Yangzijiang Shipbuilding (Holdings) Ltd.
扬子江船业（控股）有限公司

BUILDING A GREENER FUTURE

2022 ANNUAL REPORT

WE ARE ONE OF THE LARGEST NON-STATE-OWNED SHIPBUILDING COMPANY IN CHINA; EN ROUTE TO BECOMING ONE OF THE BEST IN THE WORLD

TABLE OF CONTENTS

01 CORPORATE PROFILE
02 FINANCIAL HIGHLIGHTS
06 CHAIRMAN'S STATEMENT
10 CORPORATE MILESTONES
14 BOARD OF DIRECTORS
16 SENIOR MANAGEMENT
20 FINANCIAL AND OPERATIONS REVIEW
23 SUSTAINABILITY REPORT
52 CORPORATE GOVERNANCE REPORT
91 DIRECTORS' STATEMENT
94 INDEPENDENT AUDITOR'S REPORT
99 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
101 BALANCE SHEETS
104 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
106 CONSOLIDATED STATEMENT OF CASH FLOWS
108 NOTES TO THE FINANCIAL STATEMENTS
195 STATISTICS OF SHAREHOLDINGS
197 NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
203 APPENDIX
PROXY FORM

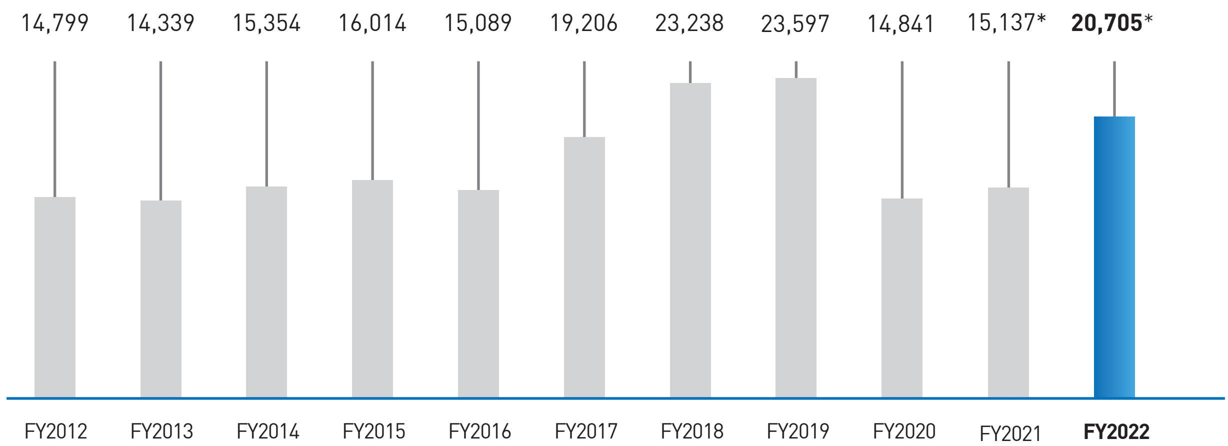
CORPORATE PROFILE

We produce a broad range of commercial vessels such as containerships, bulk carriers and LNG vessels, our shipbuilding bases are strategically located along the Yangtze River:

Jiangsu New Yangzi Shipbuilding Co., Ltd ("New Yangzi Yard")
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd ("Xinfu Yard")
Jiangsu Yangzi Changbo Shipbuilding Co., Ltd ("Changbo Yard")
Jiangsu Yangzi-Mitsui Shipbuilding Co., Ltd. ("YAMIC Yard")

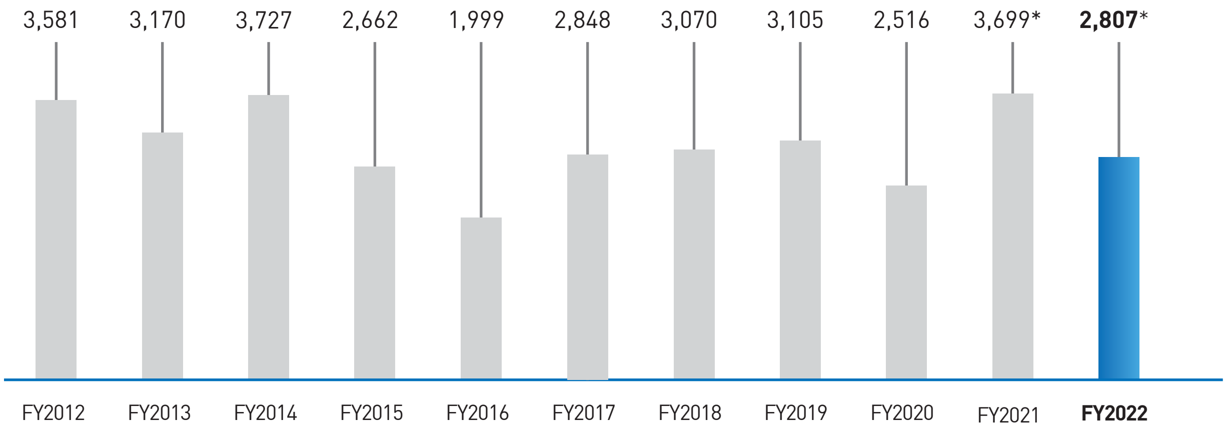
FINANCIAL HIGHLIGHTS

REVENUE (RMB'MILLION)



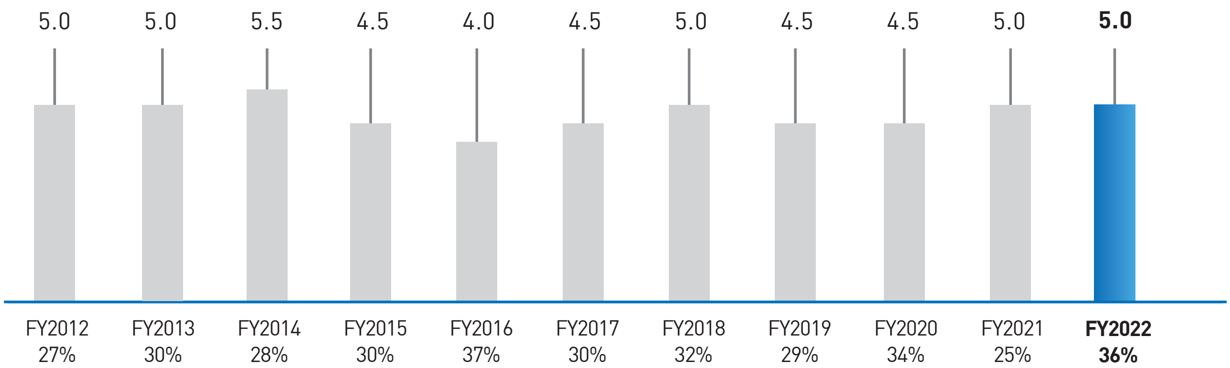
* Revenue for FY2021 and FY2022 relate to revenue from continuing operations only

