensure the health, safety and wellbeing of their employees and contractors are ineffective, or if any external party on which they rely fails to take appropriate and effective actions to protect the health and safety of their employees and contractors.

- (as) The MBL Group could suffer losses due to hostile, catastrophic or unforeseen events, including due to environmental and social factors.

The MBL Group's businesses are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events (such as persistent winter storms or protracted droughts), leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks, military conflict including the ongoing Russia-Ukraine conflict and conflict in the Middle East and any potential conflict as a result of rising tensions between China and Taiwan and the U.S., or other hostile or catastrophic events. Any significant environmental change or external event (including increased frequency and severity of storms, floods and other catastrophic events such as earthquakes, persistent changes in precipitation levels, rising average global temperatures, rising sea levels, pandemics, other widespread health emergencies, civil unrest, geopolitical or terrorism events) has the potential to disrupt business activities, impact the MBL Group's operations or reputation, increase credit risk and other credit exposures, damage property and otherwise affect the value of assets held in the affected locations and the MBL Group's ability to recover amounts owing to it.

The occurrence of any such events may prevent the MBL Group from performing under its agreements with clients, may impair its operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm. The MBL Group may also not be able to obtain insurance to cover some of these risks and the insurance that it has may be inadequate to cover its losses. Any such long-term, adverse environmental or social consequences could prompt the MBL Group to exit certain businesses altogether. In addition, such an event or environmental change (as the case may be) could have an adverse impact

on economic activity, consumer and investor confidence, or the levels of volatility in financial markets.

The MBL Group also faces increasing public scrutiny, laws and regulations related to environmental, social and governance (“**ESG**”) factors, including concerns in respect of “greenwashing” practices. The MBL Group risks damage to its brand and reputation if it fails to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, respecting the rights of Indigenous Peoples, support for local communities, corporate governance and transparency and considering ESG factors (including human rights breaches such as modern slavery) where relevant when conducting its business, including under its investment and procurement processes. The MBL Group is also subject to competing demands from different stakeholder groups with divergent views on such ESG-related factors, including by governmental and regulatory officials in various geographical markets in which it operates and invests. Failure to effectively manage these risks, including managing ESG-related expectations across varied stakeholder interests, may result in breaches of MBL Group’s statutory obligations and harm to its reputation, and could adversely affect the MBL Group’s business, prospects, reputation, financial performance or financial condition.

- (at) Failure of the MBL Group’s insurance carriers or its failure to maintain adequate insurance cover could adversely impact its results of operations.

The MBL Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the MBL Group’s insurance carriers fail to perform their obligations to the MBL Group and/or its third-party cover is insufficient for a particular matter or group of related matters, its net loss exposure could adversely impact its results of operations.

- (au) The MBL Group is subject to risks in using custodians.

Certain products the MBL Group manages depend on the services of custodians to carry out certain securities transactions. Securities held at custodians are typically segregated. In the event of the insolvency of a custodian, the MBL Group might not be able to recover equivalent unsegregated assets in full as the beneficiaries of these products will rank among the custodian’s unsecured creditors. In addition, the cash held with a custodian in connection with these products will not be segregated from the custodian’s own cash, and the creditors of these products will therefore rank as unsecured creditors in relation to the cash they have deposited.

- (av) Macquarie Bank may be exposed to contagion risk as it does not control the management, operations or business of entities in the Macquarie Group that are not part of the MBL Group.

Entities in the Macquarie Group that are not part of the MBL Group may establish or operate businesses separately from the businesses of the MBL Group, and are not obligated to support the businesses of the MBL Group, other than as required by APRA prudential standards. The activities of those entities may have an impact on the MBL Group.

### **Strategic risks**

- (aw) Macquarie Bank’s and the MBL Group’s business may be adversely affected by their failure to adequately manage the risks associated with strategic opportunities and new businesses, including acquisitions, and the exiting or restructuring of existing businesses.

Macquarie Bank and other entities in the MBL Group are continually evaluating strategic opportunities and undertaking acquisitions of businesses, some of which may be material to their operations. Macquarie Bank’s and/or the MBL Group’s completed and prospective acquisitions and growth initiatives may cause them to become subject to unknown liabilities of the acquired or new business and additional or different regulations.

Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on the MBL Group's legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. A number of the MBL Group's recent and planned business initiatives and further expansions of existing businesses are likely to bring it into contact with new clients, new asset classes and other new products or new markets. These business activities expose the MBL Group to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit related and operational risks, including risks arising from IT systems and reputational concerns with the manner in which these businesses are being operated or conducted.

Any time Macquarie Bank and such other MBL Group entities make an acquisition, they may over-value the acquisition, they may not achieve expected synergies, they may achieve lower than expected cost savings or otherwise incur losses, they may lose customers and market share, they may face disruptions to their operations resulting from integrating the systems, processes and personnel (including in respect of risk management) of the acquired business into the MBL Group or their management's time may be diverted to facilitate the integration of the acquired business into the MBL Group. Macquarie Bank and other entities in the MBL Group may also underestimate the costs associated with outsourcing, exiting or restructuring existing businesses. Where Macquarie Bank's and/or the MBL Group's acquisitions are in foreign jurisdictions, or are in emerging or growth economies in particular, they may be exposed to heightened levels of regulatory scrutiny and political, social or economic disruption and sovereign risk in emerging and growth markets.

- (ax) Macquarie Bank and the MBL Group's businesses depend on the Macquarie Group's brand and reputation.

The MBL Group believes its reputation in the financial services markets and the recognition of the Macquarie brand by its customers are important contributors to its business. Many companies in the Macquarie Group and many of the funds managed by entities owned, in whole or in part, by Macquarie Group use the Macquarie name. The MBL Group does not control those entities that are not in the MBL Group, but their actions may reflect directly on its reputation.

The MBL Group's business may be adversely affected by negative publicity or poor financial performance in relation to any of the entities using the Macquarie name, including any Macquarie-managed fund or funds that Macquarie has promoted or is associated with. Investors and lenders may associate such entities and funds with the name, brand and reputation of the MBL Group and the Macquarie Group and other Macquarie-managed funds. If funds that use the Macquarie name or are otherwise associated with Macquarie-managed infrastructure assets, such as roads, airports, utilities and water distribution facilities that people view as community assets, are perceived to be managed inappropriately, those managing entities could be subject to criticism and negative publicity, harming the reputation of Macquarie Bank and the MBL Group and the reputation of other entities that use the Macquarie name.

- (ay) Competitive pressure, both in the financial services industry, as well as in the other industries in which Macquarie Bank and the MBL Group operate, could adversely impact their business.

Macquarie Bank and the MBL Group face significant competition from local and international competitors, which compete vigorously in the markets and sectors across which the MBL Group operates. Macquarie Bank and the MBL Group compete, both in Australia and internationally, with asset managers, retail and commercial banks, private banking firms, investment banking firms, brokerage firms, internet-based firms, commodity trading firms and other investment and service firms as well as businesses in adjacent industries in connection with the various funds and assets they manage and services they provide. This includes

specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently.

In addition, digital technologies and business models are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital payment services and open data banking, that challenge, and could potentially disrupt, traditional financial services. Macquarie Bank and the MBL Group face competition from established providers of financial services as well as from businesses developed by non-financial services companies. Macquarie Bank and the MBL Group believe that they will continue to experience pricing pressures in the future as some of their competitors seek to obtain or increase market share.

The widespread adoption and rapid evolution of new technologies, including process automation, machine learning and artificial intelligence, analytic capabilities, self-service digital trading platforms and automated trading markets, internet services and digital assets, such as central bank digital currencies, cryptocurrencies (including stablecoins), tokens and other cryptoassets, clearing and settlement processes could have a substantial impact on the financial services industry. As such new technologies evolve and mature, the MBL Group's businesses and results of operations could therefore be adversely impacted.

