



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2021

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

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR SIX-MONTH PERIOD AND FULL YEAR ENDED 31
DECEMBER 2021

A. Condensed Consolidated Statement of Comprehensive Income

| | The Group | | | | The Group | | | |
|--|------------------|------------|------------------|-------------|--------------------|------------|--------------------|-------------|
| | 2nd Half Year | | 2nd Half Year | | January - December | | January - December | |
| Note | 2H2021 | % of | 2H2020 | +/(-)% | 2021 | % of | 2020 | +/(-)% |
| | RMB'000 | Revenue | RMB'000 | Variance | RMB'000 | Revenue | RMB'000 | Variance |
| Revenue | 10,167,670 | 100% | 6,575,945 | 55% | 16,767,906 | 100% | 14,841,266 | 13% |
| Cost of sales | (8,223,670) | -81% | (4,337,708) | 90% | (13,137,593) | -78% | (10,619,119) | 24% |
| Gross profit | 1,944,000 | 19% | 2,238,237 | -13% | 3,630,313 | 22% | 4,222,147 | -14% |
| Other income | | | | | | | | |
| - Interest | 215,070 | 2% | 107,542 | 100% | 343,363 | 2% | 264,767 | 30% |
| - Others | 334,566 | 3% | 208,641 | 60% | 471,718 | 3% | 214,083 | 120% |
| Other gains/(losses), net | 196,976 | 2% | (347,653) | n.m. | 548,650 | 3% | (208,430) | n.m. |
| Expenses | | | | | | | | |
| - Administrative | | | | | | | | |
| -(Impairment loss)/reversal of impairment loss on financial assets - net | (29,776) | -0.3% | (264,459) | -89% | 136,453 | 1% | (598,745) | n.m. |
| - Others | (290,004) | -3% | (492,621) | -41% | (540,376) | -3% | (739,794) | -27% |
| | (319,780) | | (757,080) | | (403,923) | | (1,338,539) | |
| - Finance | (33,842) | -0.3% | (17,546) | 93% | (69,901) | -0.4% | (75,264) | -7% |
| Share of profit of associated companies and joint ventures [#] | 293,200 | 3% | 161,957 | 81% | 361,508 | 2.2% | 211,255 | 71% |
| Profit before income tax | 2,630,190 | 26% | 1,594,098 | 65% | 4,881,728 | 29% | 3,290,019 | 48% |
| Income tax expense | (586,256) | -6% | (182,827) | 221% | (1,154,639) | -7% | (671,966) | 72% |
| Net profit | 2,043,934 | 20% | 1,411,271 | 45% | 3,727,089 | 22% | 2,618,053 | 42% |
| Attributable to: | | | | | | | | |
| Equity holders of the Company | 2,059,712 | 20% | 1,338,651 | 54% | 3,698,632 | 22% | 2,516,404 | 47% |
| Non-controlling interests | (15,778) | -0.2% | 72,620 | n.m. | 28,457 | 0.2% | 101,649 | -72% |
| | 2,043,934 | | 1,411,271 | 45% | 3,727,089 | | 2,618,053 | 42% |
| Earnings per share attributable to equity holders of the Company (expressed in RMB cents per share) | | | | | | | | |
| - Basic and diluted | 52.89 | | 34.35 | | 95.79 | | 64.39 | |
| Profit for the year | 2,043,934 | | 1,411,271 | | 3,727,089 | | 2,618,053 | |
| Other comprehensive income: | | | | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | | | | |
| Share of other comprehensive income of associated companies and joint ventures | (4,885) | | (13,559) | -64% | (4,885) | | (13,559) | -64% |
| - Currency translation losses | | | | | | | | |
| Currency translation losses arising from consolidation | (14,148) | | (83,481) | -83% | (22,207) | | (62,755) | -65% |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | | | | | | |
| Currency translation losses arising from consolidation | (787) | | (5,323) | -85% | (1,407) | | (4,355) | -68% |
| Other comprehensive loss, net of tax | (19,820) | | (102,363) | -81% | (28,499) | | (80,669) | -65% |
| Total comprehensive income, net of tax | 2,024,114 | | 1,308,908 | 55% | 3,698,590 | | 2,537,384 | 46% |
| Total comprehensive income attributable to: | | | | | | | | |
| Equity holders of the Company | 2,040,679 | | 1,241,611 | 64% | 3,671,540 | | 2,440,090 | 50% |
| Non-controlling interests | (16,565) | | 67,297 | n.m. | 27,050 | | 97,294 | -72% |
| | 2,024,114 | | 1,308,908 | 55% | 3,698,590 | | 2,537,384 | 46% |

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

B. Condensed Consolidated Statement of Financial Position

| | Note | <u>The Group</u> | | <u>The Company</u> | |
|---|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | As at 31 Dec 2021 RMB'000 | As at 31 Dec 2020 RMB'000 | As at 31 Dec 2021 RMB'000 | As at 31 Dec 2020 RMB'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 12,363,193 | 6,633,416 | 177,622 | 15,311 |
| Restricted cash | | 17,307 | 15,624 | - | - |
| Financial assets, at fair value through profit or loss | 8 | 367,436 | 397,442 | - | - |
| Debt investments at amortised cost | 9 | 15,851,520 | 13,555,320 | - | - |
| Trade and other receivables | | 4,121,025 | 3,633,463 | 6,934,273 | 7,162,954 |
| Inventories | | 1,639,809 | 1,677,846 | - | - |
| Contract assets | | 3,983,201 | 3,126,632 | - | - |
| Derivative financial instruments | | 209,345 | 89,589 | - | 55,277 |
| | | 38,552,836 | 29,129,332 | 7,111,895 | 7,233,542 |
| Non-current assets | | | | | |
| Financial assets, at fair value through profit or loss | 8 | 2,017,115 | 2,241,597 | - | - |
| Debt investments at amortised cost | 9 | 729,985 | 3,402,369 | - | - |
| Trade and other receivables | | 1,081,311 | 1,294,310 | 2,224,713 | 2,531,216 |
| Derivative financial instruments | | 477,109 | 10,500 | - | - |
| Lease prepayments | | 930,575 | 952,487 | - | - |
| Investment in subsidiaries | | - | - | 6,042,814 | 5,954,915 |
| Investment in joint ventures | | 522,679 | 362,332 | 319,581 | 221,300 |
| Investment in associated companies | | 1,104,890 | 1,181,393 | 134,062 | 134,062 |
| Investment properties | | 115,752 | 119,741 | - | - |
| Property, plant and equipment | 10 | 5,151,788 | 5,226,004 | 334 | 1,052 |
| Intangible assets | | 22,374 | 22,154 | - | - |
| Goodwill | | 258,979 | 258,979 | - | - |
| Deferred income tax assets | | 646,871 | 709,463 | - | - |
| | | 13,059,428 | 15,781,329 | 8,721,504 | 8,842,545 |
| Total assets | | 51,612,264 | 44,910,661 | 15,833,399 | 16,076,087 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | | 2,804,201 | 2,698,570 | 2,468,037 | 3,401,683 |
| Contract liabilities | | 4,822,611 | 1,232,479 | - | - |
| Derivative financial instruments | | 4,501 | - | 792 | - |
| Borrowings | 11 | 2,503,814 | 2,120,550 | 841,904 | 870,165 |
| Provisions | | 648,398 | 938,254 | - | - |
| Current income tax liabilities | | 1,015,096 | 972,982 | 158 | 4,549 |
| | | 11,798,621 | 7,962,835 | 3,310,891 | 4,276,397 |
| Non-current liabilities | | | | | |
| Borrowings | 11 | 1,952,779 | 2,123,503 | - | 325 |
| Deferred income tax liabilities | | 1,799,299 | 1,447,808 | - | - |
| | | 3,752,078 | 3,571,311 | - | 325 |
| Total liabilities | | 15,550,699 | 11,534,146 | 3,310,891 | 4,276,722 |
| NET ASSETS | | 36,061,565 | 33,376,515 | 12,522,508 | 11,799,365 |
| 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 | | (269,582) | (560,443) | (269,582) | (560,443) |
| Other reserves | | 2,015,702 | 1,494,732 | 148,175 | (40,192) |
| Retained earnings | | 26,815,306 | 24,046,076 | 5,317,142 | 5,073,227 |
| | | 35,923,416 | 32,342,355 | 12,522,508 | 11,799,365 |
| Non-controlling interests | | 138,149 | 1,034,160 | - | - |
| Total equity | | 36,061,565 | 33,376,515 | 12,522,508 | 11,799,365 |