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS (RMB'MILLION)



* Net profit attributable to shareholders for FY2021 and FY2022 relate to profit from both continuing operations and discontinued operations

DIVIDEND (SINGAPORE CENTS)



FINANCIAL HIGHLIGHTS

	2022 31 December RMB'000	2021 31 December RMB'000	2020 31 December RMB'000	2019 31 December RMB'000	2018 31 December RMB'000
RESULTS					
Revenue	**20,705,076**	15,137,154	14,841,266	23,597,175	23,238,289
Gross profit	**3,197,198**	2,084,327	4,222,147	4,328,554	4,111,776
Other income	**454,626**	436,344	478,850	441,788	396,028
Other gains/(losses)	**233,110**	958,719	(208,430)	125,948	290,946
Net profit from continuing operations	**2,612,904**	1,971,192	2,516,404	3,105,069	3,070,345
Net profit from discontinued operations	**194,576**	1,727,440	–	–	–
Net profit attributable to shareholders	**2,807,480**	3,698,632	2,516,404	3,105,069	3,070,345
Basic EPS (RMB cents)	**71.25**	95.79	64.39	78.88	77.60
FINANCIAL POSITION					
Total assets	**32,967,103**	51,612,264	44,910,661	45,756,122	44,911,484
Shareholders' Equity	**17,573,131**	35,923,416	32,342,355	31,095,631	29,101,587
Cash and cash Equivalents	**10,778,393**	12,363,193	6,633,416	10,183,019	6,594,143
Net asset value per ordinary shares (RMB cents)	**444.82**	915.62	839.51	793.51	737.54
MARKET CAPITALISATION AT PERIOD END					
Dividends (Singapore dollar)	**0.05**	0.05	0.045	0.045	0.05
Share price at Period End (Singapore dollar)	**1.360**	1.340	0.955	1.12	1.25
Payout ratio	**36%**	25%	34%	29%	32%
P/E	**9.89**	6.71	7.21	7.31	8.04
P/B	**1.58**	0.69	0.56	0.73	0.85
Dividend yield	**3.68%**	3.73%	4.71%	4.02%	4.00%
No. of shares ('000)	**3,950,589**	3,923,414	3,852,516	3,918,765	3,945,765

OVER 6 DECADES OF ESTABLISHED TRACK RECORD IN THE SHIPBUILDING INDUSTRY

Yangzijiang has weathered multiple industry cycles, coming out of each stronger than before. Today, we are one of the top shipbuilding companies in China. Our robust business model has enabled us to achieve consistency and create long-term value for our shareholders.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the annual report of Yangzijiang Shipbuilding (Holdings) Ltd. ("**Yangzijiang**" or together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2022 ("**FY2022**").

MILESTONE YEAR

In FY2022, we managed to achieve year-on-year ("**yoy**") revenue growth of 37% to RMB20.71 billion on the back of a record-high number of vessel deliveries to our customers. In addition, we made progress regarding our venture into green vessels with our technology collaboration with liquified natural gas ("**LNG**") membrane containment specialist, Gaztranport & Technigaz ("**GTT**"). Shortly after, we clinched our maiden contract for the construction of large-scale LNG vessels. The breakthrough into clean energy vessels, as well as higher dual-fuel vessel demand, drove our order wins in 2022. As such, we ended the year with a historic-high orderbook of US$10.5 billion.

INVESTMENT SEGMENT SPIN-OFF

On the corporate side, Yangzijiang completed the spin-off of its investment segment, Yangzijiang Financial Holding ("**YZJFH**"), which was listed on the mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 28 April 2022. Following that, we repositioned ourselves as a pure-play shipbuilding company with greater flexibility to grow and capitalise on the current state of play in the shipbuilding industry. Since the corporate exercise, we managed to unlock the values of both the existing entity and the new investment business entity as we saw an overall improvement in shareholders' value.

SHIPBUILDING SEGMENT

Sector Review

On the whole, 2022 was another positive year for the

---

[1] **Clarkson Research via Hellenic Shipping News** – https://www.hellenicshippingnews.com/shipbuilding-review-2022-record-orders-for-alternative-fuel-orders/
[2] **Clarkson Research via Global Times** – https://www.globaltimes.cn/page/202212/1282921.shtml
[3] **International Maritime Organization** – https://www.imo.org/en/MediaCentre/HotTopics/Pages/EEXI-CII-FAQ.aspx#:%7E:text=From%201%20January%202023%20it,(CII)%20and%20CII%20rating

CHAIRMAN'S STATEMENT

global shipbuilding industry. Global newbuild order value saw a year-on-year increase of 6% to US$124.3 billion in spite of the 20% decline in total volume in terms of compensated gross tonnage ("**CGT**").

On average, pricing has gone up by 15% due to the shift in demand towards more sophisticated ships such as LNG carriers and alternative fuel vessels. While orders for greener alternatives have risen, new orders for containers, tankers and bulkers all dropped in 2022.[1]

For the second consecutive year, China topped the chart by securing 49% of the global new orders in 2022. South Korea came in second at 38%. In terms of vessel completion, China again has the lion's share with 45%. China managed to grow its market share in the LNG carrier space in 2022, a segment that was traditionally dominated by South Korean shipbuilders.[2]

Regulatory Shift

As part of its strategy to reduce greenhouse gas ("**GHG**") emissions from ships, the International Maritime Organisation ("**IMO**") introduced the Energy Efficiency Existing Ship Index ("**EEXI**") and the Carbon Intensity Indicator ("**CII**") rating, which came into effect in January 2023.[3]

EEXI, which aims to improve the technical performance of existing ships, has prompted technical modifications in many vessels such as the installation of engine power limitation devices. Meanwhile, the CII rating assesses the operational energy efficiency of ships.

The transition towards green vessels has gained traction in recent years, particularly in 2022, in anticipation of a major regulatory shift. Vessel owners have been realigning their fleet renewal decisions to fit the new requirements with more orders for energy-efficient and green vessels. Furthermore, the regulations have also expedited the fleet renewal timelines of certain ship owners in order to comply.