Any consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power which may enhance the competitive position of the MBL Group's competitors. In addition to mergers and acquisitions pursued for commercial reasons, consolidation may also occur as a result of bank regulators encouraging or directing stronger institutions to acquire weaker institutions to preserve stability. The effect of competitive market conditions, especially in the MBL Group's main markets, products and services, may lead to an erosion in its market share or margins.

- (az) Conflicts of interest could limit the MBL Group's current and future business opportunities.

As the MBL Group expands its businesses and its client base, it increasingly has to address potential or perceived conflicts of interest, including situations where its services to a particular client conflict with, or are perceived to conflict with, its own proprietary investments or other interests or with the interests of another client, as well as situations where one or more of its businesses have access to material non-public information that may not be shared with other businesses within the Macquarie Group. While the MBL Group believes it has adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses, appropriately dealing with conflicts of interest is complex and difficult, and its reputation could be damaged and the willingness of clients or counterparties to enter into transactions may be adversely affected if Macquarie Bank fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to claims by and liabilities to clients, litigation or enforcement actions.

## **Tax**

- (ba) Macquarie Bank's and the MBL Group's business operations expose them to potential tax liabilities that could have an adverse impact on their results of operation and reputation.

Macquarie Bank and MBL Group are exposed to costs and risks arising from the manner in which the Australian and international tax regimes may be applied, enforced and/or amended, both in terms of their own tax compliance and the tax aspects of transactions on which they work with clients and other third parties. Macquarie Bank's and the MBL Group's international, multi-jurisdictional platform increases their tax risks. Any actual or alleged failure to comply with or any change in the implementation, interpretation, application or enforcement of

applicable tax laws and regulations could adversely affect Macquarie Bank's or the MBL Group's reputation and affected business areas, significantly increase their effective tax rate or tax liability and expose them to legal, regulatory and other actions.

### **Accounting standards**

- (bb) Changes in accounting standards, policies, interpretations, estimates, assumptions and judgments that could have a material impact on the financial results of Macquarie Bank and the MBL Group.

Macquarie Bank's and the MBL Group's accounting policies are fundamental to how they record and report their financial position and results of operations. These policies require the use of estimates, assumptions and judgements that affect the reported value of Macquarie Bank's and the MBL Group's assets or liabilities and results of operations. Management is required to determine estimates and apply subjective and complex assumptions and judgements about matters that are inherently uncertain. Changes in those estimates, assumptions and judgements are accounted for prospectively as a change in accounting estimate unless it is determined that either (i) the determination thereof was in error or (ii) the accounting policy which sets out the application of those estimates, assumptions and judgements has changed, in which case the previous reported financial information is represented.

Accounting standard setting bodies issue new accounting standards and interpretations in response to outreach activities, evolving interpretations, application of accounting principles as well as changes in market developments. In addition, changes in interpretations by accounting standard setting bodies; regulators; and Macquarie Bank's and the MBL Group's independent external auditor may also arise from time to time. These changes may be difficult to predict in terms of the nature of such changes and the timing thereof. The application of new requirements and interpretations may impact how Macquarie Bank and the MBL Group prepares and reports their financial statements. In some cases, Macquarie Bank and the MBL Group may be required to apply a new or revised standard or change in interpretation retrospectively, resulting in a requirement to represent their previously reported financial information.

## INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at <http://www.sgx.com>. The Issuer has not independently verified any of such information.*

Yangzijiang Shipbuilding (Holdings) Ltd. (the “Company”) was incorporated in Singapore on 21 December 2005 under the name Yangzijiang Shipbuilding (Holdings) Pte Ltd and adopted its present name on 15 March 2007.

The Company produces a range of commercial vessels, including mini bulk carriers, bulk carriers, multi-purpose cargo vessels, containerships, chemical tankers, offshore supply vessels, rescue and salvage vessels and lifting vessels.

The Company operates two yards, through its subsidiaries, JYS (the “Old Yard”) and JNYS (the “New Yard”).

Old Yard is located in Jiangyin city. The yard spans about 800 m of deep-water coastline and covers an area of about 200,000 sq m (excluding the coastal area).

New Yard is located in Jingjiang city. The yard has 1,940 m of deep-water coastline, production area of 1,508,857 sq m, a drydock that can accommodate two 100,000 dwt vessels and two half 100,000 dwt vessels at one time.

The information set out in Appendix I of this document relates to the unaudited consolidated financial statements of the Company and its subsidiaries for six month ended 30 June 2024 and has been extracted and reproduced from an announcement by the Company dated 12 August 2024 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at <http://www.sgx.com>.

## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Macquarie Capital Securities (Singapore) Pte. Limited (“**MCSSP**”) has been appointed the designated market maker (“**DMM**”) for the Warrants. The DMM will provide competitive buy and sell quotes for the Warrants continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : 10 times the minimum permitted price movement in the Warrants in accordance with the rules of the SGX-ST or SGD 0.20, whichever is the greater
- (b) Minimum quantity subject to bid and offer spread : 10,000 Warrants
- (c) Last Trading Day for Market Making : The date falling five Business Days immediately preceding the Expiry Date

Quotations will/may however not be provided by the DMM in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Warrant is valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) when trading in the Shares is suspended or limited in a material way (including price quote limits activated by the relevant exchange or otherwise);
- (iv) when the Issuer or DMM faces technical problems affecting the ability of the DMM to provide the bid and offer prices;
- (v) when the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions. The Issuer will inform the SGX-ST of its inability to do so as soon as practicable;
- (vi) in cases where the Issuer has no Warrants to sell, then the DMM will only provide bid quotations. The DMM may provide intermittent offer quotations when it has inventory of the Warrants;
- (vii) when the stock market experiences exceptional price movements and volatility; and
- (viii) when it is a public holiday in Singapore and the SGX-ST is not open for dealings.

### History and Business

MCSSP holds a Capital Markets Services License issued by the Monetary Authority of Singapore and is a trading member of SGX-ST as well as a Clearing Member of the CDP. Under the Capital Markets Services License, MCSSP is permitted to deal in securities and provide custodial services as well as act as an exempt financial adviser. Its principal activities are those relating to the provision of stock and share broking services, prescribed under the rules and regulations of the SGX-ST, and related securities research services. MCSSP is a wholly owned subsidiary of Macquarie Group Holdings (Singapore) Pte. Limited and its ultimate holding company is Macquarie Group Limited.



## **SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER**

The Macquarie Bank Limited 2025 Interim Financial Report for the half year ended 30 September 2024 is released. Copies of the Macquarie Bank Limited 2025 Interim Financial Report can be obtained at the office of Macquarie Capital Securities (Singapore) Pte. Limited at 9 Straits View #21-07 Marina One West Tower Singapore 018937, and viewed at [www.macquarie.com.au](http://www.macquarie.com.au).

For more information on the Issuer, please see [www.macquarie.com](http://www.macquarie.com).

Queries regarding the Warrants may be directed to 1800 288 2880 (Toll Free) or +65 6601 0289 (International) or [info@warrants.com.sg](mailto:info@warrants.com.sg).

# SALE

## General

No action has been or will be taken by the Issuer that would permit a public offering of the Warrants or possession or distribution of any offering material in relation to the Warrants in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants, or distribution of any offering material relating to the Warrants may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

## European Economic Area

Please note that in relation to EEA states, additional selling restrictions may apply in respect of any specific EEA state.

The Warrants are not offered, sold or otherwise made available and will not be offered, sold, or otherwise made available under this document to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRiIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPS Regulation. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded the "**Prospectus Regulation**"); and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants.

## United Kingdom

Each dealer has represented and agreed, and each further dealer appointed in respect of the Warrants will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Warrants which are the subject of the offering contemplated by. document to any retail investor in the United Kingdom. Consequently no key information document required by the PRIIPs Regulation as it by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") forms part of domestic law (the "UK PRIIPs Regulation") for offering or selling the Warrants or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Warrants or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of EUWA; or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe for the Warrants.