C. Condensed Consolidated Statement of Cash Flows

| | <u>The Group</u> | |
|--|-------------------|--------------------|
| | 2021 | 2020 |
| | RMB '000 | RMB '000 |
| Cash flows from operating activities | | |
| Net profit | 3,727,089 | 2,618,053 |
| Adjustments for: | | |
| - Income tax expense | 1,154,639 | 671,966 |
| - Depreciation on property, plant and equipment | 471,071 | 483,168 |
| - Depreciation on investment properties | 3,989 | 2,038 |
| - Amortisation of lease prepayment | 21,912 | 21,031 |
| - Amortisation of intangible assets | 3,619 | 9,899 |
| - Impairment loss on property, plant and equipment | - | 149,746 |
| - Finance expenses | 69,901 | 75,264 |
| - (Gain)/loss on disposal of property, plant and equipment | (71,816) | 6,092 |
| - Fair value change on derivative financial instruments | (624,517) | (107,251) |
| - Fair value change on financial assets, at fair value through profit and loss | 301,387 | (326,161) |
| - Interest income | (343,363) | (264,767) |
| - Dividend income | (376,061) | (70,461) |
| - Share of profits of associated companies and joint ventures | (361,508) | (211,255) |
| | 3,976,342 | 3,057,362 |
| Change in working capital | | |
| - Inventories | (38,508) | (141,716) |
| - Construction contract balances | 2,733,563 | (99,367) |
| - Trade and other receivables | (194,886) | 767,970 |
| - Trade and other payables | 152,589 | (856,914) |
| - Debt investments at amortised cost | 376,184 | (2,601,617) |
| - Provisions | (289,856) | (31,872) |
| - Restricted cash | (1,683) | 1,425 |
| Cash generated from operations | 6,713,745 | 95,271 |
| Interest paid | (108,664) | (108,695) |
| Interest received | 235,952 | 264,767 |
| Income tax paid | (698,442) | (862,885) |
| Net cash provided by/(used in) by operating activities | 6,142,591 | (611,542) |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant and equipment | 386,355 | 69,206 |
| Proceeds from sale of financial assets, at fair value through profit and loss | 418,648 | 213,341 |
| Proceeds from disposal of associated company | 69,000 | 200,000 |
| Dividend received | 376,061 | 70,461 |
| Purchase of property, plant and equipment | (669,066) | (288,097) |
| Additions to investment properties | - | (3,331) |
| Acquisition of financial assets, at fair value through profit and loss | (465,547) | (1,277,171) |
| Acquisition of intangible assets | (3,839) | (6,126) |
| Additions to investments in associated companies | (6,000) | (20,000) |
| Additions of investment in joint ventures | (151,255) | (169,620) |
| Return of capital by associated companies | 280,657 | 174,511 |
| Return of capital by a joint venture | 80,377 | 1,798 |
| Net cash provided by/(used in) investing activities | 315,391 | (1,035,028) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 4,211,035 | 2,175,833 |
| Repayments of borrowings | (3,924,956) | (2,872,178) |
| Principal payment of lease liabilities | (744) | (744) |
| Purchase of treasury shares | (170,776) | (310,322) |
| Dividends paid to equity holders | (836,856) | (884,844) |
| Dividend paid to non-controlling interests | (5,908) | (10,778) |
| Net cash used in financing activities | (728,205) | (1,903,033) |
| Net increase/(decrease) in cash and cash equivalents | 5,729,777 | (3,549,603) |
| Cash and cash equivalents at the beginning of financial year | 6,633,416 | 10,183,019 |
| Cash and cash equivalents at the end of financial year | 12,363,193 | 6,633,416 |

D. Condensed Consolidated Statement of Changes in Equity

| | ← Attributable to equity holders of the Company → | | | | | | | | | |
|---|---|-------------------------------|---------------------------------|-------------------------------|---|-----------------------------|---------------------------------|------------------|---|----------------------------|
| | Share capital RMB'000 | Treasury shares RMB'000 | Statutory reserve RMB'000 | Capital reserve RMB'000 | Currency translation reserve RMB'000 | Other reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 | Non- controlling interests RMB'000 | Total equity RMB'000 |
| 2021 | | | | | | | | | | |
| As at 31 December 2020 | 7,361,990 | (560,443) | 4,544,601 | (2,933,198) | (116,671) | - | 24,046,076 | 32,342,355 | 1,034,160 | 33,376,515 |
| Profit for the year | - | - | - | - | - | - | 3,698,632 | 3,698,632 | 28,457 | 3,727,089 |
| Other comprehensive loss for the year | - | - | - | - | (27,092) | - | - | (27,092) | (1,407) | (28,499) |
| Total comprehensive income for the year | - | - | - | - | (27,092) | - | 3,698,632 | 3,671,540 | 27,050 | 3,698,590 |
| Purchase of treasury share ⁽²⁾ | - | (170,776) | - | - | - | - | - | (170,776) | - | (170,776) |
| Dividends ⁽³⁾ | - | - | - | - | - | - | (836,856) | (836,856) | (5,908) | (842,764) |
| Transfer ⁽¹⁾ | - | - | 92,546 | - | - | - | (92,546) | - | - | - |
| Treasury shares re-issued for acquisition of additional interest in a subsidiary ⁽⁴⁾ | - | 461,637 | - | 188,367 | - | 267,149 | - | 917,153 | (917,153) | - |
| Total transactions with owners, recognised directly in equity | - | 290,861 | 92,546 | 188,367 | - | 267,149 | (929,402) | (90,479) | (923,061) | (1,013,540) |
| As at 31 December 2021 | 7,361,990 | (269,582) | 4,637,147 | (2,744,831) | (143,763) | 267,149 | 26,815,306 | 35,923,416 | 138,149 | 36,061,565 |
| 2020 | | | | | | | | | | |
| As at 1 January 2020 | 7,361,990 | (250,121) | 4,323,151 | (2,934,998) | (40,357) | - | 22,635,966 | 31,095,631 | 958,894 | 32,054,525 |
| Profit for the year | - | - | - | - | - | - | 2,516,404 | 2,516,404 | 101,649 | 2,618,053 |
| Other comprehensive loss for the year | - | - | - | - | (76,314) | - | - | (76,314) | (4,355) | (80,669) |
| Total comprehensive (loss)/income for the year | - | - | - | - | (76,314) | - | 2,516,404 | 2,440,090 | 97,294 | 2,537,384 |
| Purchase of treasury share ⁽²⁾ | - | (310,322) | - | - | - | - | - | (310,322) | - | (310,322) |
| Dividends ⁽³⁾ | - | - | - | - | - | - | (884,844) | (884,844) | (10,778) | (895,622) |
| Transfer ⁽¹⁾ | - | - | 221,450 | - | - | - | (221,450) | - | - | - |
| Dissolution of subsidiaries | - | - | - | 1,800 | - | - | - | 1,800 | (11,250) | (9,450) |
| Total transactions with owners, recognised directly in equity | - | (310,322) | 221,450 | 1,800 | - | - | (1,106,294) | (1,193,366) | (22,028) | (1,215,394) |
| As at 31 December 2020 | 7,361,990 | (560,443) | 4,544,601 | (2,933,198) | (116,671) | - | 24,046,076 | 32,342,355 | 1,034,160 | 33,376,515 |

Yangzijiang Shipbuilding (Holdings) Ltd. and its Subsidiaries
Condensed Interim Financial Statements
For six-month period and full year ended 31 December 2021

THE COMPANY

| | Attributable to equity holders of the Company | | | | |
|---|---|------------------------|-----------------------|--------------------------|---------------------|
| | <u>Share capital</u> | <u>Treasury shares</u> | <u>Other reserves</u> | <u>Retained earnings</u> | <u>Total equity</u> |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance as at 31 December 2020 | 7,326,773 | (560,443) | (40,192) | 5,073,227 | 11,799,365 |
| Purchase of treasury shares ⁽²⁾ | - | (170,776) | - | - | (170,776) |
| Dividend relating to 2020 paid ⁽³⁾ | - | - | - | (836,856) | (836,856) |
| Treasury shares re-issued for acquisition of additional interest in a subsidiary ⁽⁴⁾ | - | 461,637 | 188,367 | - | 650,004 |
| Total comprehensive income | - | - | - | 1,080,771 | 1,080,771 |
| Balance as at 31 December 2021 | 7,326,773 | (269,582) | 148,175 | 5,317,142 | 12,522,508 |
| Balance as at 1 January 2020 | 7,326,773 | (250,121) | (40,192) | 4,891,161 | 11,927,621 |
| Purchase of treasury shares | - | (310,322) | - | - | (310,322) |
| Dividend relating to 2019 paid | - | - | - | (884,844) | (884,844) |
| Total comprehensive income | - | - | - | 1,066,910 | 1,066,910 |
| Balance as at 31 December 2020 | 7,326,773 | (560,443) | (40,192) | 5,073,227 | 11,799,365 |

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the PRC where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.
- (2) In 2021, the Company bought back 29,101,500 shares of the Company by way of market acquisition, which are held as treasury shares.
- (3) The RMB836.9 million represents the final dividend of 4.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2020. The Company paid the dividend on 28 May 2021. The RMB5.9 million represents dividend paid to non-controlling shareholders of Yangzijiang Taihua Shipping Pte. Ltd., and Yangzijiang Express Shipping Pte. Ltd., both 49.48%-owned subsidiaries of the Group.
- (4) In 2021, the Company acquired the remaining 20% stake in Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. by re-issuing 100,000,000 treasury shares.

E. Notes to the Condensed Interim Financial Statements

1. Corporate information

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

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

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

2. Basis of Preparation

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

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards effective as of 1 January 2021 as set out in Note 2.1.