Inroads into Green Vessels

In FY2022, Yangzijiang entered into a collaboration with GTT, a French LNG membrane containment specialist. The Group became the first non-state-owned shipyard in China to obtain the GTT license for the construction of vessels using the GTT Mark III membrane technologies. GTT membrane tanks are used to contain liquefied gas at low temperatures in shipping, onshore, and offshore storage. With the collaboration, Yangzijiang will be able to move up the technological value chain and provide LNG vessels solutions of greater sophistication.

The Group clinched four (4) 8,000 twenty-foot equivalent unit ("**TEU**") LNG dual-fuel containerships from its repeat customer, Pacific International Lines. These vessels will be built with the GTT Mark III membrane containment tank system which is ammonia ready.

Consistent with the global trend, Yangzijiang has made significant progress in its penetration into the green vessel space. In October, the Group secured a contract to build two (2) units of 175,000 cubic meter ("**CBM**") LNG carriers from a European customer, which marked the Group's foray into the large-scale LNG carrier space. These vessels will be equipped with GTT Mark III Flex membrane tanks, which are safer and more efficient. Earlier in 2022, we secured our very first orders for two (2) units of 36,000 CBM liquefied ethylene gas ("**LEG**") carriers. Besides that, we also clinched a higher number of orders for LNG dual-fuel vessels for the period under review including, among others, twelve (12) units of 16,000 TEU LNG dual-fuel containerships.

Record-high Orderbook

Yangzijiang clinched a total of 50 new vessel orders which amounted to an aggregate value of US$4.4 billion in FY2022. This was double the value of our initial US$2.0 billion target set out at the beginning of the year.

The new contract wins brought our total outstanding orderbook to a record high of US$10.5 billion as at 31 December 2022. Apart from the higher absolute amount, our current orderbook of vessels generally commands a higher average contract value.

In the mix, we saw an increase in the total number of clean energy-related vessels following our efforts to ramp up technical capabilities. Compared to 31 December 2021, LNG dual-fuel vessels doubled from 15 to 31 as of end-2022, along with new types of vessels such as LEG vessels and large-scale LNG carriers.

Productivity Boost

In 2022, we managed to produce a record amount of 71 vessels from our shipyard, which exceeded our initial delivery target of 70 vessels. Out of the 71 vessels, 67 of those were delivered to our customers and 4 vessels were added to our fleet. The high number of deliveries was attributed to our investment in optimising shipyard processes, technology adoption, as well as human capital over the years.

Delivering the World's Largest Containership

Notably, the Group also started construction works for a 24,000 TEU ultra-large containership in 2022,

CHAIRMAN'S STATEMENT

the largest containership in the world with an actual capacity of 24,346 TEU[4]. The vessel was successfully delivered to our customer on 9 March 2023, which marked a significant milestone for Yangzijiang. This was a testament to the Group's technical capabilities, being one of the first shipbuilders in the globe to deliver a vessel of such scale. Currently, we have 5 more 24,000 TEU ultra-large containership under construction at our shipyard.

SHIPPING SEGMENT

Following the spin-off of our investment business, our shipping segment has emerged as the second-largest revenue contributor to the Group in FY2022. The shipping segment continued to be a key support to our main shipbuilding segment, providing a recurring income source and earnings resilience of our overall revenue. During the year, we grew our fleet from 26 vessels to 31 vessels, which improved the diversity of our portfolio in terms of vessel type and vessel size. This has allowed us to better serve our customers.

A COMPREHENSIVE APPROACH TO SUSTAINABILITY

As one of the largest private shipbuilding companies in China, we are well aware of the role and impact we have when it comes to advancing the industry's sustainability agenda.

In the second half of 2022, the Group established an environmental, social, and governance ("**ESG**") committee comprising both internal members and external advisors. The committee has since established a systemic framework and laid out the Group's ESG commitments concerning decarbonisation, indigenous partnerships, human capital, local community, and equality.

The Group also introduced a two-pronged strategy to meet the Group's ESG goals. The first strategy is a direct approach where we aim to reduce our GHG emissions through the transition to renewable energy, better management of water and electricity, as well as improving our raw material efficiency. The second approach has to do with our foray into clean energy vessels. We are making investments to upskill and broaden our capabilities to become a key player in the green vessels space.

At Yangzijiang, we consistently prioritise good corporate governance. In 2022, the Group was awarded runner-up for the "Most Transparent Company Award" in the industrial category at the Investor's Choice Awards 2022 hosted by the Singapore Securities Investors Association ("**SIAS**"). The accolade was in recognition of our excellence in adopting good governance practices and transparency. Going forward, we will continue aiming for better disclosure standards for the betterment of the investment community.

OUTLOOK

Shipbuilding

FY2023 will be a pivotal year for the shipbuilding industry with the EEXI and CII ratings officially coming into effect. Due to that, the order momentum seen in alternative fuel and dual-fuel vessels in recent years will continue to drive the shipbuilding industry. Demand will be driven by shipowners wanting to replace their fleet to be compliant. Meanwhile, the overall supply landscape continues a limiting factor as new shipyard capacity will only come on stream in 3 to 5 years' time. The imbalance in the demand-supply equilibrium has pushed prices for clean vessels higher.

Based on the industry outlook, Yangzijiang has decided to increase its order-win target for FY2023 by 50% from the initial US$2.0 billion to US$3.0 billion. With the investment put into increasing the operational efficiencies in our production, the Group is positive in converting a good portion of our order book, as well as delivering higher quality vessels for our customers in a timely manner. With that, we are confident in making a big step forward towards becoming one of the top shipbuilding companies in the world.

Shipping

In general, the outlook for the shipping business is expected to be relatively uncertain in 2023. The weakness in the global economy could potentially deter demand for shipping. At the time of writing (March 2023), we have already witnessed a fair bit of volatility in the first quarter of 2023 with the Baltic Exchange Dry Index falling to the 500s in February and subsequently recovering to 1,500s in mid-March.[5] Nonetheless, the Group, with a diversified fleet portfolio, is confident in weathering through the uncertainties and even capitalising on potential opportunities in 2023.

Others

Beyond the shipbuilding and shipping segments, Yangzijiang is currently working towards converting its existing chemical terminal located on the shore of Yangtze River to an LNG terminal equipped with LNG storage and distribution infrastructures. With that, we will have greater exposure across the maritime value chain through the provision of LNG terminal services, LNG storage and distribution, whilst strengthening the collaborations with LNG shipping liners as well as LNG traders. Overall, the new initiative is expected to bring greater resilience and diversification to our revenue streams.

