



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

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**YANGZIJIANG 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

	Note	The Group			
		1st Half Year			
		1H2024	% of	1H2023	+/-%
		RMB'000	Revenue	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		<u>3,484,110</u>	27%	<u>2,109,714</u>	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 [#]		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%
Total profit		<u>3,059,399</u>		<u>1,724,505</u>	77%
Profit attributable to:					
Equity holders of the Company		3,058,386		1,725,996	77%
Non-controlling interests		1,013		(1,491)	n.m.
		<u>3,059,399</u>		<u>1,724,505</u>	77%
Earnings per share attributable to equity holders of the Company (expressed in RMB cents per share)					
Basic and diluted		77.42		43.69	

[#] 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)

	The Group		
	1st Half Year		
	1H2024	1H2023	+/-%
	RMB'000	RMB'000	Variance
Profit for the year	3,059,399	1,724,505	77%
Other comprehensive income:			
<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.
Other comprehensive loss, net of tax	(3,049)	(143,294)	
Total comprehensive income, net of tax	3,056,350	1,581,211	93%
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	3,057,947	1,575,689	94%
Non-controlling interests	(1,597)	5,522	n.m.
	3,056,350	1,581,211	93%

B. Condensed Consolidated Statement of Financial Position

	Note	The Group		The Company	
		30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2024 RMB'000	31 December 2023 RMB'000
ASSETS					
Current assets					
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>
Non-current assets					
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>
Total assets		<u>45,705,659</u>	<u>40,864,327</u>	<u>21,552,879</u>	<u>20,226,662</u>
LIABILITIES					
Current liabilities					
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>
Non-current liabilities					
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>
Total liabilities		<u>23,007,319</u>	<u>19,721,377</u>	<u>1,170,109</u>	<u>2,521,246</u>
NET ASSETS		<u>22,698,340</u>	<u>21,142,950</u>	<u>20,382,770</u>	<u>17,705,416</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		7,361,990	7,361,990	7,326,773	7,326,773
Treasury shares		(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>
Non-controlling interests		<u>68,326</u>	<u>202,397</u>	<u>-</u>	<u>-</u>
Total equity		<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
Cash flows from operating activities		
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)
	<u>3,527,879</u>	<u>2,148,851</u>
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	<u>7,824,272</u>	<u>2,434,763</u>
Interest paid	(58,811)	(45,017)
Interest received	331,826	207,510
Income tax paid	(730,254)	(427,375)
Net cash provided by operating activities	<u>7,367,033</u>	<u>2,169,881</u>
Cash flows from investing activities		
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
Net cash used in investing activities	<u>(633,403)</u>	<u>(1,793,934)</u>
Cash flows from financing activities		
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)
Net cash used in financing activities	<u>(1,046,607)</u>	<u>(427,746)</u>
Net increase/(decrease) in cash and cash equivalents	<u>5,687,023</u>	<u>(51,799)</u>
Cash and cash equivalents at the beginning of financial period	<u>16,560,685</u>	<u>10,778,393</u>
Cash and cash equivalents at the end of financial period	<u>22,247,708</u>	<u>10,726,594</u>

D. Condensed Consolidated Statement of Changes in Equity

	-----Attributable to equity holders of the Company----->							Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	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			
2024										
As at 31 December 2023	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)
Total comprehensive income/(loss)	-	-	-	61,407	(61,846)	-	3,058,386	3,057,947	(1,597)	3,056,350
Transfer ⁽¹⁾	-	-	134,337	-	-	-	(134,337)	-	-	-
Capital injection by non-controlling interest ⁽²⁾	-	-	-	-	-	-	-	-	16,000	16,000
Return of capital to non-controlling interests ⁽³⁾	-	-	-	-	-	-	-	-	(31,594)	(31,594)
Acquisition of the non-controlling interest of a subsidiary ⁽⁴⁾	-	-	-	-	-	(22,659)	-	(22,659)	(116,880)	(139,539)
Dividend relating to 2023 paid ⁽⁵⁾	-	-	-	-	-	-	(1,345,827)	(1,345,827)	-	(1,345,827)
Total transactions with owners, recognised directly in equity	-	-	134,337	-	-	(22,659)	(1,480,164)	(1,368,486)	(132,474)	(1,500,960)
As at 30 June 2024	7,361,990	(127,753)	3,917,322	(88,611)	113,268	(2,708,505)	14,162,303	22,630,014	68,326	22,698,340

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

	<-----Attributable to equity holders of the Company----->							Total	Non- controlling interests	Total equity
	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			
2023										
As at 31 December 2022	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)
Total comprehensive (loss)/income	-	-	-	(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
Total transactions with owners, recognised directly in equity	-	-	(909,584)	-	-	-	(114,843)	(1,024,427)	106,277	(918,150)
As at 30 June 2023	7,361,990	(127,753)	3,715,337	(510,370)	94,601	(2,685,589)	10,276,177	18,124,393	243,428	18,367,821