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

2.1. New and amended standards adopted by the Group

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2021. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

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

- SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures and SFRS(I) 16 Leases (Interest Rate Benchmark Reform – Phase 2)
- Amendments to SFRS(I) 16 Leases – Covid-19-Related Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2

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

2.2. Use of judgements and estimates

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

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

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

3. Seasonal operations

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

4. Segment and revenue information

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

The Management Team considers the business mainly from a business segment perspective. Geographically, management manages and monitors the business only from the PRC.

In 2021, due to the increasing significance of the shipping segment and decreasing significance of the trading segment (which consist of trading of goods), the shipping segment has replaced the trading segment as a reportable segment. Accordingly, comparative information has been restated to reflect this change for comparability.

The principal activities of shipbuilding segment are that of shipbuilding and offshore marine equipment construction. The principal activities of investment segment consist of micro-financing, debt investments at amortised cost and other investments. The principal activities of shipping segment consist of charter hire income earned by vessel owning companies.

Other segments include ship design and trading of goods. These are not identified as reportable operating segments, as they are not separately reported to the Management Team. The results of these operations are included in "Others".

4.1. Reportable segments

| | <u>Shipbuilding</u> RMB'000 | <u>Investments</u> RMB'000 | <u>Shipping</u> RMB'000 | <u>Others</u> RMB'000 | <u>Total</u> RMB'000 |
|---|--------------------------------|-------------------------------|----------------------------|--------------------------|-------------------------|
| <u>The Group</u> | | | | | |
| For the financial year ended 31 December 2021 | | | | | |
| Segment revenue | 13,198,473 | 1,741,999 | 959,638 | 867,796 | 16,767,906 |
| Segment result | 1,952,074 | 2,057,900 | 579,834 | 39,762 | 4,629,570 |
| <i>Included within segment result:</i> | | | | | |
| Finance expenses | (59,655) | - | (7,874) | (2,372) | (69,901) |
| Fair value gain/(loss) on | | | | | |
| • Derivatives financial instruments | 624,517 | - | - | - | 624,517 |
| • Financial assets, at fair value through profit or loss (Impairment loss)/ reversal of impairment loss on: | - | (301,387) | - | - | (301,387) |
| • Loans to non-related parties - microfinance | - | (4,627) | - | - | (4,627) |
| • Debt investments at amortised cost | - | 48,623 | - | - | 48,623 |
| • Reversal of provision for onerous contracts - net | 256,081 | - | - | - | 256,081 |
| • Advances to suppliers | 164 | - | - | 6 | 170 |
| Depreciation | 362,785 | 1,202 | 98,484 | 8,600 | 471,071 |
| Dividend income | - | 376,061 | - | - | 376,061 |
| Share of profits of associated companies | 4,820 | 265,318 | - | (12) | 270,126 |
| Share of profits of joint venture | 91,382 | - | - | - | 91,382 |
| Sales of bunker stock | - | - | 24,112 | - | 24,112 |
| Bad debt reversal | 63,614 | 28,843 | - | - | 92,457 |
| Gain/(loss) on disposal of: | | | | | |
| • Property, plant and equipment | 751 | - | 71,079 | (15) | 71,816 |
| Business tax on interest income from debt investments at amortised cost and loans to non-related parties - microfinance | - | (91,063) | - | - | (91,063) |
| Interest income - finance lease | - | - | 107,411 | - | 107,411 |
| Income from forfeiture of advances received | 32,482 | - | - | - | 32,482 |
| Inventories write-down, net of reversal | (17,364) | - | - | - | (17,364) |
| Segment assets | 24,921,110 | 20,515,535 | 2,192,151 | 3,336,597 | 50,965,393 |
| <i>Segment assets includes:</i> | | | | | |
| Investment in associated companies | 33,692 | 1,071,198 | - | - | 1,104,890 |
| Investments in joint ventures | 522,679 | - | - | - | 522,679 |
| Additions to property, plant and equipment | 128,964 | - | 537,476 | 2,626 | 669,066 |
| Segment liabilities | (10,945,233) | (130,452) | (582,619) | (1,078,000) | (12,736,304) |

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| | <u>Shipbuilding Investments</u> | | <u>Shipping</u> | <u>Others</u> | <u>Total</u> |
|---|---------------------------------|-------------------|------------------|--------------------|--------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| The Group | | | | | |
| For the financial year ended 31 December 2020 | | | | | |
| Segment revenue | 9,970,281 | 2,042,974 | 666,634 | 2,161,377 | 14,841,266 |
| Segment result | 2,188,691 | 1,951,042 | 259,649 | (245,053) | 4,154,329 |
| <i>Included within segment result:</i> | | | | | |
| Finance expenses | (49,006) | - | (16,146) | (35,592) | (100,744) |
| Fair value gain on | | | | | |
| • Derivatives financial instruments | 107,251 | - | - | - | 107,251 |
| • Financial assets, at fair value through profit or loss | - | 326,161 | - | - | 326,161 |
| (Impairment loss)/ reversal of impairment loss on: | | | | | |
| • Loans to non-related parties | | | | | |
| - microfinance | - | (12,028) | - | - | (12,028) |
| • Debt investments at amortised cost | - | (539,549) | - | - | (539,549) |
| • Reversal of provision for onerous contracts - net | 113,715 | - | - | - | 113,715 |
| • Property, plant and equipment | - | - | - | (149,746) | (149,746) |
| • Advances to suppliers | 2,020 | - | - | (54,370) | (52,350) |
| Depreciation | (347,830) | (2,468) | (125,096) | (9,812) | (485,206) |
| Dividend income | - | 70,461 | - | - | 70,461 |
| Share of profits of associated companies | 1,562 | 155,084 | - | (1,269) | 155,377 |
| Share of profits of joint venture | 55,878 | - | - | - | 55,878 |
| Sales of bunker stock | - | - | 25,308 | - | 25,308 |
| Provision for customer claim | (82,000) | - | - | - | (82,000) |
| Bad debt written off | 3,536 | 5,559 | - | (56,263) | (47,168) |
| Loss on disposal of: | | | | | |
| • Property, plant and equipment | (1,266) | - | - | (4,826) | (6,092) |
| Business tax on interest income from debt investments at amortised cost and loans to non-related parties - microfinance | - | (97,620) | - | - | (97,620) |
| Interest income - finance lease | - | - | 91,476 | - | 91,476 |
| Income from forfeiture of advances received | 89,947 | - | - | - | 89,947 |
| Inventories write-down, net of reversal | (31,860) | - | - | - | (31,860) |
| Segment assets | 17,628,314 | 22,366,637 | 3,726,412 | 479,835 | 44,201,198 |
| <i>Segment assets includes:</i> | | | | | |
| Investment in associated companies | 18,473 | 1,155,537 | - | 7,383 | 1,181,393 |
| Investments in joint ventures | 362,332 | - | - | - | 362,332 |
| Additions to property, plant and equipment | 79,814 | 3,348 | 201,580 | 3,355 | 288,097 |
| Addition to investment property | - | 121,779 | - | - | 121,779 |
| Segment liabilities | (7,264,782) | (22,120) | (732,446) | (1,094,008) | (9,113,356) |

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| | <u>Shipbuilding</u> RMB'000 | <u>Investments</u> RMB'000 | <u>Shipping</u> RMB'000 | <u>Others</u> RMB'000 | <u>Total</u> RMB'000 |
|---|--------------------------------|-------------------------------|----------------------------|--------------------------|-------------------------|
| The Group | | | | | |
| 1 July 2021 to 31 December 2021 | | | | | |
| Segment revenue | 8,420,310 | 838,092 | 551,312 | 357,956 | 10,167,670 |
| Segment result | 1,439,799 | 806,765 | 419,992 | 24,394 | 2,690,950 |
| <i>Included within segment result:</i> | | | | | |
| Finance expenses | (35,417) | - | (3,918) | 5,493 | (33,842) |
| Fair value gain on | | | | | |
| • Derivatives financial instruments | 627,329 | - | - | - | 627,329 |
| • Financial assets, at fair value through profit or loss | - | (463,568) | - | - | (463,568) |
| (Impairment loss)/ reversal of impairment loss on: | - | - | - | - | - |
| • Loans to non-related parties - microfinance | - | (292) | - | - | (292) |
| • Debt investments at amortised cost | - | (121,353) | - | - | (121,353) |
| • Reversal of provision for onerous contracts - net | 205,353 | - | - | - | 205,353 |
| • Advances to suppliers | 164 | - | - | 6 | 170 |
| Depreciation | (181,591) | (673) | (33,851) | (3,764) | (219,879) |
| Dividend income | - | 305,003 | - | - | 305,003 |
| Share of profits of associated companies | 3,878 | 269,784 | - | (13) | 273,649 |
| Share of profits of joint venture | 19,551 | - | - | - | 19,551 |
| Bad debt recovery/(written off) | 63,026 | 28,843 | - | - | 91,869 |
| Gain/(loss) on disposal of: | | | | | |
| • Property, plant and equipment | 889 | - | 45,516 | (15) | 46,390 |
| Business tax on interest income from debt investments at amortised cost and loans to non-related parties - microfinance | - | (44,199) | - | - | (44,199) |
| Interest income - finance lease | - | - | 68,970 | - | 68,970 |
| Inventories write-down, net of reversal | (17,364) | - | - | - | (17,364) |