Each dealer has represented and agreed, and each further dealer appointed in respect of the Warrants will be required to represent and agree, that:

- (a) in respect of Warrants having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Warrants would otherwise constitute a contravention of Section 19 of the FSMA, by us;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Warrants in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Warrants in, from or otherwise involving the United Kingdom.

### **United States of America**

The Warrants have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Warrants, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the U.S. or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the U.S. or to any such U.S. person. Offers and sales of Warrants, or interests therein, in the U.S. or to U.S. persons would constitute a violation of U.S. securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. As used herein, “**U.S.**” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and “**U.S. person**” means any citizen or resident of the U.S., including any corporation, partnership or other entity created or organised in or under the laws of the U.S. or of any political subdivision thereof, any estate or trust the income of which is subject to U.S. income taxation

regardless of its source, and any other **“U.S. person”** as such term is defined in Regulation S under the Securities Act.

## **Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Warrants may not be circulated or distributed, nor may Warrants be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

## **Hong Kong**

Each distributor, purchaser or subscriber of the Warrants has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## **Commonwealth of Australia**

This document is not a prospectus, product disclosure statement or any other disclosure document for the purposes of the Corporations Act 2001 (Cth) (the **“Act”**). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission, ASX Limited or any other government agency in Australia. Each Warrantholder will be required to represent and agree that, unless the applicable final terms otherwise provides, it:

- (a) has not offered or invited applications, and will not make any offer, or invite applications, for the issue, sale or purchase of any Warrant in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this document, any addendum to the Base Listing Document and this document or any other offering material or advertisement relating to any Warrant in Australia,

Unless:

- (a) the offeree or invitee is a “wholesale client”, “sophisticated investor” or “professional investor” (as defined in the Act);
- (b) the minimum aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies but disregarding moneys lent by the offeror or its associates); or
- (c) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Act.

Section 708(19) of the Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Act if the issuer is an Australian ADI. As at the date of this document, the Issuer is an ADI.

## SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 127 of the Base Listing Document.

1. Settlement of trades done on a normal “ready basis” on the SGX-ST generally takes place on the second Business Day following the transaction. Dealing in the Warrants will take place in Board Lots in Singapore dollars. For further details on the transfer of Warrants and their exercise, please refer to the section headed “Summary of the Issue” above.
2. It is not the current intention of the Issuer to apply for a listing of the Warrants on any stock exchange other than the SGX-ST.
3. Macquarie Bank is an indirect subsidiary of MGL. Macquarie Group is a large diversified Australian-based financial institution with a long and successful history. Like any financial institution, Macquarie Group has been subject to lawsuits.

As appropriate, the Macquarie Group makes provision for and recognises contingent liabilities in respect of actual and potential claims and proceedings that have not been determined. An assessment of likely losses is made on a case-by-case basis for the purposes of Macquarie Group’s consolidated financial statements and specific provisions that Macquarie Group considers appropriate are made, as described in the Notes to Macquarie Group’s consolidated financial statements for the year ended 31 March 2024.

There are no, nor have there been, any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Macquarie Bank or the Macquarie Group is aware) in the 12 month period prior to the date of this document which may have or have had a significant effect on the financial position or profitability of Macquarie Bank.

4. To the best of the Issuer's knowledge, there has been no adverse change, material in the context of the issue of the Warrants, in the financial position of the Issuer since 30 September 2024.
5. The following contracts, relating to the issue of the Warrants, have been or will be entered into by the Issuer and may be material to the issue of the Warrants:
  - (a) the Master Instrument; and
  - (b) the Warrant Agent Agreement.

None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

6. The Warrants are not fully covered by Shares held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Warrants.
7. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Macquarie Capital Securities (Singapore) Pte. Limited at 9 Straits View, #21-07 Marina One West Tower, Singapore 018937, until the expiry of the Warrants:
  - (a) the Constitution of the Issuer;

- (b) 2023 and 2024 Annual Reports of the Issuer and the 2025 Interim Financial Report for the half-year ended 30 September 2024 of the Issuer;
- (c) the Master Instrument;
- (d) the Warrant Agent Agreement; and
- (e) the Base Listing Document.

## **APPENDIX I**

### **REPRODUCTION OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH ENDED 30 JUNE 2024 OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD. AND ITS SUBSIDIARIES**

The information set out below is a reproduction of the unaudited consolidated financial statements of the Company and its subsidiaries for the six month ended 30 June 2024 and has been extracted and reproduced from an announcement by the Company dated 12 August 2024 in relation to the same.





## **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 2024**

### **Table of Contents**

	<b>Page</b>
A Condensed Consolidated Statement of Comprehensive Income	3
B Condensed Consolidated Statement of Financial Position	5
C Condensed Consolidated Statement of Cash Flows	6
D Condensed Consolidated Statement of Changes in Equity	7
E Notes to the Condensed Consolidated Interim Financial Statements	10
F Other Information Required by Listing Rule Appendix 7.2	19

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS**

**FOR SIX-MONTH PERIOD ENDED 30 JUNE 2024**

## A. Condensed Consolidated Statement of Comprehensive Income

		The Group			
		1st Half Year			
	Note	1H2024 RMB'000	% of Revenue	1H2023 RMB'000	+/-% Variance
Revenue	4	13,048,628	100%	11,321,043	15%
Cost of sales		(9,564,518)	-73%	(9,211,329)	4%
Gross profit		3,484,110	27%	2,109,714	65%
Other income					
- Interest		331,826	3%	207,510	60%
- Others		36,119	0.3%	26,591	36%
Other (losses)/gains, net		(119,166)	-1%	157,717	n.m.
Expenses					
- Administrative					
- Reversal of impairment loss /(impairment loss) on financial assets - net		25,068	0.2%	(47,875)	n.m.
- Others		(303,141)	-2%	(270,482)	12%
		(278,073)		(318,357)	
- Finance		(58,811)	-0.5%	(45,017)	31%
Share of results of associated companies and joint ventures <sup>#</sup>		268,918	2.0%	50,206	436%
Profit before income tax	5	3,664,923	28%	2,188,364	67%
Income tax expense	6	(605,524)	-5%	(463,859)	31%
<b>Total profit</b>		<b>3,059,399</b>		<b>1,724,505</b>	77%
<b>Profit attributable to:</b>					
Equity holders of the Company		3,058,386		1,725,996	77%
Non-controlling interests		1,013		(1,491)	n.m.
		<b>3,059,399</b>		<b>1,724,505</b>	77%
<b>Earnings per share attributable to equity holders of the Company (expressed in RMB cents per share)</b>					
<b>Basic and diluted</b>		<b>77.42</b>		<b>43.69</b>	

<sup>#</sup> Share of results of associated companies and joint ventures is after tax.  
n.m. denotes not meaningful.

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

	<b>The Group</b>		
	<b>1st Half Year</b>		
	<b>1H2024</b>	<b>1H2023</b>	<b>+/-%</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>Variance</b>
<b>Profit for the year</b>	<b>3,059,399</b>	<b>1,724,505</b>	<b>77%</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income/(loss) from the associated companies and joint ventures			
- Currency translation gains	260	5,289	-95%
Currency translation (losses)/gains arising from consolidation			
- Currency translation (losses)/gains	(5,405)	94,011	n.m.
- Reclassification	(56,701)	25,660	n.m.
Cash flow hedges			
- Fair value losses	(85,079)	(424,020)	-80%
- Reclassification	146,486	148,753	-2%
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Currency translation (losses)/gains arising from consolidation	(2,610)	7,013	n.m.
<b>Other comprehensive loss, net of tax</b>	<b>(3,049)</b>	<b>(143,294)</b>	
<b>Total comprehensive income, net of tax</b>	<b>3,056,350</b>	<b>1,581,211</b>	<b>93%</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company	3,057,947	1,575,689	94%
Non-controlling interests	(1,597)	5,522	n.m.
	<b>3,056,350</b>	<b>1,581,211</b>	<b>93%</b>