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

	Attributable to equity holders of the Company				
	Share <u>capital</u>	Treasury <u>shares</u>	Other <u>reserves</u>	Retained <u>earnings</u>	Total <u>equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 31 December 2023	7,326,773	(127,753)	180,637	10,325,759	17,705,416
Dividend relating to 2023 paid ⁽⁶⁾	-	-	-	(1,345,827)	(1,345,827)
Total comprehensive income	-	-	-	4,023,181	4,023,181
As at 30 June 2024	7,326,773	(127,753)	180,637	13,003,113	20,382,770
Balance as at 31 December 2022	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
Balance as at 30 June 2023	7,326,773	(127,753)	180,637	10,184,862	17,564,519

- (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
The Group				
1 January 2024 to 30 June 2024				
Segment revenue	12,398,009	604,396	46,223	13,048,628
Segment result	3,045,196	306,601	(3,044)	3,348,753
<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
Segment assets	35,974,462	5,949,028	3,553,639	45,477,129
<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
Segment liabilities	(21,258,607)	(172,001)	(59,623)	(21,490,231)

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
The Group				
1 January 2023 to 30 June 2023				
Segment revenue	10,659,105	532,444	129,494	11,321,043
Segment result	1,702,524	336,090	(38,568)	2,000,046
<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
Segment assets	25,449,051	5,431,602	3,336,231	34,216,884
<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
Segment liabilities	(14,572,519)	(121,235)	(109,815)	(14,803,569)

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	1H2023
	RMB'000	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)
Profit before tax	3,664,923	2,188,364

(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	As at 31 December 2023
	RMB'000	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
Total assets	45,705,659	40,864,327

(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	As at 31 December 2023
	RMB'000	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)
Total liabilities	(23,007,319)	(19,721,377)

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
The Group			
1H2024			
<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	144,269	12,904,359	13,048,628

	At a point <u>in time</u> RMB'000	<u>Over time</u> RMB'000	<u>Total</u> RMB'000
The Group			
1H2023			
<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	265,709	11,055,334	11,321,043

(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:

	1H2024	1H2023
	RMB'000	RMB'000
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
	13,048,628	11,321,043

(c) Geographical information

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

	1H2024	1H2023
	RMB'000	RMB'000
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
	13,048,628	11,321,043

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
After charging:		
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
After crediting:		
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
	728,536	463,859
Over provision in prior year		
- Current income tax	(123,012)	-
	605,524	463,859

7. Dividends

	The Group	
	1H2024	1H2023
	RMB'000	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	1,345,827	1,024,427

8. Trade and other receivables

	The Group	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
Current		
Finance lease receivables	157,951	166,302
Trade receivables, net	439,029	837,273
Other receivables	443,532	350,084
Other assets	93,207	169,300
Prepayments	3,649,042	3,148,003
	4,782,761	4,670,962
Non-current		
Finance lease receivables	1,065,864	1,252,621
Other receivables	-	2,582
	1,065,864	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
Current		
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
Current				
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
Non-current				
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>The Group</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 June 2024	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Financial assets, at fair value through profit or loss	-	-	43,322	43,322
Liabilities				
Derivative financial instruments held for hedging	-	(356,361)	-	(356,361)
31 December 2023				
Assets				
Financial assets, at fair value through profit or loss	-	-	45,594	45,594
Derivative financial instruments held for hedging	-	8,354	-	8,354
Liabilities				
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>3,974,077</u>	100.00%	<u>3,974,077</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>3,950,589</u>	<u>3,950,589</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>23,488</u>	<u>127,753</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)	572.83	530.06	515.94	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	3,214,585	26%	1,888,014	18%
Shipping				
Turnover	604,396	100%	532,444	100%
Cost	(359,604)	-59%	(352,531)	-66%
Margin	244,792	41%	179,913	34%
Others				
Turnover	46,223	100%	129,494	100%
Cost	(21,490)	-46%	(87,707)	-68%
Margin	24,733	54%	41,787	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 2024¹.

Shipbuilding industry

The shipbuilding industry enjoyed growth in 1H2024, with newbuilding orders at Chinese shipyards up 43.9% yoy during the period². The surge was primarily fueled by increased orders for very large crude carriers ("**VLCCs**") and product tankers due to fleet renewal³, as well as a rise in demand for containerships due to higher freight rates and rerouting from the Red Sea disruptions⁴.

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.⁵ 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.⁶

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 countries⁷. 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 2024.⁸

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

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

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

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

⁴ https://www.bimco.org/news/market_analysis/2024/20240627-smoo-container

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

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

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

⁸ <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)
<p><u>YEE KEE SHIAN, LEON</u></p> <p><u>Selvam LLC</u> Receipt of legal services</p>	<p>RMB 858,000* (Equivalent to SGD 162,000)</p>	<p>Nil[^]</p>

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

[^]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