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| | <u>Shipbuilding</u> RMB'000 | <u>Investments</u> RMB'000 | <u>Shipping</u> RMB'000 | <u>Others</u> RMB'000 | <u>Total</u> RMB'000 |
|---|--------------------------------|-------------------------------|----------------------------|--------------------------|-------------------------|
| The Group | | | | | |
| 1 July 2020 to 31 December 2020 | | | | | |
| Segment revenue | 4,675,799 | 958,043 | 366,951 | 575,152 | 6,575,945 |
| Segment result | 1,481,501 | 1,180,410 | 244,353 | (148,447) | 2,757,817 |
| <i>Included within segment result:</i> | | | | | |
| Finance expenses | (23,854) | - | (5,946) | (13,226) | (43,026) |
| Fair value gain on | | | | | |
| • Derivatives financial instruments | 91,822 | - | - | - | 91,822 |
| • Financial assets, at fair value through profit or loss (Impairment loss)/ reversal of impairment loss on: | - | 345,885 | - | - | 345,885 |
| • Loans to non-related parties - microfinance | - | (14,658) | - | - | (14,658) |
| • Debt investments at amortised cost | - | (265,713) | - | - | (265,713) |
| • Reversal of provision for onerous contracts - net | 16,894 | - | - | - | 16,894 |
| • Property, plant and equipment | - | - | - | (149,746) | (149,746) |
| • Advances to suppliers | 2,020 | - | - | (7,020) | (5,000) |
| Depreciation | (192,462) | (2,230) | (27,882) | (9,812) | (232,386) |
| Dividend income | - | 65,019 | - | - | 65,019 |
| Share of profits of associated companies | 1,562 | 150,560 | - | (2,223) | 149,899 |
| Share of profits of joint venture | 12,058 | - | - | - | 12,058 |
| Sales of bunker stock | - | - | 6,166 | - | 6,166 |
| Provision for customer claim | (82,000) | - | - | - | (82,000) |
| Bad debt written off | 3,536 | 5,559 | - | 6,817 | 15,912 |
| Gain/(loss) on disposal of property, plant and equipment | 4,209 | - | - | (4,826) | (617) |
| Business tax on interest income from debt investments at amortised cost and loans to non-related parties - microfinance | - | (47,749) | - | - | (47,749) |
| Interest income - finance lease | - | - | 48,446 | - | 48,446 |
| Income from forfeiture of advances received | 89,947 | - | - | - | 89,947 |
| Inventories write-down, net of reversal | (31,860) | - | - | - | (31,860) |

Sales between segments are carried out at market terms.

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

(a) Reconciliation

(i) *Segment profits*

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

| | 2H 2021 | 2H 2020 | 2021 | 2020 |
|---|------------------|-----------|------------------|-----------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Segment results for reportable segments | 2,666,556 | 2,906,264 | 4,589,808 | 4,399,382 |
| Segment results for other segments | 24,394 | (148,447) | 39,762 | (245,053) |
| Unallocated: | | | | |
| Other income | 129,590 | 87,462 | 275,015 | 201,658 |
| Other gains - net | (12,968) | (767,967) | 153,704 | (635,750) |
| Administrative expenses | (177,382) | (508,694) | (176,561) | (455,698) |
| Finance costs | - | 25,480 | - | 25,480 |
| Profit before tax | 2,630,190 | 1,594,098 | 4,881,728 | 3,290,019 |

(ii) *Segment assets*

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

| | As at 31 | As at 31 |
|--|-------------------|------------|
| | December | December |
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Segment assets for reportable segments | 47,628,796 | 43,721,363 |
| Other segment assets | 3,336,597 | 479,835 |
| Unallocated: | | |
| Deferred income tax assets | 646,871 | 709,463 |
| Total assets | 51,612,264 | 44,910,661 |

(iii) *Segment liabilities*

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

Segment liabilities are reconciled to total liabilities as follows:

| | As at 31 | As at 31 |
|---|---------------------|--------------|
| | December | December |
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Segment liabilities for reportable segments | (11,658,304) | (8,019,348) |
| Other segment liabilities | (1,078,000) | (1,094,008) |
| Unallocated: | | |
| Current income tax liabilities | (1,015,096) | (972,982) |
| Deferred income tax liabilities | (1,799,299) | (1,447,808) |
| Total liabilities | (15,550,699) | (11,534,146) |

4.2. Disaggregation of Revenue

(a) Disaggregation of Revenue

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

| | At a point in time RMB'000 | Over time RMB'000 | Total RMB'000 |
|---------------------------------------|----------------------------------|----------------------|-------------------|
| The Group | | | |
| 2021 | | | |
| <i>Shipbuilding segment</i> | | | |
| - Shipbuilding revenue | - | 11,806,856 | 11,806,856 |
| - Sale of completed vessels | 1,391,617 | - | 1,391,617 |
| <i>Investments segment</i> | | | |
| Interest income from: | | | |
| - debt investments at amortised cost | 1,670,405 | - | 1,670,405 |
| - microfinance | 71,594 | - | 71,594 |
| <i>Shipping segment</i> | | | |
| Charter hire income | - | 959,638 | 959,638 |
| <i>Others segment</i> | | | |
| Rendering of ship design services | 6,527 | - | 6,527 |
| Sale of goods - materials and others | 801,750 | - | 801,750 |
| Others | 59,519 | - | 59,519 |
| Total revenue | 4,001,412 | 12,766,494 | 16,767,906 |
| 2020 | | | |
| <i>Shipbuilding segment</i> | | | |
| - Shipbuilding revenue | - | 9,068,031 | 9,068,031 |
| - Sale of completed vessels | 902,250 | - | 902,250 |
| <i>Investments segment</i> | | | |
| Interest income from: | | | |
| - debt investments at amortised cost | 1,999,389 | - | 1,999,389 |
| - microfinance | 43,585 | - | 43,585 |
| <i>Shipping segment</i> | | | |
| Charter hire income | - | 666,634 | 666,634 |
| <i>Others segment</i> | | | |
| Rendering of ship design services | 6,342 | - | 6,342 |
| Sales of goods - materials and others | 2,108,719 | - | 2,108,719 |
| Others | 46,316 | - | 46,316 |
| Total revenue | 5,106,601 | 9,734,665 | 14,841,266 |

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| | At a point in time RMB'000 | Over time RMB'000 | Total RMB'000 |
|---------------------------------------|----------------------------------|----------------------|-------------------|
| The Group | | | |
| 2H2021 | | | |
| <i>Shipbuilding segment</i> | | | |
| - Shipbuilding revenue | - | 7,376,522 | 7,376,522 |
| - Sale of completed vessels | 1,043,788 | - | 1,043,788 |
| <i>Investments segment</i> | | | |
| Interest income from: | | | |
| - debt investments at amortised cost | 830,986 | - | 830,986 |
| - microfinance | 7,106 | - | 7,106 |
| <i>Shipping segment</i> | | | |
| Charter hire income | - | 551,312 | 551,312 |
| <i>Others segment</i> | | | |
| Rendering of ship design services | 3,579 | - | 3,579 |
| Sale of goods - materials and others | 319,489 | - | 319,489 |
| Others | 34,888 | - | 34,888 |
| Total revenue | <u>2,239,836</u> | <u>7,927,834</u> | <u>10,167,670</u> |
| 2H2020 | | | |
| <i>Shipbuilding segment</i> | | | |
| - Shipbuilding revenue | - | 4,458,315 | 4,458,315 |
| - Sale of completed vessels | 217,484 | - | 217,484 |
| <i>Investments segment</i> | | | |
| Interest income from: | | | |
| - debt investments at amortised cost | 937,340 | - | 937,340 |
| - microfinance | 20,703 | - | 20,703 |
| <i>Shipping segment</i> | | | |
| Charter hire income | - | 366,951 | 366,951 |
| <i>Others segment</i> | | | |
| Rendering of ship design services | 2,984 | - | 2,984 |
| Sales of goods - materials and others | 547,955 | - | 547,955 |
| Others | 24,213 | - | 24,213 |
| Total revenue | <u>1,750,679</u> | <u>4,825,266</u> | <u>6,575,945</u> |

(b) Revenue from major products

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

| | 2H 2021 | 2H 2020 | 2021 | 2020 |
|--|-------------------|-----------|-------------------|------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Construction of container ships | 6,359,116 | 1,376,389 | 8,295,715 | 3,079,425 |
| Construction of multiple purpose cargo ships | 1,358,806 | 3,081,926 | 3,511,141 | 5,988,606 |
| Sales of other completed vessels | 702,388 | 217,484 | 1,391,617 | 902,250 |
| Interest income from debt investments at amortised cost | 830,986 | 937,340 | 1,670,405 | 1,999,389 |
| Interest income from loans to non-related parties - microfinance | 7,106 | 20,703 | 71,594 | 43,585 |
| Charter hire income | 551,312 | 366,951 | 959,638 | 666,634 |
| Rendering of ship design services | 3,579 | 2,984 | 6,527 | 6,342 |
| Sales of metal and chemical products | 319,489 | 547,955 | 801,750 | 2,108,719 |
| Others | 34,888 | 24,213 | 59,519 | 46,316 |
| | 10,167,670 | 6,575,945 | 16,767,906 | 14,841,266 |

(c) Geographical information

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

| | 2H 2021 | 2H 2020 | 2021 | 2020 |
|--------------------------|-------------------|-----------|-------------------|------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| PRC & Taiwan | 8,837,358 | 4,833,687 | 13,921,652 | 9,362,074 |
| Germany | 295,884 | 138,707 | 481,228 | 264,300 |
| Greece | - | 590,251 | - | 1,524,814 |
| Other European countries | 34,477 | 595,135 | 1,058,011 | 2,235,001 |
| Other Asian countries | 577,441 | - | 695,608 | 411,272 |
| Canada and USA | 151,322 | - | 179,132 | - |
| Norway | - | 262,293 | - | 841,145 |
| Korea | 19,033 | 243 | 19,033 | 4,321 |
| Others | 252,155 | 155,629 | 413,242 | 198,339 |
| | 10,167,670 | 6,575,945 | 16,767,906 | 14,841,266 |

Revenues of approximately RMB4,994,030,000 (2020: RMB3,104,389,000) are derived from three (2020: three) major customers. These revenues are attributable to the shipbuilding segment.