[4] **Offshore Energy** – https://www.offshore-energy.biz/msc-shatters-records-with-delivery-of-24346-teu-msc-irina/
[5] **Trading Economics** – https://tradingeconomics.com/commodity/baltic

CHAIRMAN'S STATEMENT

REWARDING OUR SHAREHOLDERS

On the back of our commendable financial performance, the Group continued our consistent trend of paying out dividends to our shareholders. For FY2022, we proposed a dividend per share of S$0.05, which will translate to a 36% payout ratio. This was significantly higher than the 25% payout ratio for FY2021. The strong dividend payout is a testament to our commitment to rewarding our shareholders for their loyalty and support all these years. On top of that, we also paid out dividend in specie in the form of YZJFH shares during the year, which approximately amounted to RMB20 billion in total.

APPRECIATION

On behalf of the Board, I would like to convey my appreciation to a couple of senior personnel who left the Group in FY2022. We want to thank Mr. Teo Yi-Dar for his years of service as our non-executive and lead independent director and Ms. Liu Hua for her contribution as the chief financial officer for the past one-and-a-half decade.

On a related note, we are pleased to have Ms. Liu Hua back with us as our new non-independent non-executive director. Notably, the appointment was a landmark moment for the Group with her being the first female director to sit on the Board. This was a huge step forward for Yangzijiang with respect to improving gender diversity at all levels of our organisation.

Besides that, the Group would like to welcome Mr. Leon Yee Kee Shian, our new independent director, and Mr. Raymond Poh Boon Hu, our new independent non-executive director. I look forward to working closely with all of you as fellow directors to steer the Group forward.

To end my note, I would like to thank all our stakeholders including customers, suppliers, business associates, employees, and shareholders, for your part in the success of Yangzijiang in FY2022. As we move into a new year, we are committed to, once again, delivering greater value to all of you.

REN LETIAN
Executive Chairman and
Chief Executive Officer

CORPORATE MILESTONES

2007
- Successful listing on SGX
- Launched New Yangzi Yard

2008
- Expanded shipyard by 1 million square meters

2009
- Awarded runner-up for Most Transparent Company (Foreign Listing Category) at SIAS Investors Choice Awards 2009

2010
- First Chinese-majority owned company listed on Taiwan Stock Exchange
- Largest and most profitable S-chip company listed on SGX

2011
- Awarded Most Transparent Company Award 2011 (Foreign Listing Category) at SIAS Investors Choice Awards 2011
- Launched the first Chinese-built ship with a Groot Cross-bow
- First Chinese yard to receive orders for 10,000TEU containership vessels

2012
- Executive Chairman, Mr Ren Yuanlin, was voted by Lloyd's List as one of the top 100 most influential personalities in the shipping industry
- Awarded Most Transparent Company Award 2012 (Foreign Listing Category) at SIAS Investor Choice Awards 2012
- New vessel designs, such as 45,000DWT, 46,500DWT, and 8,500DWT vessels, were awarded "New-High-Technology" certifications by the Jiangsu Provincial Technology Board in 2012

2013
- Launched China's first ever 10,000TEU containership in September 2013
- First company to trade its shares in RMB on SGX, in addition to its existing SGD counter on SGX dual-currency trading platform
- Completed the placement of 330,000,000 warrants at an issue price of RMB0.3072 (S$0.0605) for each warrant, with each warrant carrying the right to subscribe for one (1) new share in the capital of the company at the price of RMB7.617

2014
- Yangzi Xinfu Yard became fully operational and successfully delivered six (6) 10,000TEU containerships
- Clinched orders of its four (4) largest ever 260,000DWT Very Large Ore Carriers ("**VLOC**") from its first Australian customer
- New Yangzi Yard was qualified as a High/New Technology Enterprise and was entitled to a preferential corporate income tax rate of 15% for three years from 2013

2015
- Diversified shipbuilding product mix to LNG carriers with orders worth US$135 million
- Re-entered STI index from 21 September 2015
- Awarded Gold at PR Awards 2015 for Best IR Campaign in March 2015
- Awarded prestigious Shipbuilding & Repair Yard Award at Seatrade Maritime Awards Asia 2015 in November 2015

2016
- Successfully delivered its first 260,000DWT VLOC which was the largest ever in terms of deadweight tonnage
- Awarded new shipbuilding orders for six (6) 400,000DWT VLOCs by ICBC Leasing, marking a rare case where a Chinese state-owned shipowner placed orders with a non-state-owned shipyard

CORPORATE MILESTONES

2017

- Successfully delivered its first Liquefied Natural Gas ("LNG") carrier
- Successfully delivered its largest 11,800TEU containerships
- Successfully launched the first batch of 400,000DWT VLOC which was the largest dry bulk carriers in the world
- Yangzi Xinfu Yard was qualified as a High/New Technology Enterprise and was entitled to a preferential corporate income tax rate of 15% for three years from 2016

2018

- Successfully delivered the first batch of 400,000DWT VLOC
- Joint-ventured with the prominent Japanese shipbuilding yard, Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd. to establish a shipbuilding joint venture in Taicang, Jiangsu Province

2019

- Started operations of Jiangsu Yangzi-Mitsui Shipbuilding Company ("YAMIC") in August 2019, which is the JV between Mitsui E&S Shipbuilding and Yangzijiang Shipbuilding Holdings

2020

- Mr Ren Letian, Group CEO, was appointed as Executive Chairman in April 2020
- Successfully delivered its largest 12,690TEU containerships
- Clinched the first ever 24,000TEU containership orders in December 2020, which was the largest containership in-use in the world

2021

- Achieved record order-wins of US$7.41 billion for 124 vessels
- Completed the acquisition of remaining 20% stake in Jiangsu Yangzi Xinfu Shipbuilding Co., which owns one of the Group's largest dock facilities
- Clinched its first batch of orders for 40,000CBM Liquefied Petroleum Gas ("**LPG**") carriers and 7,000TEU LNG dual-fuel containerships
- Proposed spin-off listing of its investment business on SGX Mainboard