## B. Condensed Consolidated Statement of Financial Position

		The Group		The Company	
		30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Note	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		22,247,708	16,560,685	113,744	56,717
Restricted cash		12,957	88	-	-
Derivative financial instruments		-	4,200	-	-
Financial assets, at fair value through profit or loss		16,022	18,294	-	-
Trade and other receivables	8	4,782,761	4,670,962	6,854,818	6,855,050
Inventories		1,317,438	918,839	-	-
Contract assets		5,191,485	7,076,911	-	-
		<u>33,568,371</u>	<u>29,249,979</u>	<u>6,968,562</u>	<u>6,911,767</u>
<b>Non-current assets</b>					
Financial assets, at fair value through profit or loss		27,300	27,300	-	-
Derivative financial instruments		-	4,154	-	-
Trade and other receivables	8	1,065,864	1,255,203	5,475,024	4,801,518
Investment in subsidiaries		-	-	8,665,904	8,069,753
Investment in joint ventures		836,891	666,509	309,327	309,327
Investments in associated companies		55,107	54,403	134,062	134,062
Investment property	9	2,118,254	2,168,537	-	-
Property, plant and equipment	10	7,785,836	7,219,062	-	235
Intangible assets		19,506	21,179	-	-
Deferred income tax assets		228,530	198,001	-	-
		<u>12,137,288</u>	<u>11,614,348</u>	<u>14,584,317</u>	<u>13,314,895</u>
<b>Total assets</b>		<u>45,705,659</u>	<u>40,864,327</u>	<u>21,552,879</u>	<u>20,226,662</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	11	4,015,872	3,671,836	1,165,352	2,508,521
Contract liabilities		10,508,126	8,146,046	-	-
Derivative financial instruments		348,008	260,227	-	-
Borrowings	12	3,249,000	3,965,046	-	355
Current income tax liabilities		1,037,740	1,089,363	4,757	12,370
Provisions		560,872	443,775	-	-
		<u>19,719,618</u>	<u>17,576,293</u>	<u>1,170,109</u>	<u>2,521,246</u>
<b>Non-current liabilities</b>					
Derivative financial instruments		8,353	4,394	-	-
Borrowings	12	2,800,000	1,629,600	-	-
Deferred income tax liabilities		479,348	511,090	-	-
		<u>3,287,701</u>	<u>2,145,084</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		<u>23,007,319</u>	<u>19,721,377</u>	<u>1,170,109</u>	<u>2,521,246</u>
<b>NET ASSETS</b>		<u>22,698,340</u>	<u>21,142,950</u>	<u>20,382,770</u>	<u>17,705,416</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		7,361,990	7,361,990	7,326,773	7,326,773
Treasury shares		(127,753)	(127,753)	(127,753)	(127,753)
Other reserves		1,233,474	1,122,235	180,637	180,637
Retained earnings		14,162,303	12,584,081	13,003,113	10,325,759
		<u>22,630,014</u>	<u>20,940,553</u>	<u>20,382,770</u>	<u>17,705,416</u>
<b>Non-controlling interests</b>		<u>68,326</u>	<u>202,397</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>22,698,340</u>	<u>21,142,950</u>	<u>20,382,770</u>	<u>17,705,416</u>

## C. Condensed Consolidated Statement of Cash Flows

	The Group	
	1H2024	1H2023
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Net profit for the period	3,059,399	1,724,505
Adjustments for:		
- Income tax expense	605,524	463,859
- Depreciation of property, plant and equipment	238,296	241,016
- Depreciation of investment property	14,204	-
- Amortisation of intangible assets	2,248	2,065
- Finance expenses	58,811	45,017
- Gain on:		
• Dissolution of subsidiaries	-	(1,066)
• Disposal of property, plant and equipment	(20,282)	(90,705)
- Fair value change on:		
• Derivative financial instruments	172,337	16,748
• Financial assets at fair value, through profit and loss	(1,748)	5,464
- Interest income	(331,826)	(207,510)
- Dividend income	(166)	(336)
- Share of profits of associated companies and joint ventures	(268,918)	(50,206)
	3,527,879	2,148,851
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	(352,739)	(172,604)
- Construction contract balances	4,247,506	(1,079,485)
- Trade and other receivables	5,615	(975,696)
- Trade and other payables	283,346	879,606
- Provisions	117,097	51,765
- Debt investments at amortised cost	-	1,575,780
- Restricted cash	(4,432)	6,546
Cash generated from operations	7,824,272	2,434,763
Interest paid	(58,811)	(45,017)
Interest received	331,826	207,510
Income tax paid	(730,254)	(427,375)
<b>Net cash provided by operating activities</b>	<b>7,367,033</b>	<b>2,169,881</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of property, plant and equipment	49,518	200,669
Proceeds from sales of financial assets, at fair value through profit and loss	4,020	95,396
Dividend received from financial assets at FVTPL	166	336
Dividend received from a joint venture	98,091	-
Purchase of property, plant and equipment	(765,649)	(12,278)
Acquisition of asset, net of cash acquired	-	(2,053,761)
Acquisition of a subsidiary, net of cash acquired	(18,974)	-
Acquisition of intangible assets	(575)	(5,099)
Additions of investments in a joint venture	-	(43,177)
Return of capital by joint ventures	-	23,980
<b>Net cash used in investing activities</b>	<b>(633,403)</b>	<b>(1,793,934)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	3,300,000	750,000
Repayments of bank borrowings	(2,845,292)	(259,200)
Principal payment of lease liabilities	(355)	(396)
Return of capital to non-controlling interests	(31,594)	-
Capital injection by non-controlling interests	16,000	124,654
Dividends paid to equity holders	(1,345,827)	(1,024,427)
Acquisition of non-controlling interests	(139,539)	-
Dividends paid to non-controlling interests	-	(18,377)
<b>Net cash used in financing activities</b>	<b>(1,046,607)</b>	<b>(427,746)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,687,023</b>	<b>(51,799)</b>
Cash and cash equivalents at the beginning of financial period	16,560,685	10,778,393
<b>Cash and cash equivalents at the end of financial period</b>	<b>22,247,708</b>	<b>10,726,594</b>

## D. Condensed Consolidated Statement of Changes in Equity

	<-----Attributable to equity holders of the Company----->								Non-	Total
	Share capital RMB'000	Treasury shares RMB'000	Statutory reserve RMB'000	Hedging reserve RMB'000	Currency translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	controlling interests RMB'000	equity RMB'000
<b>2024</b>										
<b>As at 31 December 2023</b>	7,361,990	(127,753)	3,782,985	(150,018)	175,114	(2,685,846)	12,584,081	20,940,553	202,397	21,142,950
Profit for the period	-	-	-	-	-	-	3,058,386	3,058,386	1,013	3,059,399
Other comprehensive income for the period	-	-	-	61,407	(61,846)	-	-	(439)	(2,610)	(3,049)
<b>Total comprehensive income/(loss)</b>	-	-	-	61,407	(61,846)	-	3,058,386	3,057,947	(1,597)	3,056,350
Transfer <sup>(1)</sup>	-	-	134,337	-	-	-	(134,337)	-	-	-
Capital injection by non-controlling interest <sup>(2)</sup>	-	-	-	-	-	-	-	-	16,000	16,000
Return of capital to non-controlling interests <sup>(3)</sup>	-	-	-	-	-	-	-	-	(31,594)	(31,594)
Acquisition of the non-controlling interest of a subsidiary <sup>(4)</sup>	-	-	-	-	-	(22,659)	-	(22,659)	(116,880)	(139,539)
Dividend relating to 2023 paid <sup>(5)</sup>	-	-	-	-	-	-	(1,345,827)	(1,345,827)	-	(1,345,827)
<b>Total transactions with owners, recognised directly in equity</b>	-	-	134,337	-	-	(22,659)	(1,480,164)	(1,368,486)	(132,474)	(1,500,960)
<b>As at 30 June 2024</b>	<b>7,361,990</b>	<b>(127,753)</b>	<b>3,917,322</b>	<b>(88,611)</b>	<b>113,268</b>	<b>(2,708,505)</b>	<b>14,162,303</b>	<b>22,630,014</b>	<b>68,326</b>	<b>22,698,340</b>