5. Profit before taxation

5.1. Significant items

| | The Group | | The Group | |
|--|------------------|-----------|----------------|-----------|
| | 2H2021 | 2H2020 | FY2021 | FY2020 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| After charging: | | | | |
| Depreciation and amortization | 237,109 | 251,465 | 500,591 | 516,136 |
| Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings | 33,842 | 17,546 | 69,901 | 75,264 |
| Impairment loss on property, plant and equipment | - | 149,746 | - | 149,746 |
| Fair value loss/(gain) on financial assets, at fair value through profit or loss | 463,568 | (345,885) | 301,387 | (326,161) |
| Inventory write-down, net of reversal | 17,364 | 31,860 | 17,364 | 31,860 |
| Reversal of impairment loss/(impairment loss) on loans to non-related parties - microfinance | 292 | 14,658 | 4,627 | 12,028 |
| Provision for customer claim | - | 82,000 | - | 82,000 |
| After crediting: | | | | |
| Fair value gain on derivative financial instruments | 627,329 | 91,822 | 624,517 | 107,251 |
| Gain/(Loss) from disposal of property, plant and equipment | 46,390 | (617) | 71,816 | (6,092) |
| Foreign exchange related gains/(losses), net | (107,425) | (813,857) | 5,196 | (750,001) |
| Reversal of impairment loss/(impairment loss) on advance to suppliers | 170 | (5,000) | 170 | (52,350) |
| Bad debt recovery/(Bad debt written off) | 91,869 | 15,912 | 92,457 | (47,168) |
| Interest income | 215,070 | 107,542 | 343,363 | 264,767 |
| Subsidy income | 105,607 | 73,388 | 158,296 | 111,294 |
| Income from forfeiture of advances received | 32,482 | 89,947 | 32,482 | 89,947 |
| Dividend income | 305,003 | 65,019 | 376,061 | 70,461 |
| Sales of materials | - | 6,166 | 24,112 | 25,308 |
| Reversal of impairment loss/(impairment loss) on debt investment at amortised costs | (121,353) | (265,713) | 48,623 | (539,549) |
| Reversal of allowance for losses recognised on onerous contracts, net of utilisation | 205,353 | 16,894 | 256,081 | 113,715 |

5.2. Related party transactions

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

| | <u>The Group</u> | | <u>The Group</u> | |
|--|------------------|---------|------------------|---------|
| | 2H2021 | 2H2020 | 2021 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Sales of goods to a joint venture | 205,210 | 79,913 | 232,252 | 100,186 |
| Sales of goods to an associate | 111,364 | - | 111,364 | - |
| Provision of ship design services | 6,527 | - | 6,527 | - |
| Loan to a joint venture | - | 247,000 | - | 247,000 |
| Repayment of loan from a joint venture | (247,000) | - | (247,000) | - |
| Purchase of materials from a joint venture | 9,702 | - | 14,107 | - |
| Rental income | 46,414 | - | 46,414 | - |
| Interest income from loan to an associate | 1,434 | - | 1,434 | - |
| Purchase of materials from other related parties | 119,783 | 29,355 | 143,792 | 67,356 |

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

6. Income taxes

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

| | <u>The Group</u> | | <u>The Group</u> | |
|--|------------------|---------|------------------|---------|
| | 2H2021 | 2H2020 | 2021 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Income tax expense attributable to profit is made up of: | | | | |
| Current year | | | | |
| - Current income tax | 374,580 | 105,823 | 763,582 | 546,484 |
| - Deferred income tax | 234,702 | 77,004 | 414,083 | 125,482 |
| | 609,282 | 182,827 | 1,177,665 | 671,966 |
| Over provision in prior year | | | | |
| - Current income tax | (23,026) | - | (23,026) | - |
| | 586,256 | 182,827 | 1,154,639 | 671,966 |

7. Dividends

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

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

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

| | The Group | |
|--|------------------|-----------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Beginning of financial year | 2,639,039 | 1,249,048 |
| Additions | 465,547 | 1,277,171 |
| Fair value (loss)/gain through profit and loss | (301,387) | 326,161 |
| Disposals | (418,648) | (213,341) |
| End of financial year | 2,384,551 | 2,639,039 |

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

| | The Group | |
|---------------------------|------------------|-----------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| <u>Current</u> | | |
| Listed | | |
| - Equity securities - PRC | 357,436 | 137,650 |
| Unlisted | | |
| - Equity securities - PRC | 10,000 | 259,792 |
| | 367,436 | 397,442 |
| <u>Non-Current</u> | | |
| Unlisted | | |
| - Equity securities - PRC | 2,017,115 | 2,241,597 |
| | 2,384,551 | 2,639,039 |

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

9. Debt investments at amortised cost

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

Movements during the period are as follows:

| | The Group | |
|--|-------------------|-------------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Beginning of financial year | 16,957,689 | 14,428,382 |
| Addition | 21,931,820 | 24,015,718 |
| Redemptions | (22,356,627) | (20,946,862) |
| Reversal of impairment losses/(impairment losses) recognised in profit or loss | 48,623 | (539,549) |
| End of financial year | <u>16,581,505</u> | <u>16,957,689</u> |

Presented as:

| | The Group | |
|-------------------------------------|-------------------|-------------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Current | | |
| Debt investments | 17,626,562 | 15,247,942 |
| Less: Allowance for impairment loss | (1,775,042) | (1,692,622) |
| | <u>15,851,520</u> | <u>13,555,320</u> |
| Non-current | | |
| Debt investments | 868,353 | 3,715,569 |
| Less: Allowance for impairment loss | (138,368) | (313,200) |
| | <u>729,985</u> | <u>3,402,369</u> |
| Total | | |
| Debt investments | 18,494,915 | 18,963,511 |
| Less: Allowance for impairment loss | (1,913,410) | (2,005,822) |
| | <u>16,581,505</u> | <u>16,957,689</u> |

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

| <u>Category</u> | <u>Performing</u> RMB'000 | <u>Under-</u> <u>performing</u> RMB'000 | <u>Non-</u> <u>performing</u> RMB'000 | <u>Total</u> RMB'000 |
|----------------------------|------------------------------|---|---|-------------------------|
| 31 December 2021 | | | | |
| Expected credit loss rates | 4.0% | 4.7% | - * | |
| Gross carrying amount | 14,901,505 | 582,332 | 3,011,078 | 18,494,915 |
| Credit loss allowance | (600,758) | (27,587) | (1,285,065) | (1,913,410) |
| Net carrying amount | <u>14,300,747</u> | <u>554,745</u> | <u>1,726,013</u> | <u>16,581,505</u> |
| 31 December 2020 | | | | |
| Expected credit loss rates | 5.9% | 6.4% | - * | |
| Gross carrying amount | 15,182,252 | 518,290 | 3,262,969 | 18,963,511 |
| Credit loss allowance | (897,702) | (32,922) | (1,075,198) | (2,005,822) |
| Net carrying amount | <u>14,284,550</u> | <u>485,368</u> | <u>2,187,771</u> | <u>16,957,689</u> |

10. Property, plant and equipment

In FY2021, the Group acquired assets amounting to RMB669 million (FY2020: RMB288 million) and disposed of assets amounting to RMB315 million (FY2020: RMB75 million)

11. Borrowings

| | The Group | | The Company | |
|-----------------------------|------------------|------------------|-----------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 | 2021 RMB'000 | 2020 RMB'000 |
| Current | | | | |
| Bank borrowings (secured) | 211,910 | 98,185 | - | - |
| Bank borrowings (unsecured) | 2,291,592 | 2,021,605 | 841,592 | 869,405 |
| Lease liabilities | 312 | 760 | 312 | 760 |
| | 2,503,814 | 2,120,550 | 841,904 | 870,165 |
| Non-current | | | | |
| Bank borrowings (secured) | 685,474 | 566,318 | - | - |
| Bank borrowings (unsecured) | 1,267,305 | 1,556,860 | - | - |
| Lease liabilities | - | 325 | - | 325 |
| | 1,952,779 | 2,123,503 | - | 325 |
| | 4,456,593 | 4,244,053 | 841,904 | 870,490 |