2022

- Completed the spin-off of its investment business on SGX Mainboard in April 2022
- Achieved record high total outstanding orderbook of US$10.51 billion for 140 vessels
- Built a record number of vessels of 71 units in 2022, of which 67 units were delivered to customers and 4 units were added to own fleet
- Clinched its first-ever orders of four (4) 8,000TEU LNG dual-fuel containerships that carry the GTT Mark III technology and equipped with an ammonia-ready fuel tank in July 2022
- Entered a Technical Assistance and License Agreement ("**TALA**") with GTT, a technological expert in membrane containment systems in September 2022
- Clinched its first order of two (2) units of 175,000 CBM LNG carriers in October 2022
- Successfully delivered its largest 15,000TEU containership in October 2022
- Successfully launched its largest 24,000TEU containerships in October 2022, which is the largest containership in the world
- Awarded runner-up of Most Transparent Company Award (Industrials Category) at the SIAS Investors' Choice Awards 2022
- Established an ESG Committee to optimise ESG management system and contribute to global environmental commitments
- New Yangzi Yard, Yangzi Xinfu Yard, and YAMIC were qualified as the High/New Technology Enterprise and were entitled to a preferential corporate income tax rate of 15% for three years from 2022

OPPORTUNITIES AMIDST THE STRUCTURAL SHIFT

The green megatrend in the maritime industry is generating new demand, inspiring technological changes, and creating fresh opportunities. With our newfound identity as a pure-play shipbuilding company, Yangzijiang is on the cusp of a multi-year growth journey.


LNG / LBG
BIT WAVE

BOARD OF DIRECTORS

REN LETIAN
(Aged 41, Chinese)
Executive Chairman and Chief Executive Officer,
Chairman of ESG Committee

Mr Ren Letian was appointed as Executive Chairman of the Company on 30 April 2020 and the Chief Executive Officer of the Group on 1 May 2015.

Mr Ren Letian joined the Group as a site project manager in year 2006. Since then, he has assumed several managerial roles at various levels and business divisions in the Group, and gained in-depth knowledge of the operations of the Group.

Under the management of Mr Ren Letian, the Group's Yangzi Xinfu Yard had successfully delivered 6 vessels of 10,000TEU containerships in 2014 despite numerous challenges faced by the Yangzi Xinfu Yard which only turned operational in 2013. In addition, in 2022, the company clinched its first-ever orders of four (4) 8,000TEU LNG dual-fuel containerships that carry the GTT Mark III technology and equipped with an ammonia-ready fuel tank. He has also received several recognitions from the local government for his outstanding achievements.

He now helms the Group's overall shipbuilding operations, and exhibits increased maturity and capability in overseeing various business functions that are integral to the successful delivery of quality vessels.

Mr Ren Letian is the son of Mr. Ren Yuanlin, the Honorary Chairman of the Group, and holds a Master's Degree from London Southbank University.

CHEN TIMOTHY TECK LENG
(Aged 69, Canadian)
Lead Independent Director

Mr Chen is the Lead Independent Director of our Company. Mr Chen was appointed as Independent Director of the Company on 26 April 2013.

Mr Chen has more than three decades of management experience in banking, insurance, investment fund and corporate advisory work in North America and Asia. He has held positions in Bank of America, Wells Fargo Bank, Bank of Nova Scotia and Sun life Financial Inc. He was formerly the General Manager, China for Sun Life Financial Inc., and the Founding President & CEO of Sunlife Everbright Life Insurance Company in China.

Mr. Chen has fifteen years of experience in serving Boards of listed/non-listed companies and non-profit organization based in Singapore and China engaging in Insurance/Banking, Manufacturing, Pharmaceutical, Real Estate Construction/ Development, Education, Autopart Distribution and Cultural Development.

Mr Chen earned his Bachelor of Science degree from University of Tennessee and his Master's of Business Administration degree from Ohio State University. He is a graduate of Harvard Business School's Executive Management Program. He received his Certified Corporate Director (ICD.D) designation from the Canadian Institute of Corporate Directors.

BOARD OF DIRECTORS

YEE KEE SHIAN, LEON

(Aged 47, Singaporean)

Independent Director, Chairman of Nomination And Remuneration Committee

Mr. Yee is the Chairman of Duane Morris & Selvam LLP. He serves as the Global Head of Corporate, and leads the Banking & Finance, Fintech & Blockchain, Energy and China practice groups.

He has two decades of extensive corporate law expertise and regularly advises ultra-high net worth individuals, private equity funds, investment banks, listed and private companies on corporate finance, venture capital, capital markets, takeovers, cross-border mergers and acquisitions, corporate governance, corporate restructurings, joint ventures, as well as complex financing transactions.

Mr. Yee currently also serves as an independent non-executive director of FJ Benjamin Holdings Ltd, LHN Logistics Limited and Yangzijiang Financial Holding Ltd, all of which are SGX-ST listed companies. He is a member of the advisory board of Genesis Alternative Venture I L.P., a venture debt fund.

Mr. Yee read Law at Christ's College, Cambridge University, where he graduated with honours in 2000. He went on to obtain a Master of Arts from Christ's College, Cambridge University in 2006.

He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of England and Wales.

LIU HUA (刘华)

(Aged 47, Singaporean)

Non-independent Non-executive Director, Member of ESG Committee

Ms. Liu was appointed as Non-Independent Non-Executive director of our Company on 4 August 2022. Ms. Liu joined Yangzijiang Shipbuilding (Holdings) Ltd. as finance controller in November 2007 and was redesignated as Chief Financial Officer of the Group in June 2008. She currently also serves as Chief Financial Officer of Yangzijiang Financial Holdings Ltd.

Ms. Liu has extensive experience in finance and corporate financial management. Prior to joining Yangzijiang Shipbuilding, Ms. Liu was the Finance Controller of Global Container Freight Pte Ltd, in charge of overall financial function of its subsidiaries in Singapore, China, Taiwan, Malaysia, Myanmar, Cambodia, Thailand and Vietnam.

Ms. Liu graduated from Oxford Brookes University with a Bachelor's Degree in Applied Accounting in 2003. She has been a member of the Institute of Certified Public Accountants of Singapore since 2004 and was awarded the Chartered Financial Analyst (CFA) designation by the CFA Institute in 2007. Ms. Liu was also admitted as a Fellow Member of the Association of Chartered Certified Accountants in 2009.

POH BOON HU RAYMOND

(Aged 55, Singaporean)

Independent non-executive Director

On 2 February 2023, Mr Poh Boon Hu Raymond was appointed as an Independent, Non-executive Director.

With an extensive career spanning several industries, Mr Poh's professional journey began at General Electric Aircraft Engines, where he held various leadership positions in production control, client services, information technology, regional sales, and engineering. He then moved on to JPMorgan Singapore and Hong Kong, where he served as Global Markets Head of Cross-Asset Sales for corporate and financial institutional sectors across different countries in the region in his last role. During his tenure at JPMorgan, Mr Poh also served as a Six Sigma Master Black Belt for the integration of JPMorgan and Chase Banks. Throughout his career at General Electric and JPMorgan, Mr Poh has developed and mentored cross-functional teams that achieved significant revenue, productivity, and business milestones through changing economic landscapes.