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

	<-----Attributable to equity holders of the Company----->								Non-	Total
	Share capital RMB'000	Treasury shares RMB'000	Statutory reserve RMB'000	Hedging reserve RMB'000	Currency translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	controlling interests RMB'000	equity RMB'000
<b>2023</b>										
<b>As at 31 December 2022</b>	7,361,990	(127,753)	4,624,921	(235,103)	(30,359)	(2,685,589)	8,665,024	17,573,131	131,629	17,704,760
Profit/(loss) for the period	-	-	-	-	-	-	1,725,996	1,725,996	(1,491)	1,724,505
Other comprehensive income for the period	-	-	-	(275,267)	124,960	-	-	(150,307)	7,013	(143,294)
<b>Total comprehensive (loss)/income</b>	-	-	-	(275,267)	124,960	-	1,725,996	1,575,689	5,522	1,581,211
Transfer	-	-	(909,584)	-	-	-	909,584	-	-	-
Dividend relating to 2022 paid	-	-	-	-	-	-	(1,024,427)	(1,024,427)	(18,377)	(1,042,804)
Acquisition of the non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	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>(510,370)</b>	<b>94,601</b>	<b>(2,685,589)</b>	<b>10,276,177</b>	<b>18,124,393</b>	<b>243,428</b>	<b>18,367,821</b>



**Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries**  
Condensed Consolidated Interim Financial Statements and Dividend Announcement  
For six-month period ended 30 June 2024

**THE COMPANY**

	<b>Attributable to equity holders of the Company</b>				
	Share capital	Treasury shares	Other reserves	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 31 December 2023</b>	7,326,773	(127,753)	180,637	10,325,759	17,705,416
Dividend relating to 2023 paid <sup>(5)</sup>	-	-	-	(1,345,827)	(1,345,827)
Total comprehensive income	-	-	-	4,023,181	4,023,181
<b>As at 30 June 2024</b>	<b>7,326,773</b>	<b>(127,753)</b>	<b>180,637</b>	<b>13,003,113</b>	<b>20,382,770</b>
<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	-	-	-	(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>

- (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 capital injection by non-controlling interest of RMB16 million represents the capital injection by the non-controlling interest of Jiangsu Yangzi Chengkang Marine Heavy Industry Co., Ltd., a 50% owned subsidiary of the Group.
- (3) The RMB31.6 million represents the return of capital to non-controlling interests of Yangzijiang Taihua Shipping Pte. Ltd. ("**Taihua**"), a 49.48%-owned subsidiary of the Group following the dissolution of Taihua in 1H2024.
- (4) In 1H2024, the Group acquired all the 19% non-controlling interests of Yangzijiang Realty Pte. Ltd. (the 81%-owned subsidiary of the Group) for a cash consideration of RMB140 million.
- (5) The RMB1,346 million represents the final dividend of 6.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2023. The Company paid the dividend on 8 May 2024.

## **Notes to the Condensed Consolidated 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 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619.

The principal activities of the Company are investment holding and agency service for shipbuilding and related activities. The principal activities of its significant 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;
- c) Chartering of vessels; and
- d) Holding of investment property.

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

The condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2024 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 consolidated interim financial statements for the period ended 31 December 2023.

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 2024 as set out in Note 2.1.

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

#### **2.1. New or amended standards 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 2024. 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 is the amendments to SFRS (I)s, that is relevant to the Group:

- Amendments to SFRS(I)
  - 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)

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

#### **2.2. Use of judgements and estimates**

In preparing the condensed consolidated 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 2023.

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 2024 to 30 June 2024</b>				
<b>Segment revenue</b>	<b>12,398,009</b>	<b>604,396</b>	<b>46,223</b>	<b>13,048,628</b>
<b>Segment result</b>	<b>3,045,196</b>	<b>306,601</b>	<b>(3,044)</b>	<b>3,348,753</b>
<i>Included within segment result:</i>				
Finance expenses	(58,040)	-	(771)	(58,811)
Fair value (loss)/gain on				
· Derivatives financial instruments	(172,337)	-	-	(172,337)
· Financial assets, at fair value through profit or loss	-	-	1,748	1,748
Depreciation of property, plant and equipment	(154,727)	(78,051)	(5,518)	(238,296)
Depreciation of investment property	-	-	(14,204)	(14,204)
Dividend income	-	-	166	166
Share of profits of associated companies	-	-	459	459
Share of profits of joint venture	268,459	-	-	268,459
Sales of bunker stock	-	4,493	-	4,493
Bad debt recovery	29,400	-	-	29,400
(Loss)/gain on disposal of:				
· Property, plant and equipment	(1,515)	21,797	-	20,282
Interest income - finance lease	-	43,708	-	43,708
<b>Segment assets</b>	<b>35,974,462</b>	<b>5,949,028</b>	<b>3,553,639</b>	<b>45,477,129</b>
<i>Segment assets includes:</i>				
Investment in associated companies	49,183	-	5,924	55,107
Investments in joint ventures	836,891	-	-	836,891
Additions to property, plant and equipment	166,611	618,715	9,491	794,817
<b>Segment liabilities</b>	<b>(21,258,607)</b>	<b>(172,001)</b>	<b>(59,623)</b>	<b>(21,490,231)</b>

**Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries**  
Condensed Consolidated Interim Financial Statements and Dividend Announcement  
For six-month period ended 30 June 2024

	<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 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)/gain 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	8,603	-	3,675	12,278
<b>Segment liabilities</b>	<b>(14,572,519)</b>	<b>(121,235)</b>	<b>(109,815)</b>	<b>(14,803,569)</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.

## Reconciliation

### (i) Segment profits

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

	1H2024 RMB'000	1H2023 RMB'000
Segment results for reportable segments	3,351,797	2,038,614
Segment results for other segments	(3,044)	(38,568)
Unallocated:		
Other income	319,578	165,546
Other gains - net	31,141	89,224
Administrative expenses	(34,549)	(66,433)
Finance expenses	-	(19)
<b>Profit before tax</b>	<b>3,664,923</b>	<b>2,188,364</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.

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Segment assets for reportable segments	41,923,490	37,283,250
Other segment assets	3,553,639	3,383,076
Unallocated:		
Deferred income tax assets	228,530	198,001
<b>Total assets</b>	<b>45,705,659</b>	<b>40,864,327</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 and deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Segment liabilities for reportable segments	(21,430,608)	(18,019,791)
Other segment liabilities	(59,623)	(101,133)
Unallocated:		
Current income tax liabilities	(1,037,740)	(1,089,363)
Deferred income tax liabilities	(479,348)	(511,090)
<b>Total liabilities</b>	<b>(23,007,319)</b>	<b>(19,721,377)</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>1H2024</b>			
<i>Shipbuilding segment</i>			
- Shipbuilding revenue	-	12,286,443	12,286,443
- Sale of completed vessels	111,566	-	111,566
<i>Shipping segment</i>			
Charter hire income	-	604,396	604,396
<i>Others segment</i>			
Rendering of ship design services	9,293	-	9,293
Sale of goods - materials and others	1,308	-	1,308
Rental income	-	13,520	13,520
Others	22,102	-	22,102
Total revenue	<b>144,269</b>	<b>12,904,359</b>	<b>13,048,628</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>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>

**(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>1H2024</b>	<b>1H2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Construction of container ships	10,407,855	10,458,807
Construction of multiple purpose cargo ships	1,288,209	64,083
Construction of oil tanker	590,379	-
Sales of other completed vessels	111,566	136,215
Sale of goods - materials and others	1,308	68,605
Interest income from debt investments at amortis	-	14,850
Rendering of ship design services	9,293	11,165
Charter hire income	604,396	532,444
Rental income	13,520	-
Others	22,102	34,874
	<b>13,048,628</b>	<b>11,321,043</b>

**(c) Geographical information**

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

	<b>1H2024</b>	<b>1H2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Canada	6,147,397	7,042,935
Italy	2,737,637	-
Greece	1,078,727	-
Germany	756,484	-
Greater China	608,918	2,319,645
Bulgaria	644,794	64,083
Japan	214,789	1,200,278
Other European countries	182,966	265,608
Other Asian countries	676,916	428,494
	<b>13,048,628</b>	<b>11,321,043</b>

Revenues of approximately RMB9,529,827,000 (1H2023: RMB8,281,786,000) are derived from three (1H2023: three) major customers. These revenues are attributable to the shipbuilding segment.