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

12. Fair value measurement

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

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

| <u>The Group</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------|----------------|----------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 31 December 2021 | | | | |
| Assets | | | | |
| Financial assets, at fair value through profit or loss | 357,436 | - | 2,027,115 | 2,384,551 |
| Non-hedging derivatives | - | 686,454 | - | 686,454 |
| Liabilities | | | | |
| Non-hedging derivatives | - | (4,501) | - | (4,501) |
| 31 December 2020 | | | | |
| Assets | | | | |
| Financial assets, at fair value through profit or loss | 137,650 | - | 2,501,389 | 2,639,039 |
| Non-hedging derivatives | - | 100,089 | - | 100,089 |
| Liabilities | | | | |
| Non-hedging derivatives | - | - | - | - |
| <u>The Company</u> | | | | |
| 31 December 2021 | | | | |
| Assets | | | | |
| Non-hedging derivatives | - | - | - | - |
| Liabilities | | | | |
| Non-hedging derivatives | - | (792) | - | (792) |
| 31 December 2020 | | | | |
| Assets | | | | |
| Non-hedging derivatives | - | 55,277 | - | 55,277 |
| Liabilities | | | | |
| Non-hedging derivatives | - | - | - | - |

13. Subsequent events

On 29 November 2021, the Company announced that it proposes to spin-off the Group's investment segment via the transfer of existing investments to a newly incorporated company ("NewCo") and the proposed listing of the NewCo (the "Proposed Spin-off and Listing"). The NewCo, YZJ Financial Holding Pte. Ltd., was incorporated on 14 December 2021.

As at the date of these condensed financial statements, the Proposed Spin-off and Listing is subject to the approval of SGX and the shareholders of the Company at an extraordinary general meeting.

Other Information Required by Listing Rule Appendix 7.2

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2021

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 at 31 December 2021 and 31 December 2020.

3. Number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

| | Number of Shares ('000) | | | |
|---|-------------------------|--------|---------------------------|--------|
| | As at December 2021 | % | As at 31 December 2020 | % |
| Shares held as treasury shares | 50,663 | 1.27% | 121,561 | 3.06% |
| Issued shares excluding treasury shares | 3,923,414 | 98.73% | 3,852,516 | 96.94% |
| Total number of shares | 3,974,077 | 100% | 3,974,077 | 100% |

The Company did not have subsidiary holdings as at 31 December 2021 and 31 December 2020.

4. The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | Number of Shares ('000) | |
|---|---------------------------|---------------------------|
| | As at 31 December 2021 | As at 31 December 2020 |
| Issued shares at the end of periods | 3,974,077 | 3,974,077 |
| Treasury shares at the end of periods | (50,663) | (121,561) |
| Issued shares excluding treasury shares | 3,923,414 | 3,852,516 |

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 2021 | 121,561 | 560,443 |
| Repurchased during 2021 | 29,102 | 170,776 |
| Treasury shares re-issued | (100,000) | (461,637) |
| Balance as at 31 December 2021 | 50,663 | 269,582 |

6. Net Asset Value

| | The Group | | The Company | |
|--|-------------------|-------------------|--------------------|-------------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents) | 915.62 | 839.51 | 319.17 | 306.28 |

The Group's and the Company's net assets value per ordinary share as at 31 December 2021 and 31 December 2020 have been computed based on the share capital of 3,923,414,500 and 3,852,516,000 shares respectively.

7. Earnings per share

| | The Group | |
|--|------------------|----------------|
| | FY 2021 | FY 2020 |
| (a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS | 95.79 | 64.39 |
| Weighted average number of Ordinary shares | 3,861,049,966 | 3,908,017,627 |
| (b) On fully diluted basis (RMB cents) | 95.79 | 64.39 |

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 year.

Diluted earnings per share is equal to basic earnings per share as at the years ended 31 December 2021 and 2020 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

2H2021 vs. 2H2020

| Shipbuilding Related Segment | 2H2021 | | 2H2020 | |
|------------------------------|----------------|------------|------------------|------------|
| | RMB'000 | % | RMB'000 | % |
| Shipbuilding | | | | |
| Turnover | 8,420,310 | 100% | 4,675,799 | 100% |
| Cost | (7,510,826) | -89% | (3,474,528) | -74% |
| Margin | 909,484 | 11% | 1,201,271 | 26% |
| Shipping | | | | |
| Turnover | 551,312 | 100% | 366,951 | 100% |
| Cost | (321,700) | -58% | (261,103) | -71% |
| Margin | 229,612 | 42% | 105,848 | 29% |
| Others | | | | |
| Turnover | 357,956 | 100% | 575,152 | 100% |
| Cost | (342,281) | -96% | (554,328) | -96% |
| Margin | 15,675 | 4% | 20,824 | 4% |
| | | | | |
| Investment Segment | 2H2021 | | 2H2020 | |
| | RMB'000 | % | RMB'000 | % |
| Interest Income | 838,092 | 100% | 958,043 | 100% |
| Sale taxes and levies | (48,863) | -6% | (47,749) | -5% |
| Net interest income | 789,229 | 94% | 910,294 | 95% |

Revenue

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

27 vessels were delivered in 2H2021, higher than the 17 vessels delivered in 2H2020. In line with more ship deliveries, the Group recorded a significantly higher shipbuilding revenue of RMB8,420 million in 2H2021 as compared to RMB4,676 million of 2H2020. Meanwhile, due to expanded shipping fleet size and improved charter rates, in 2H2021 revenue generated by shipping business increased by RMB184 million to RMB551 million from the same period last year. Revenue generated by other shipbuilding related businesses such as trading and ship design services was lower at RMB358 million in 2H2021 when compared to RMB575 million of 2H2020, mainly due to lower trading revenue.

Although investment portfolio had not changed significantly as compared to same period last year, interest income derived from investment segment decreased from RMB958 million in 2H2020 to RMB838 million in 2H2021, mainly due to lower average interest rate earned from new investments as compared to last year.

Operating cost

Due to higher shipbuilding volume in 2H2021, cost of sales for shipbuilding business was also higher at RMB7,511 million as compared to RMB3,475 million recorded in 2H2020. In 2H2021, a net reversal of loss provision of RMB205 million for onerous contracts was recorded because of progressive construction of some of the contracts and reassessment of foreseeable losses on onerous contracts as at the end of year.

In 2H2021, total cost of RMB322 million was incurred for the Group's shipping segment, which is higher than the RMB261 million recorded in 2H2020 mainly due to expanded fleet size and higher operating costs as a result of rising oil price.

In 2H2021, total cost of RMB49 million was incurred for the Group's investment segment, which mainly consist of value added taxes and levies on interest income.

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Gross Profit

The Group's shipbuilding business registered a gross profit margin of 11% in 2H2021, lower than 26% of 2H2020. Lower margin was due to progressive construction of shipbuilding contracts entered in previous years with lower contract prices, rising raw material costs and the appreciation of RMB against USD during the period. Shipping business registered a gross profit margin of 42% in FY2021, significantly higher than 29% in FY2020, mainly due to improved charter rates for bulk carriers during the period. Same as 2H2020, other shipbuilding related businesses such as trading and ship design services registered a gross profit margin of 4% in 2H2021.

Although investment portfolio had not changed significantly as compared to same period last year, net interest income derived from investment segment decreased from RMB910 million in 2H2020 to RMB789 million in 2H2021, mainly due to lower average interest rate earned from new investments as compared to last year.

Other income

Other income in 2H2021 increased from RMB316 million in 2H2020 to RMB550 million in 2H2021, due to higher interest income of RMB215 million and higher dividend income of RMB305 million from financial assets at fair value through profit or loss recorded in 2H2021 as compared to RMB65 million of 2H2020.

Other gains/losses - net

Other gains/losses mainly comprise foreign exchange related gains/losses, fair value change on financial assets, at fair value through profit or loss, derivative financial instruments and subsidy income. The Group recorded other gain of RMB197 million in 2H2021 as compared to RMB348 million loss recorded in 2H2020. The gains in 2H2021 were mainly a result of higher fair value gain on derivative financial instruments of RMB627 million mainly arising from fair value movement of USD/CNY forward contracts the Group entered into to manage its currency exposure to its future USD denominated income from shipbuilding business. These gains were largely offset by a higher fair value loss of RMB464 million on financial assets, at fair value through profit or loss.

Expenses

In 2H2021, total administrative expenses decreased to RMB320 million from RMB757 million in 2H2020, the decrease was mainly due to lower impairment losses on debt investments at amortised cost of RMB121 million in 2H2021 as compared to RMB266 million and no impairment loss on property, plant and equipment was provided in current financial period. In 2H2020 the Group has also made a provision of RMB82 million for the customer claim in relation to forfeiture income from terminated shipbuilding contract which is still in an ongoing arbitration process.

Finance costs in 2H2021 increased to RMB34 million as compared to RMB18 million in 2H2020, the increase was mainly due to a lower revaluation gain of RMB11 million on the Group's USD denominated loan as compared to RMB25 million recorded in 2H2020.

Share of results of associated companies and joint ventures

This represents the share of results from the Group's associated companies and joint ventures. Share of profit of associated companies and joint ventures of RMB293 million mainly consists of the share of fair value gain of venture capital investments in 2H2021.