In 2021, Mr Poh was appointed as CEO of a Digital Securities platform regulated by the Monetary Authority of Singapore. During his tenure, he spearheaded the establishment of a digital securities exchange and transformed the merged company's operations to handle fractionalized digital securities investments.

Mr Poh holds a Bachelor of Science in Aerospace Engineering cum laude from West Virginia University in the U.S.A. and a post-graduate diploma in Marketing from Temasek Polytechnic. He was also part of the Asian Financial Leaders Programme sponsored by the Monetary Authority of Singapore and conducted by the Human Capital Leadership Institute. This programme provided him with executive training at renowned universities globally, such as Stanford University, IMD Switzerland, Tsinghua University, Universitas Indonesia, and Singapore Management University.

SENIOR MANAGEMENT

ZHANG HONGFEI
(Aged 49, Chinese)
Deputy General Manager,
Member of ESG Committee

Mr Zhang was appointed as the Deputy General Manager in 2021 and as the Assistant General Manager since 2010, He is now the Deputy General Manager of the Group and concurrently serves as the Secretary of the Communist Party Branch in Group and the Chairman of the Labour Union of the Group. He is responsible for the Party affairs, Labour Union, enterprise management, human resources and port management of the Group.

Mr Zhang has over 20 years of experience in the shipbuilding industry. Prior to joining the Group, from 1997 to November of 2002, Mr Zhang worked in Chengxi Shipyard Co. From November 2004 and after joining the Group, He served as Director of Construction Department and Assistant General Manager of Jiangsu New Yangzi Shipbuilding Co.,Ltd., and was promoted to be Deputy General Manager in January 2016.

Mr. Zhang holds an Engineering Degree from Jiangxi Science and Technology University which he was conferred in 1997.

SONG SHUMING
(Aged 45, Chinese)
Deputy General Manager

Mr Song was appointed as the Deputy General Manager of the Group in 2013. Now he is also the General Manager of Jiangsu Yangzi-Mitsui Shipbuilding Co., Ltd. and Jiangsu Yangzijiang Offshore Engineering Co., Ltd. Who is responsible for operations of Jiangsu Yangzi-Mitsui Shipbuilding Co., Ltd., and he also dedicated to the marketing development and customer maintenance of the Japan market.

Mr Song has over 20 years of experience in the shipbuilding industry. From 2000 and before joining the Group, he worked in Tsuji Co. in Japan. From 2003 to May 2009, he was the Director of Shipbuilding Division and the Manager of Production Management Department, responsible for the production management of the shipbuilding site in Tsuji Heavy Industry (Jiangsu) Co., Ltd. From June 2009 and then joining the Group, he successively was the Deputy General Manager and General Manager of Jiangsu Zhongzhou Offshore Engineering & Equipment Co., Ltd. From 2013 to 2019, he was appointed as the Deputy General Manager of the Group and the General Manager of Jiangsu Yangzijiang Shipbuilding Co. Ltd and Jiangsu Yangzijiang Offshore Engineering Co., Ltd.

Since 2018, he has been delegated to prepare and establish Jiangsu Yangzi- Mitsui Shipbuilding Co., Ltd. together with Mitsui & Co., Ltd. and Mitsui E&S Shipbuilding Co. Ltd.

Mr Song ever studied in Ocean University of Qingdao and Jiangsu University of Science and Technology with the major of Naval Architecture and Ocean Engineering.

SENIOR MANAGEMENT

DU CHENGZHONG
(Aged 55, Chinese)
Deputy General Manager

He was appointed as the Deputy General Manager and Head of Quality Control Department in New Yangzi in January 2006. He is now the Deputy General Manager of the Group and the General Manager of Jiangsu New Yangzi Shipbuilding Co., Ltd. and Chief Engineer of the Group, and is responsible for operations of Jiangsu New Yangzi Shipbuilding Co., Ltd.

Mr Du has over 30 years of experience in the shipbuilding industry. In July 1991, he started as a trainee in the machinery engineering workshop of the then Jiangyin Shipbuilding Factory. In July 1992, he became a technician in the same workshop where he held the position till December 1996. During the period between January 1997 and December 2001, he worked as a construction manager in the Production Department of Jiangsu Yangzijiang Shipbuilding Co. Ltd. In January 2002, he was promoted to the position of Deputy Head of Machinery Engineering Department and served in the position till December 2004. Thereafter, between January 2005 and December 2005, he held positions as Assistant General Manager and Head of Technical Preparation Department.

Mr Du holds a Bachelor's Degree in Mathematics and Engineering from Harbin Engineering University (formerly known as Harbin Shipbuilding Engineering Institute) which he was conferred in 1991. He was accredited as an Engineer by the Wuxi City Human Resource Bureau in 1998.

DING JIANWEN
(Aged 50, Chinese)
Deputy General Manager, Chief Financial Officer

Mr Ding was appointed as the Deputy General Manager in 2020 and Chief Financial Officer on 19 April 2022. He is also Chief accountant of the Group since 2017 who is responsible for Group's financial, accounting, taxation and risk management.

Mr Ding has over 20 years of experience in the shipbuilding industry. Prior to joining the Group, from 1995 to June 2004, Mr Ding worked in Chengxi Shipyard Co. During the period from 2004 to August 2010, he was the finance manager in Cosco Shipyard Group Co., Ltd. From September 2010 and then joining the Group, he became the Head of financial department and Chief Accountant of Jiangsu New Yangzi Shipbuilding Co.,Ltd. In January 2020, he was promoted to be the Deputy General Manager and continued to assume the role of Chief Accountant of Jiangsu New Yangzi Shipbuilding Co., Ltd.

Mr. Ding holds a Degree from Hebei GEO University which he was conferred in 1995.

YANG XUEYAN
(Aged 42, Chinese)
Assistant General Manager

Mr Yang was appointed as Assistant General Manager of the Group in 2023. He is currently also the General Manager of Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.

Mr Yang has almost 20 years of shipbuilding experience under his belt. He started as an Operation Associate in the Production Management Department back in 2004 and rose through the ranks. Over the years, he participated in 11 research projects relating to shipbuilding methods. Through that, he has made significant improvements to the Group in terms of operational efficiency, the reduction of production lead time, and the overall quality of ships constructed.