## 5. Profit before taxation

### 5.1 Significant items

	<u>The Group</u>	
	1H2024	1H2023
	RMB'000	RMB'000
<b>After charging:</b>		
Depreciation and amortization	254,748	243,081
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	58,811	45,017
Foreign exchange related losses, net	14,864	20,937
Fair value loss on derivative financial instruments	172,337	16,748
Impairment loss on debt investment at amortised costs	-	65,878
<b>After crediting:</b>		
Gain from dissolution of subsidiaries	-	1,066
Gain from disposal of property, plant and equipment	20,282	90,705
Bad debt recovery	25,068	18,003
Interest income	331,826	207,510
Subsidy income	45,691	94,096
Fair value gain/(loss) on financial assets, at fair value through profit or loss	1,748	(5,464)
Dividend income	166	336

### 5.2 Related party transactions

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

	<u>The Group</u>	
	1H2024	1H2023
	RMB'000	RMB'000
Sales of goods to a joint venture	5,445	2,083
Provision of ship design services to a joint venture	3,751	17,212
Rental income from a joint venture	43,541	47,435
Rental income from an associated company	2,492	-
Loan to an associated company	40,000	27,000
Repayment of loan to an associated company	5,000	-
Purchase of goods from a joint venture	180,698	-
Purchase of vessels from a joint venture	27,884	-
Professional services received from a related party	858	-

Related party comprises mainly company which is controlled or significantly influenced by the Group's key management personnel.

## 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>	
	1H2024	1H2023
	RMB'000	RMB'000
Income tax expense attributable to profit is made up of:		
Current year		
- Current income tax	790,807	301,753
- Deferred income tax	(62,271)	162,106
	<u>728,536</u>	<u>463,859</u>
Over provision in prior year		
- Current income tax	(123,012)	-
	<u>605,524</u>	<u>463,859</u>



## 7. Dividends

	<u>The Group</u>	
	<b>1H2024</b>	1H2023
	<b>RMB'000</b>	RMB'000
<i>Ordinary dividends</i>		
Final exempt dividend paid in respect of the previous financial year of SGD6.5 cents (2023: SGD5.0 cents) per share	<b>1,345,827</b>	1,024,427

## 8. Trade and other receivables

	<u>The Group</u>	
	<b>30 June 2024</b>	<b>31 December 2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current</b>		
Finance lease receivables	<b>157,951</b>	166,302
Trade receivables, net	<b>439,029</b>	837,273
Other receivables	<b>443,532</b>	350,084
Other assets	<b>93,207</b>	169,300
Prepayments	<b>3,649,042</b>	3,148,003
	<b>4,782,761</b>	4,670,962
<b>Non-current</b>		
Finance lease receivables	<b>1,065,864</b>	1,252,621
Other receivables	<b>-</b>	2,582
	<b>1,065,864</b>	1,255,203

## 9. Investment property

During the six months ended 30 June 2023, the Group through its 81% owned subsidiary, Yangzijiang Realty Pte. Ltd. acquired an investment property through the acquisition of an investment property company i.e. 39 Robinson Road Pte. Ltd. with a value of RMB2,132 million as of 30 June 2023.

The Company had in March 2024 acquired the remaining 19% equity interest in YZJ Realty from two existing shareholders of YZJ Realty for a total cash consideration of S\$26,372,916. As the investment property was already consolidated, the transaction resulted in no increase in investment property. The transaction was reflected as a corresponding reduction in non-controlling interests in the statement of financial position.

The changes observed during this period were attributed to amortization and differences in foreign currency translation.

## 10. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to RMB795 million (30 June 2023: RMB12 million) and disposed of assets amounting to RMB29 million (30 June 2023: RMB93 million).

## 11. Trade and other payables

	<u>The Group</u>	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
<b>Current</b>		
Trade payables	2,670,186	2,139,418
Other payables	1,117,985	1,179,394
Other operating accruals	61,969	186,597
Deferred compensation income	165,732	166,427
	4,015,872	3,671,836

## 12. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current</b>				
Bank borrowings (secured)	-	18,400	-	-
Bank borrowings (unsecured)	3,249,000	3,946,291	-	-
Lease liabilities	-	355	-	355
	3,249,000	3,965,046	-	355
<b>Non-current</b>				
Bank borrowings (secured)	-	29,600	-	-
Bank borrowings (unsecured)	2,800,000	1,600,000	-	-
	2,800,000	1,629,600	-	-
	6,049,000	5,594,646	-	355

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

## 13. 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>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<u>The Group</u>				
<b>30 June 2024</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	-	-	43,322	43,322
<b>Liabilities</b>				
Derivative financial instruments held for hedging	-	(356,361)	-	(356,361)
<b>31 December 2023</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss	-	-	45,594	45,594
Derivative financial instruments held for hedging	-	8,354	-	8,354
<b>Liabilities</b>				
Derivative financial instruments held for hedging	-	(264,621)	-	(264,621)

## 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 2024 and 30 June 2023.

- 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 2024	%	As at 30 June 2023	%
Shares held as treasury shares	23,488	0.59%	23,488	0.59%
Issued shares excluding treasury shares	<u>3,950,589</u>	99.41%	<u>3,950,589</u>	99.41%
Total number of shares	<u><b>3,974,077</b></u>	100.00%	<u><b>3,974,077</b></u>	100.00%

The Company did not have subsidiary holdings as of 30 June 2024 and 30 June 2023.

- 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 2024	As at 31 December 2023
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>
Issued shares excluding treasury shares	<u><b>3,950,589</b></u>	<u><b>3,950,589</b></u>

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

	Number of Shares ('000)	RMB'000
Total number of treasury shares		
Balance as at 1 January 2024	23,488	127,753
Repurchased during 1H2024	-	-
Treasury shares re-issued	-	-
Balance as at 30 June 2024	<u><b>23,488</b></u>	<u><b>127,753</b></u>

## 6. Net Asset Value

	The Group		The Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	<b>572.83</b>	530.06	<b>515.94</b>	448.17

The Group's and the Company's net assets value per ordinary share as of 30 June 2024 and 31 December 2023 have been computed based on the share capital of 3,950,589,220 shares.

## 7. Earnings per share

	The Group	
	1H2024	1H2023
(a) Based on weighted average number of ordinary shares in issue (RMB cents) - Basic EPS	77.42	43.69
Weighted average number of Ordinary shares	3,950,589,220	3,950,589,220
(b) On fully diluted basis (RMB cents)	77.42	43.69

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 2024 and 30 June 2023 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

	1H2024		1H2023	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	12,398,009	100%	10,659,105	100%
Cost	(9,183,424)	-74%	(8,771,091)	-82%
Margin	<b>3,214,585</b>	26%	<b>1,888,014</b>	18%
Shipping				
Turnover	604,396	100%	532,444	100%
Cost	(359,604)	-59%	(352,531)	-66%
Margin	<b>244,792</b>	41%	<b>179,913</b>	34%
Others				
Turnover	46,223	100%	129,494	100%
Cost	(21,490)	-46%	(87,707)	-68%
Margin	<b>24,733</b>	54%	<b>41,787</b>	32%

### Revenue

In 1H2024, a total of 35 vessels were delivered, with 7 of them being delivered by the joint venture ("Yangzi-Mitsui"). This is in comparison to the 31 vessels delivered in 1H2023, with 6 from the joint venture. During this period, the Group's shipbuilding revenue increased by 16%, reaching RMB12,398 million, up from RMB10,659 million in 1H2023. This growth was driven by increased progressive construction activities.