Corporate Income Tax

Group's effective tax rate for 2H2021 was 22%, higher than 11% of 2H2020. Lower tax rate in 2H2020 was due to a one-time reversal of 10% tax difference on earnings of Jiangsu New Yangzi Shipbuilding Co., Ltd ("**New Yard**") for the first half year of 2020 after all the requirements are met to be entitled to the 15% preferential tax policy as a New High Technology Enterprise at the end of FY2020. The Group adopted the 25% standard income tax rate instead of 15% preferential tax rate over the earnings of New Yard in 1H2020 before all relevant conditions are met.

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FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2021**FY2021 vs. FY2020**

| Shipbuilding Related Segment | FY2021 | | FY2020 | |
|------------------------------|------------------|------|------------------|------|
| | RMB'000 | % | RMB'000 | % |
| Shipbuilding | | | | |
| Turnover | 13,198,473 | 100% | 9,970,281 | 100% |
| Cost | (11,641,695) | -88% | (7,909,512) | -79% |
| Margin | 1,556,778 | 12% | 2,060,769 | 21% |
| Shipping | | | | |
| Turnover | 959,639 | 100% | 666,634 | 100% |
| Cost | (574,532) | -60% | (507,623) | -76% |
| Margin | 385,107 | 40% | 159,011 | 24% |
| Others | | | | |
| Turnover | 867,796 | 100% | 2,161,377 | 100% |
| Cost | (825,639) | -95% | (2,104,364) | -97% |
| Margin | 42,157 | 5% | 57,013 | 3% |

| Investment Segment | FY2021 | | FY2020 | |
|-----------------------|------------------|------|------------------|------|
| | RMB'000 | % | RMB'000 | % |
| Interest Income | 1,741,998 | 100% | 2,042,974 | 100% |
| Sale taxes and levies | (95,727) | -5% | (97,620) | -5% |
| Net interest income | 1,646,271 | 95% | 1,945,354 | 95% |

Revenue

In 2021, 50 vessels were delivered according to schedule as compared to 45 vessels delivered in 2020. As a result, the Group recorded a higher shipbuilding revenue of RMB13,198 million in FY2021 as compared to RMB9,970 million of FY2020. Revenue contribution from shipping business increased by 44% to RMB960 million from last year as a result of an expanded charter fleet size and improved charter rates in FY2021. Revenue generated by other shipbuilding related businesses such as trading and ship design services decreased from RMB2,161 million in FY2020 to RMB868 million, mainly due to lower volume of trading business this year.

Although investment portfolio had not changed significantly as compared to same period last year, interest income derived from investment segment decreased from RMB2,043 million in FY2020 to RMB1,742 million in FY2021, mainly due to lower average interest rate earned from new investments as compared to last year.

Operating cost

In line with higher revenue from shipbuilding business, our cost of sales of RMB11,642 million in FY2021 was also higher than RMB7,910 million recorded in FY2020. In FY2021, a net reversal of loss provision of RMB256 million for onerous contracts was recorded as a result of progressive construction of some of the contracts and reassessment of foreseeable losses on onerous contracts as at the end of year. A total of RMB114 million of reversal of allowance for losses recognised on onerous contracts was recognised in FY2020. In FY2021, total cost of RMB575 million was incurred for the Group's shipping segment, which is higher than RMB508 million recorded in FY2020 due to expanded fleet size.

In FY2021, total cost of RMB96 million was incurred for the Group's investment segment, which mainly consist of value added taxes and levies on interest income.

Gross Profit

In FY2021, gross profit margin of the Group's shipbuilding business was 12%, lower than 21% attained in FY2020, mainly due to progressive construction of shipbuilding contracts entered in previous years with lower contract prices, rising raw material costs and the appreciation of RMB against USD during the period. Shipping business registered a gross profit margin of 40% in FY2021, significantly higher than 24% in FY2020, mainly due to improved charter rates for bulk carriers during the period. Other shipbuilding related businesses such as trading and ship design services registered a gross profit margin of 5% in FY2021, slightly higher than 3% attained in FY2020, mainly due to lower revenue contribution from trading business with typically lower profit margin.

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In line with lower interest income from investment segment, net interest income contributed by this segment in FY2021 was also lower than that of FY2020.

Other income

Other income, which generally includes interest income from bank deposits, interest income for ship finance leases and dividend income.

Interest income increased from RMB265 million in FY2020 to RMB343 million in FY2021, mainly due to higher interest income from bank deposits as a result of higher cash balance this year.

Other income – others also increased from RMB214 million to RMB472 million, mainly due to higher dividend income of RMB376 million from financial assets, at fair value through profit or loss in FY2021 as compared to RMB70 million in FY2020.

Other gains/losses - net

Other gains/losses mainly comprise foreign exchange related gains/losses, fair value change on financial assets, at fair value through profit or loss, derivative financial instruments and subsidy income. Other gains of RMB549 million were recorded in FY2021 as compared to a loss of RMB208 million in FY2020. The gains were mainly due to RMB625 million of fair value gain on derivative financial instruments, mainly arising from fair value movement of the USD/CNY forward contracts that the Group entered into to manage its currency exposure to its future USD denominated income from shipbuilding business, subsidy income of RMB158 million and gain of RMB72 million from disposal of property, plant and equipment, which mainly related to the disposal of two units of 82,000DWT bulk carrier under our shipping arm.

Expenses

In FY2021, total administrative expenses decreased to RMB404 million from RMB1,339 million in FY2020, the decrease was mainly due to reversal of impairment loss on financial assets of RMB136 million in FY2021 as compared to RMB599 million impairment loss provided in FY2020, other administrative costs also reduced from RMB740 million in FY2020 to RMB540 million in FY2021, the difference mainly being impairment loss of RMB150 million provided in FY2020 on property, plant and equipment of the Group's 55%-owned subsidiary, Jiangsu Yangzi Jiasheng Terminal Co. Ltd to reflect the decrease in value of its existing chemical storage tanks and terminal facilities after its planned conversion to a LNG terminal.

In FY2021, finance cost decreased slightly to RMB70 million from RMB75 million in FY2020.

Share of results of associated companies and joint ventures

This represents the share of results from the Group's associated companies and joint ventures. Share of profits of associated companies and joint ventures of RMB362 million mainly consists of the share of fair value gain of venture capital investments of RMB270 million in FY2021 and share of profit of around RMB75 million from YAMIC, the Group's joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd.

Corporate Income Tax

The taxation charge in FY2021 was RMB1,155 million, representing an effective tax rate of 23.7%, slightly higher than 20.4% of FY2020.

Statements of Financial Position Review

Assets

As at 31 December 2021, cash and cash equivalents increased to RMB12,363 million from RMB6,633 million as at the end of FY2020, mainly due to the net cash provided by operating activities in FY2021. Restricted cash, which was held in designated bank accounts as deposits of performance guarantees and letter of credits, increased from RMB16 million at the end of FY2020 to RMB17 million at the end of FY2021, being net addition of guarantees and letter of credits during the year.

As at 31 December 2021, investment in financial assets, at fair value through profit or loss had decreased to RMB2,385 million from RMB2,639 million as at 31 December 2020. The decrease was mainly a result of fair value loss of RMB301 million in FY2021.

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As at 31 December 2021, debt investment at amortised costs had decreased slightly to RMB16.6 billion from RMB17.0 billion at the end of FY2020 as a result of net redemption in FY2021. Meanwhile, the impairment provision for debt investment at amortised costs also decreased from RMB2,006 million at the end of last year to RMB1,913 million as of 31 December 2021, the movement being net reversal of impairment provision in FY2021.

Current trade and other receivables as at 31 December 2021 increased from RMB3,633 million at the end of last year to RMB4,121 million, mainly due to higher prepayment to suppliers, which is in line with higher volume of shipbuilding business.

As more shipbuilding contracts started construction, contract assets as at 31 December 2021 had increased to RMB3,983 million from RMB3,127 million as at the end of last financial year.

Current and non-current derivative financial instruments of a total of RMB686 million mainly related to the fair value of the outstanding USD/CNY forward contracts with positive valuation as at 31 December 2021, which were entered by the Group to manage its currency exposure to future USD denominated income from shipbuilding business, which increased largely from RMB100 million as of 31 December 2020 as a result of fair value movement during the year.

Non-current trade and other receivables decreased by RMB213 million since the end of last year, the decrease was mainly due to repayment of loans by YAMIC, a joint venture of the Group.

The decrease of investment in associated companies from RMB1,181 million as at the end of last year to RMB1,105 million, the movement being return of capital of RMB281 million and disposal of associated companies of RMB69 million, which was largely offset by a share of fair value gain of venture capital investments of RMB270 million during the period.

Investment in joint ventures represents the investments in United Wave Shipping S.A. ("UWS") and Yangzi-Mitsui Shipbuilding Co., Ltd. ("YAMIC"), the movement from the end of last year mainly being the share of profit of RMB91 million from YAMIC and UWS for the period, and net additional investment of RMB133 million in YAMIC and additional investment in UWS of RMB18 million during FY2021, which was partly offset by the return of capital by joint ventures of RMB80 million.

Deferred income tax assets decreased from RMB709 million as at the end of last year to RMB647 million, the movement being the release of tax benefit to profit or loss during the period.