Mr Yang graduated from the East China Shipbuilding Industry College (now known as Jiangsu University of Science and Technology) in 2004.

DELIVERING BEST-IN-CLASS QUALITY

We consistently invest in research and development to enhance our work efficiency, improve our product quality, and operational sustainability.


C QIUMING

FINANCIAL AND OPERATIONS REVIEW

GROUP OPERATIONAL OVERVIEW

2022 was a challenging but rewarding year for Yangzijiang, in which the Group achieved new operational milestones post the completion of the spin-off of Yangzijiang Financial Holding in April 2022. Despite the irregular COVID-19 lockdowns, worsening supply chain disruptions, and the extremely hot summer weather, the Group was able to demonstrate its operational agility to smoothly navigate through these tough times and achieve another record year.

Shipbuilding

Overall, the shipbuilding industry remained robust in FY2022. Demand for green vessels driven by environmental regulatory shifts grew, whilst containership orders softened after record orders captured in recent years. To achieve our goal of becoming one of the top-tier shipbuilders in the world, the Group has been actively ramping up its technological capability to build clean energy vessels. In September 2022, the Group obtained the GTT license for the construction of vessels using GTT Mark III membrane technologies. The acquired technology is a great addition to the Group's broad product mix, enabling us to clinch our first-ever 175,000 CBM LNG carriers orders as well as LNG dual-fuel containerships orders with an ammonia-ready fuel tank.

With our strong reputation of building quality vessels in a timely manner, the Group was able to double our initial orderbook target of USD2.00 billion and capture an orderbook of USD4.43 billion in FY2022. In total, the Group's outstanding orderbook as of 31 December 2022 stood at USD10.51 billion for 140 vessels.

In FY2022, the Group built a total of 71 vessels which exceeded its target of 70 vessels. Among these 71 new-built vessels, 67 units were delivered to customers and 4 units were added into own fleet.

Shipping

As the second largest business segment in the Group, the shipping business performed well in FY2022. The majority of the Group's charter contracts were secured with healthy charter rates, which provided the Group with stable and visible revenue streams in FY2022.

The Group expanded its fleet portfolio size to 31 vessels in FY2022, with the addition of 3 units of bulk carriers and 2 units of containerships.

FINANCIAL AND OPERATIONS REVIEW

Others

The Group acquired the remaining 45% equity interest of Jiangsu Yangzi Jiasheng Terminal Co., Ltd ("**Jiasheng Terminal**") and the adjacent land, becoming the sole owner of the Jiasheng Terminal. The Group intends to convert Jiasheng Terminal's petrochemical terminal site to an LNG terminal and build LNG filling and storage facilities nearby.

GROUP FINANCIAL OVERVIEW

In FY2022, the Group delivered a strong set of results, which demonstrates its capabilities to ride on the shipbuilding upcycle and capture growth opportunities when presented. The Group's total revenue increased by 37% year-on-year ("**yoy**") to RMB20,705 million, made possible by a fully utilised shipbuilding capacity and shipping fleet.

The increase in revenue in FY2022 brought about a higher gross profit of RMB3,197 million, up 53% yoy from RMB2,084 million for FY2021. Gross profit margin for FY2022 improved slightly to 15% compared to 14% for FY2021.

Operating expenses for FY2022 declined to RMB489 million compared to RMB884 million recorded for FY2021. The Group recorded a reversal of impairment loss on financial assets of RMB79 million for FY2022, as compared to RMB358 million provided for FY2021. Other administrative costs increased from RMB525 million in FY2021 to RMB568 million in FY2022 due to the spin-off-related professional fees for Yangzijiang Financial Holding as well as increased shipbuilding and shipping business activities.

Finance costs for FY2022 increased to RMB107 million from RMB70 million for FY2021, mainly attributable to higher bank borrowing costs during the year.

Consequently, the Group's net profit from continuing operations increased by 31% yoy to RMB2,625 million. Return on equity[1] for FY2022 improved significantly to 16%, compared to 10% for FY2021.

SEGMENTAL OVERVIEW

Shipbuilding

In 2022, the Group achieved record shipbuilding revenue of RMB18,372 million, which increased by 39% yoy.

In line with the higher revenue, cost of sales increased by 37% to RMB15,957 million in 2022 from RMB11,642 million in 2021. The Group recorded an additional inventory obsolescence provision of RMB185 million for an unsold jack-up rig which was classified as inventory. In addition, the Group recorded a net reversal of loss provision of RMB218 million for onerous contracts because of progressive construction and reassessment of foreseeable losses on onerous contracts as at the end of the year.

As a result, the Group's shipbuilding gross profit increased by 55% yoy to RMB2,415 million. Gross profit margin improved marginally from 12% in FY2021 to 13% in FY2022.

Shipping

Revenue contributed from the shipping business increased by 44% to RMB1,383 million, mainly attributable to the expanded charter fleet size and improved charter rates.

Operating costs from the shipping business increased as well, from RMB575 million for FY2021 to RMB819 million for FY2022.

Consequently, the shipping business registered a gross profit of RMB563 million for FY2022 compared to RMB385 million for FY2021. Gross profit margin stood at 41% for FY2022, slightly higher than 40% for FY2021.

Others

Revenue generated by other business, such as terminal services, trading, ship design services and investments retained subsequent to the spin-off, decreased to RMB950 million in FY2022 from RMB979 million in FY2021, mainly due to the lower volume of trading business.

In tandem with the lower other business activities, operating costs decreased to RMB732 million in FY2022 from RMB837 million in FY2021.

Consequently, other business attained a higher gross profit margin of 23% in FY2022 compared to 15% in FY2021.