Revenue from the shipping business rose by 14%, reaching RMB604 million in 1H2024. This increase was driven by improved 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 RMB129 million in 1H2023 to RMB46 million in 1H2024, primarily due to lower volumes related to trading businesses and lower interest income from debt investments at amortised costs.

### Operating cost

As a result of the increased revenue from the shipbuilding business in 1H2024, the cost of sales also rose to RMB9,183 million, compared to RMB8,771 million in 1H2023. There was no allowance (or reversal of allowance) for losses recognised on onerous contracts in 1H2024.

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 1H2024, the Group's shipbuilding business saw an increase in gross profit margin, rising from 18% in the same period of 2023 to 26% in 1H2024. This improvement mainly attributed to the depreciation of the RMB against the USD and execution of secured contracts with better pricing.

The shipping business segment recorded a gross profit margin of 41% in 1H2024, up from 34% in 1H2023, driven by enhanced charter rates for bulk carriers during this period.

Other businesses, including terminal services, trading, ship design services, investment property and investments retained post-spin-off, saw their gross profit margin rise to 54% in 1H2024, up from 32% in 1H2023. This improvement was primarily due to a reduction in low-margin trading activities during the period.

### 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 1H2024, interest income experienced growth, rising from RMB208 million in 1H2023 to RMB332 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 (losses)/gains - net

The category of "Other (losses)/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 1H2024, the company reported total other losses amounting to RMB119 million, compared to a gain of RMB158 million in 1H2023. These net losses were primarily attributed to foreign exchange-related losses of RMB15 million, a fair value loss of RMB172 million on derivative financial instruments. These were partially offset by subsidy income of RMB46 million and gain of RMB20 million from the disposal of property, plant, and equipment, mainly arising from the disposal of one long-serving vessel during the period.

#### Expenses

In 1H2024, total administrative expenses decreased to RMB278 million from RMB318 million in 1H2023. The Group recorded a bad debt recovery of RMB25 million in 1H2024, compared to a net impairment loss on financial assets of RMB48 million in 1H2023, mainly related to the investments retained post-spin-off, which were disposed of in 1H2023. In line with increased shipbuilding activity and a depreciation charge of RMB14 million on investment property, other administrative costs rose from RMB270 million in 1H2023 to RMB303 million in 1H2024.

In 1H2024, the finance cost increased to RMB59 million from RMB45 million in 1H2023. This increase is attributed to the Group's higher bank borrowing 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 1H2024, the share of profits from associated companies and joint ventures amounted to RMB269 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 1H2024, the Group's effective tax rate stood at 16.5%, lower than the 21.2% recorded in 1H2023. This decrease was primarily due to a one-off reversal of RMB123 million in overprovision of income tax for prior years.

### **Statements of Financial Position Review**

#### Assets

As of 31 December 2023, cash and cash equivalents surged to RMB22,248 million from RMB16,561 million as of 31 December 2023, propelled by robust cash inflows from operating activities.

Restricted cash primarily earmarked as deposits for performance guarantees, letters of credit in specific bank accounts and regulatory reserve account, increased from RMB0.1 million at the close of 2023 to RMB13.0 million at the end of 1H2024. This increase resulted from the acquisition of Jiangsu Yangxing Property Co., Ltd., which is currently developing a residential project in Dongxing Town, near Jiangsu New Yangzi Shipbuilding Co Ltd. This project is expected to address the growing housing needs of our young employees and provide staff dormitories.

The investment in financial assets, at fair value through profit or loss, decreased to RMB43 million from RMB46 million as of 31 December 2023. This decrease was mainly a result of the disposal of RMB2.3 million in 1H2024.

Current trade and other receivables increased from RMB4,671 million as of 31 December 2023 to RMB4,783 million as of 30 June 2024. This uptick primarily reflects an escalation in prepayments to suppliers, correlating with the heightened volume of shipbuilding business.

Inventory rose to RMB1,317 million as of 30 June 2024, up from RMB919 million on 31 December 2023. This increase was primarily due to a rise in work-in-progress as a result of termination of the shipbuilding contracts for 2 units of 175,000 CBM LNG carriers in 1H2024.

Contract assets decreased to RMB5,191 million as of 30 June 2024, down from RMB7,077 million as of 31 December 2023, due to progressive delivery during the period.

The current and non-current derivative financial assets mainly represented the fair values of USD/CNY forward contracts with positive valuation, decreased from RMB8 million as of 31 December 2023 to nil. These contracts were entered by the Group to mitigate its currency exposure to future USD-denominated receipts from the shipbuilding business. The movement from RMB8 million as of 31 December 2023 represents the fair value movement during the year.

Non-current trade and other receivables decreased to RMB1,066 million as of 30 June 2024 from RMB1,255 million as of 31 December 2023. This decrease was primarily attributable to a reduction in non-current finance lease receivables following expiration of the leases, and progressive reclassification to current finance lease receivable.

Investment in joint ventures, primarily related to Yangzi-Mitsui, increased from RMB667 million as of 31 December 2023 to RMB837 million as of 30 June 2024. This increase was mainly attributed to a share of profits amounting to RMB268 million, partially offset by a dividend received of RMB98 million in 1H2024.

Property, plant, and equipment experienced an increase from RMB7,219 million as of 31 December 2023, to RMB7,786 million as of 30 June 2024. This growth was primarily due to the addition of five vessels to our shipping fleet, including two international sailing vessels and three domestic operating vessels. Two bulk carriers were self-built by the Group, one was acquired through auction, and another two barge carriers were confiscated due to finance lease defaults. Meanwhile, the Group also disposed of an aged chemical tanker in 1H2024.

Deferred income tax assets increased from RMB198 million as at the end of last year to RMB229 million. This rise was mainly due to the tax impact of fair value losses on derivative financial instruments and the net addition of warrant provisions during the period.

Intangible assets, including computer software licenses and goodwill from the acquisition of non-controlling interest of a subsidiary, decreased from RMB21 million as of 31 December 2023 to RMB20 million as of 30 June 2024. This decrease was primarily due to amortization during the period.

#### Liabilities

As of 30 June 2024, current trade and other payables increased to RMB4,016 million from RMB3,672 million as of 31 December 2023. 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 RMB356 million as of 30 June 2024, 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 RMB265 million as of 31 December 2023 was the result of the fair value movement during the period.

Due to higher advances received on construction contracts from new shipbuilding contracts secured, contract liabilities as of 31 December 2023 surged to RMB10,508 million from RMB8,146 million as of 31 December 2023.

The Group's borrowings, represented by its secured and unsecured borrowings, amounted to RMB6,049 million as of 30 June 2024, slightly higher than RMB5,595 million as of 31 December 2023. This movement was due to the net addition of bank borrowings during the period.

Provisions increased from RMB444 million as of 31 December 2023 to RMB561 million as at 30 June 2024, primarily due to net addition of warranty provisions for delivered vessels.

As of 31 December 2023, the current income tax liabilities decreased from RMB1,089 million as of 31 December 2023, to RMB1,038 million. The decrease was mainly due to income tax paid and a reversal of over-provision of income tax for the prior year in 1H2024, offset by current income tax on profit for the period.

As of 31 December 2023, deferred income tax liabilities had decreased to RMB479 million from RMB511 million as of 31 December 2023, being the net release of deferred tax expenses to profit or loss during the year.

#### Equity

The increase in "Total equity attributable to equity holders" to RMB22,630 million as of 30 June 2024 from RMB20,941 million as of 31 December 2023 was primarily driven by the profits earned during the period. The increase was partially offset by FY2023 dividend payment during the same period.