Liabilities

The current financial instruments of RMB4.5 million relate to the fair value of USD/CNY forward contracts with negative valuation as at the 31 December 2021. These forward contracts were entered by the Group to manage its currency exposure to its future USD denominated income from shipbuilding business, the movement from the end of last year being the fair value movement during the period.

Due to higher advances received on construction contracts from new shipbuilding contracts entered in year 2021, contract liabilities as at 31 December 2021 increased largely to RMB4,823 million from RMB1,232 million as at the end of last year.

Borrowings represented the Group's secured and unsecured borrowings of RMB4,457 million, slightly higher than RMB4,244 million at the end of last year, the movement being net addition of bank borrowing during the period.

Provisions mainly include warranty provisions for delivered vessels and provisions for onerous contracts. Warranty provisions for completed and delivered vessels decreased from RMB382 million as at the end of last year to RMB348 million as of 31 December 2021. Provisions for onerous contracts stood at RMB218 million as at the end of FY2021, and a net utilisation of RMB256 million of allowance for losses was recognised on onerous contracts in FY2021.

The increase in deferred income tax liabilities is mainly due to withholding tax provided for the distributable profits of our subsidiaries in China during the period.

Equity

Treasury shares decreased from RMB560 million at end of last year to RMB270 million, the decrease was mainly due to the re-issuance of 100,000,000 treasury shares of RMB462 million for acquisition of remaining 20% stake in Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd in 2H2021. As result, non-controlling interests decreased by RMB917 million, and other reserve and capital reserve increased by RMB267 million and RMB188 million respectively.

The change of "Total equity attributable to equity holders" to RMB35,923 million as at 31 December 2021 from RMB32,342 million as at 31 December 2020 was mainly a result of profits earned during the reporting period, which was partly offset by a dividend payment for FY2020 in 2Q2021.

Statements of cash flows review

The increase of cash and cash equivalents from RMB6,633 million to RMB12,363 million was mainly attributable to net cash provided by operating activities of RMB6,143 million during the financial year.

Decrease in net working capital (including restricted cash) of RMB2,737 million was primarily attributable to the decrease in construction contract balance of RMB2,734 million during the year.

Net cash used in financing activities of RMB728 million during FY2021 mainly consists of FY2020 dividend payment to equity holders of RMB837 million and net addition of borrowings of RMB286 million and purchase of treasury shares of RMB171 million. Overall liquidity remained at a healthy level, proofed by current ratio of 3.27 as at 31 December 2021.

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.

In June 2021, the International Maritime Organization (IMO)¹ adopted new mandatory measures to cut the carbon intensity of international shipping, requiring all ships to calculate their Energy Efficiency Existing Ship Index ('EEXI') and to establish their annual operational carbon intensity indication ('CII') rating. Carbon intensity links greenhouse gas emissions to the amount of cargo carried over distance travelled and ships will get a rating of their energy efficiency (A, B, C, D, E – where A is the best). A ship rated D for three consecutive years, or E, is required to submit a corrective action plan, to show how the required index (C or above) would be achieved. Stricter environmental regulations could raise replacement orders and stronger demand for green energy vessels, an encouraging trend following strong global shipbuilding orders in 2021. The Group continues to strengthen its shipbuilding capabilities within the clean energy sector and remains confident to secure new orders for green energy vessels.

According to Clarksons², global new shipbuilding orders in 2021 stood at 120 million DWT with total contract value of US\$107 billion, significantly higher than 2020 new shipbuilding orders of 56.87 million DWT. In 2021, dry bulk freight rates hit multi-year highs on the back of trade volume recovery – the Baltic Dry Index rose to its highest level in 13 years and averaged 2,943 points, increasing 176% year-on-year ('yoy'). Favourable supply-demand dynamics, improved earnings for ship-owners and modest fleet supply growth had led to the beginning of a shipbuilding up-cycle in 2021 following years of depressed sentiments.

With effect from FY2021, the Group has also changed the way it reports its segmental revenue to provide greater clarity for its revenue breakdown, and to reflect increased revenue contribution by the Group's shipping segment. The Group will now breakdown its shipbuilding revenue into i) Shipbuilding, ii) Shipping and iii) Others. Revenue contribution from the trading segment will be organized and included within the other shipbuilding related segment.

Backed by record order wins for 124 vessels with total contract value of US\$7.41 billion in 2021, and an outstanding orderbook of US\$8.50 billion as of 31 December 2021, the Group remains well-positioned to generate strong cash flows from operations as the Group fulfils orders placed and will seek to achieve operational excellence in our production lines to improve production efficiency. Containerships make up 83% of our existing orderbook in terms of total contract value, which also command higher margins given their greater value-add over dry bulkers and tankers. The Group will also begin to deliver vessels that have been contracted at higher value, as opposed to orders taken in during 2019 which were mostly delivered by year 2021.

¹ <https://www.imo.org/en/MediaCentre/PressBriefings/pages/MEPC76.aspx>

² http://www.eworldship.com/html/2022/ship_market_observation_0114/178618.html

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX-MONTH PERIOD AND FULL YEAR ENDED 31 DECEMBER 2021**

The longer-term outlook for shipbuilding continues to remain positive with underlying demand supported by the need to meet new environmental regulations, improved efficiencies and new technologies. As the Group aims to emerge as one of the top shipbuilders globally, it sees merits in positioning itself as a pure-play shipbuilding company and it has thus proposed for a spin-off of its investment business through a separate listing on SGX Mainboard. This spin-off will allow the Group to focus on its core shipbuilding business, strengthening its corporate governance and is likely to attract new investors to come on board, especially investors with a preference of limiting their investment exposure to within the shipbuilding sector. This could also lead to a revaluation of the Company, as it can be directly compared to other listed peers such as the Korean and Japanese shipbuilders. A successful spin-off is also expected to unlock deep value for all shareholders, enabling both entities to maximize value for its shareholders given enhanced flexibility in pursuing growth opportunities.

The Group has obtained pre-clearance from The Singapore Exchange Securities Trading Limited ('SGX') to spin off its investment arm ('the Spin-off Group') for listing on the Mainboard of SGX, and on 11 February 2022, the Spin-off Group applied for listing on the Mainboard of the SGX-ST by way of an introduction. Upon a successful listing following regulatory approvals, all shareholders of the Group will be entitled to a dividend-in-specie on a one-to-one basis. More disclosures regarding the Spin-off Group will be disclosed as and when appropriate. As compared to a final dividend of S\$0.045 for FY2020, the Group has proposed a cash dividend of S\$0.05 per share for FY2021 along with the shares of Spin-off Group to all existing shareholders and will work closely with SGX to facilitate a successful listing of the Spin-off Group as well as timely distribution of both the share and cash dividend.

12. Dividend**a) Current Financial Period Reported On**

| | |
|-------------------|--|
| Name of Dividend | Ordinary Share Final Dividend (Proposed) |
| Dividend Type | Cash |
| Dividend Rate | 5 Singapore cents per ordinary share |
| Tax rate | Tax exempt (One-tier) |
| Book Closure date | to be announced in due course |
| Payment Date | to be announced in due course |

b) Corresponding Period of the Immediately Preceding Financial Year

| | |
|-------------------|--|
| Name of Dividend | Ordinary Share Final Dividend |
| Dividend Type | Cash |
| Dividend Rate | 4.5 Singapore cents per ordinary share |
| Tax rate | Tax exempt (One-tier) |
| Book Closure date | 5/13/2021 |
| Payment Date | 5/28/2021 |

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

Tax exempt (One-tier).

d) Date payable

The payment of the recommended final tax exempt (one-tier) dividend of SGD5 cents per share will be subjected to shareholders' approval to be obtained at the coming Annual General Meeting. The payment date will be announced in due course.

e) Books closure date

To be announced in due course.

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

Not applicable.

14. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

| | Latest Full Year SGD'000 | Previous Full Year SGD'000 |
|----------|-----------------------------|-------------------------------|
| Ordinary | 196,171 | 173,363 |
| Total | 196,171 | 173,363 |

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD5.0 cents per ordinary share amounting to a total of SGD 196,170,725 based on current 3,923,414,500 net issued shares as of 31 December 2021 for the shareholders' approval at the forthcoming Annual General Meeting.

15. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the financial year ended 31 December 2021:

| Name of interested person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---|---|---|
| <u>Xu Wen Jiong</u> West Gold International Pte Ltd | - Procurement of marine equipment RMB 66,668,000* | Nil [^] |
| <u>Ren Yuanlin</u> Jiangsu Qinli Thermal Power Co., Ltd | - Provision of loan RMB 70,000,000* - Sale of materials RMB 7,785,000* | Nil [^] |

*Aggregate value less than 3% of Group's NTA as at 31 December 2021, shareholder mandate not applicable.

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

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

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

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17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|------------|-----|---|--|---|
| Ren Letian | 40 | Mr. Ren Letian is the son of Mr. Ren Yuanlin, the Honorary Chairman and a substantial shareholder of the Company. | Executive Chairman & Chief Executive Officer of the Group, in charge of the daily operations of the Group. | N.A. |

18. 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.

On Behalf of the Board of Directors

Ren Letian
Executive Chairman and Chief Executive Officer

Xu Wen Jiong
Non-Independent Non-Executive Director

Singapore
Date: 27 February 2022