#### **Statements of Cash Flows Review**

The increase of cash and cash equivalents from RMB16,561 million to RMB22,248 million was primarily driven by the strong net cash provided by operating activities of RMB7,367 million during the period. This increase was partially offset by cash outflows related to the purchase of property, plant and equipment, and cash outflows for the FY2023 dividend payment.

The net cash used in investing activities amounted to RMB633 million. This was primarily due to the purchase of property, plant, and equipment totalling RMB766 million mainly for the expansion of our shipping fleet, which was partially offset by dividend income of RMB98 million received from the joint venture, Yangzi-Mitsui and proceeds of RMB50 million from sales of property, plant, and equipment, mainly from the disposal of an aged vessel during the period.



The net cash used in financing activities of RMB1,047 million mainly included cash outflows of RMB1,346 million for the FY2023 dividend payment to equity holders and consideration of RMB140 million paid for the acquisition of the remaining 19% non-controlling interest of Yangzijiang Realty Pte. Ltd. These outflows were partially offset by the net proceeds from borrowings amounting to RMB455 million. The Group's liquidity remained healthy, as indicated by a current ratio of 1.70 as of 30 June 2024, an improvement from 1.66 on 31 December 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**

Global economic activity and world trade gained momentum at the start of the year, driven by robust exports from Asia. Based on that, the International Monetary Fund has revised its 2024 global growth rate forecast upwards by 0.1 percentage point ("**ppt**") to 3.2% year-on-year ("**yoy**"), compared to earlier projections in January 2024<sup>1</sup>.

**Shipbuilding industry**

The shipbuilding industry enjoyed growth in 1H2024, with newbuilding orders at Chinese shipyards up 43.9% yoy during the period<sup>2</sup>. The surge was primarily fueled by increased orders for very large crude carriers ("**VLCCs**") and product tankers due to fleet renewal<sup>3</sup>, as well as a rise in demand for containerships due to higher freight rates and rerouting from the Red Sea disruptions<sup>4</sup>.

The global energy transition and fleet decarbonisation continue to be a key focus in the maritime industry, with ongoing investments in alternative marine fuels by ship liners gaining further momentum. According to the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping ("**MMMCZCS**"), alternative dual-fuel vessels that comply with FuelEU Maritime Regulation and EU Emissions Trading System ("**ETS**") can save up to 10% in total costs of ownership over a ship's lifetime compared to those with conventional fossil fuel engines.<sup>5</sup> Out of the available alternatives for dual-fuel ships, liquified natural gas ("**LNG**") remains the top-choice due to its price competitiveness and ready infrastructure.<sup>6</sup>

With the ongoing environmental regulatory push and the transition of market preference towards dual-fuel vessels, especially LNG-powered ships, the demand for newbuilding is expected to remain strong.

**Shipping industry**

The demand in the shipping industry is growing faster than expected. During the period under review, the Baltic Exchange Dry Index grew by 87.9% yoy to 2,050, with a yearly average of 1,715.8. According to the International Monetary Fund ("**IMF**"), the Organization for Economic Co-operation and Development ("**OECD**") and the World Trade Organization ("**WTO**"), global trade growth is projected to more than double in 2024, driven by a broad-based improvement in economic activities across developed countries<sup>7</sup>. However, the newbuilding orders and delivery schedules for bulk carriers remain relatively subdued across vessel sizes.

As a result, the dry bulk shipping market is expected to continue its recovery, with trade volume forecasted to rise by approximately 133 million tonnes or 2.6% yoy in 2024.<sup>8</sup>

**Update on LNG Terminal and Capacity Expansion**

In line with the global energy transition, particularly towards LNG, Yangzijiang Shipbuilding has made headways towards the LNG terminal business and also expanding our capacity by establishing a new manufacturing base for clean energy vessels.

The Group has recently received government approval to convert its chemical terminal into an LNG terminal. This

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>

<sup>2</sup> <https://en.portnews.ru/news/366145/>

<sup>3</sup> <https://www.seatrade-maritime.com/shipyards/shipbuilding-market-outlook-h2-2024>

<sup>4</sup> [https://www.bimco.org/news/market\\_analysis/2024/20240627-smoo-container](https://www.bimco.org/news/market_analysis/2024/20240627-smoo-container)

<sup>5</sup> <https://www.offshore-energy.biz/mmmc-zcs-dual-fuel-ships-are-future-proof-ships/>

<sup>6</sup> <https://www.rystadenergy.com/news/lng-shipping>

<sup>7</sup> <https://www.weforum.org/agenda/2024/05/global-trade-to-double-2024-imf-wto/>

<sup>8</sup> <https://splash247.com/fleet-supply-and-trade-growth-get-the-balance-right-for-dry-bulk/>

project, together with the construction of a new LNG storage tank facility, will enable us to develop a comprehensive LNG logistics hub with storage and distribution capabilities. Once operational, the project is expected to provide a new recurring revenue stream to the Group, whilst strengthening the collaborations with LNG ship liners and traders.

In addition, on 15 July 2024, the Group signed a framework agreement with the local government to acquire 866,671 square metres (“**sqm**”) of land adjacent to its Yangzi Xinfu Yard. The land will be developed into a new clean energy ship manufacturing base upon further approval from various governmental agencies.

### **Summary**

The Group's orderbook composition reflects its market leadership and robust market demand. Early efforts to enhance technical capabilities in building clean energy vessels have proven to be successful with eco-friendly vessels making up 70% of the total orderbook value.

During 1H2024, Yangzijiang Shipbuilding secured a total of 79 new orders worth USD8.5 billion with 79% of new orders for green vessels with the likes of gas carriers, LNG dual-fuel vessels, and methanol dual-fuel vessels. With six more months remaining, the Group has already surpassed its FY2024 new order target of USD4.5 billion. In 1H2024, the Group also terminated the shipbuilding contracts for two units of 175,000CMB LNG carriers. The Group will utilize our own funds to complete their constructions and subsequently sell them on the market.

As of 30 June 2024, the Group has an outstanding orderbook of USD20.2 billion for 224 units of vessels.

In terms of vessel deliveries, the Group is on track to meet the full-year target of 63 vessels. As of 30 June 2023, Yangzijiang Shipbuilding has delivered 37 vessels, including 2 vessels built for its own fleet.

In the near term, and given the current capacity of the yards, the Group will be selective on adding new orders to its record orderbook.

Going forward, the Group aims to capitalise on the energy transition megatrend with an emphasis on upskilling its capabilities and capacity to produce clean energy vessels that are in line with the environmental standards recommended by the IMO. The Group is confident of retaining its market position as one of the best shipbuilding companies in the industry.

## 12. Dividend

**a) Current Financial Period Reported On**

None.

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

None.

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

Not applicable.

**d) Date payable**

Not applicable.

**e) Books closure date**

Not applicable.

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

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

## 14. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the financial period ended 30 June 2024:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<b><u>YEE KEE SHIAN, LEON</u></b>		
<u>Selvam LLC</u> Receipt of legal services	RMB 858,000* (Equivalent to SGD 162,000)	Nil <sup>^</sup>

\*Aggregate value less than 3% of Group's NTA as at 31 December 2023, shareholder mandate not applicable.

<sup>^</sup>The Company does not obtain a shareholders' mandate for interested person transactions.

**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 2024 to be false or misleading in any material aspect.

**On Behalf of the Board of Directors**

Ren Letian  
Executive Chairman and Chief Executive Officer

Yee Chia Hsing  
Independent Director

Singapore  
Date: 12 August 2024

**ISSUER'S PRINCIPAL PLACE OF BUSINESS**

Level 1, 1 Elizabeth Street  
Sydney NSW 2000  
Australia

**ISSUER'S AUDITORS**

**PricewaterhouseCoopers**  
One International Towers, Watermans Quay,  
Barangaroo, Sydney NSW 2000  
Australia

**WARRANT AGENT**

**Macquarie Capital Securities (Singapore) Pte. Limited**  
9 Straits View  
#21-07 Marina One West Tower  
Singapore 018937