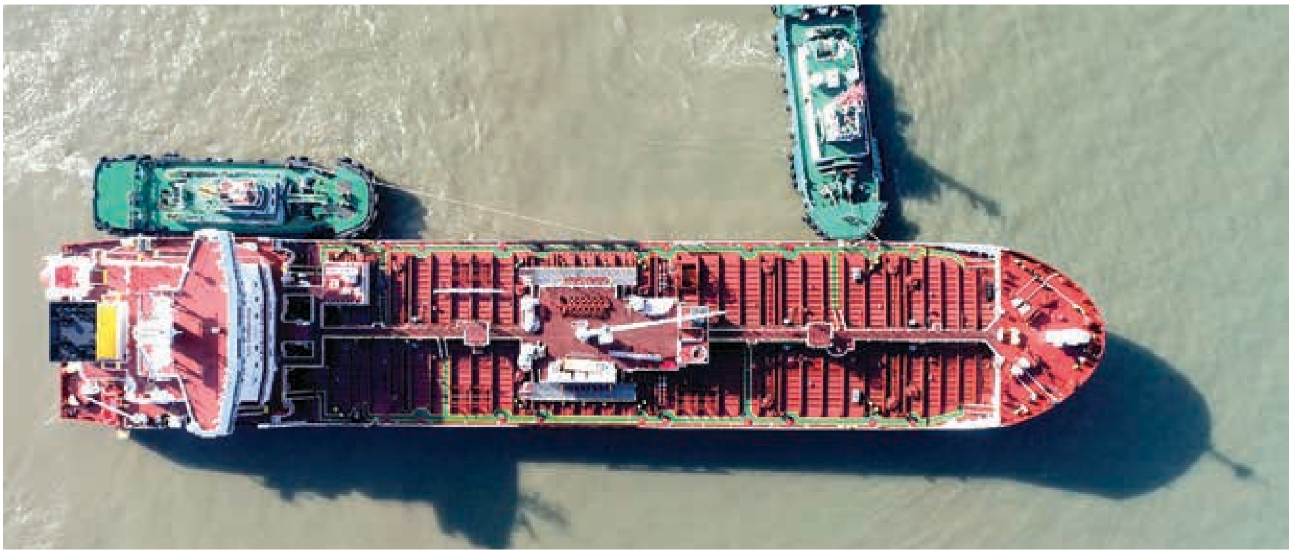
GROUP FINANCIAL POSITION

As at 31 December 2022, the Group's balance sheet remains robust post the completion of the spin-off. Total assets stood at approximately RMB32,967 million.

Property, plant, and equipment ("**PPE**") increased to RMB7,278 million as at 31 December 2022

[1] Return on equity = Profit attributable to equity holders/[total equity – non-controlling interests]

FINANCIAL AND OPERATIONS REVIEW



compared to RMB6,335 million as at 31 December 2021. This increase was mainly attributable to vessel additions during the year, bringing PPE from the shipping business to RMB3,182 million as at 31 December 2022 compared to RMB2,185 million as at 31 December 2021.

Cash and cash equivalents remained strong and were recorded at RMB10,778 million, lower than RMB12,363 million as at 31 December 2021. The decrease was mainly attributable to the spin-off of the Group's investment business segment in April 2022.

Total borrowings increased slightly to RMB4,568 million as at 31 December 2022 from RMB4,457 million as at 31 December 2021, mainly due to the net addition of bank borrowing during the reporting period. During the period under review, we have fully repaid our USD denominated loans. In general, our total borrowings as at 31 December 2022 consist of RMB denominated loans, which have comparatively lower interest rates.

Total liabilities stood at approximately RMB15,262 million as at 31 December 2022 and total equity was approximately RMB17,705 million as at 31 December 2022.

In summary, as at 31 December 2022, the Group had a gross gearing ratio of 26% post the completion of the spin-off, compared to 12% as at 31 December 2021. The Group remained at a net cash position.

LOOKING AHEAD

The recent shipbuilding upcycle continues to favour Yangzijiang's growth trajectory. Given the robust outstanding orderbook, which will keep the shipyard fully utilised until 2025, the Group will remain selective on new orders. Concurrently, the Group is growing its R&D capabilities and aims to further expand its product mix with alternative fuelled vessels, such as methanol dual fuel vessels and liquified ethylene carriers. These efforts attest to the Group's commitment to advancing its shipbuilding competency, as well as its dedication to enabling maritime decarbonisation.

The shipping industry remains volatile and uncertain. Given the relatively weak shipping outlook, the Group will take this opportunity to improve the overall fleet competitiveness in preparation for the turnround of shipping rates. With this consideration, the Group is looking to replace its old vessels with more efficient and energy-saving vessels to upgrade its fleet's efficiency level.

Additionally, with the acquisition of the remaining 45% shares of Jiasheng Terminal, the Group is working towards converting its existing chemical terminal located on the shore of the Yangtze River to an LNG terminal. The new initiative is expected to diversify its revenue streams across the maritime value chain through the provision of LNG terminal services, LNG storage, and distribution, whilst strengthening the collaborations with LNG shipping liners as well as LNG traders.

The near future might be challenging given the weak global economic environment, but Yangzijiang's efforts in progressively realising its robust orderbook of USD10.51 billion assures its healthy revenue streams in the next 2 to 3 years. As such, the Group is able to leverage the evolving shipbuilding trend and optimize its shipyard capacity for more high-value-added contracts.

SUSTAINABILITY REPORT

TABLE OF CONTENTS

01 ABOUT THE REPORT 24
02 2022 SUSTAINABILITY HIGHLIGHTS 25
03 CEO MESSAGE 26
04 EMBRACING ESG MEGATRENDS: YZJ'S ESG INITIATIVES IN 2022
4.1 2022 Green Vessel Delivery in A Glance 28
4.2 Entry into Clean Energy Vessel Construction: Collaboration with GTT 29
4.3 Encouraging Diversity: Welcome the First Female Director to the Board 29
05 ESG MANAGEMENT SYSTEM
5.1 Formation of the ESG Committee 30
5.2 ESG Commitment 32
5.3 Material ESG Topics 33
5.4 Stakeholder Engagement 34
06 ESG PRACTICES IN 2022: ENVIRONMENTAL
6.1 IMO Environmental Regulations Roadmap 36
6.2 Yangzijiang's Response to Environmental Protection: Two-carbon Strategy 36
6.3 GHG Emission Measurement 38
6.4 Water Management System and Energy Consumption Overview 39
07 ESG PRACTICES IN 2022: SOCIAL
7.1 Economic Contribution 40
7.2 Health and Safety Management 41
7.3 Diversity, Equality, and Care 41
7.4 Talent Acquisition and Training 42
7.5 Contribution to Local Community 43
08 ESG PRACTICES IN 2022: GOVERNANCE
8.1 Corporate Governance 44
8.2 Risk Management 45
8.3 Whistle-Blowing System 46
8.4 Technology Management 46
8.5 Supply Chain Management and Procurement System 47
8.6 Quality Control System 48
09 APPENDIX
9.1 GRI Content Index 49

SUSTAINABILITY REPORT

01 ABOUT THE REPORT

This Sustainability Report provides an overview of Yangzijiang Shipbuilding (Holdings) Limited's ("**Yangzijiang**", or together with its subsidiaries, the "**Group**") sustainability efforts carried out for the financial year ended 31 December 2022 ("**FY2022**").

Reporting is conducted on an annual basis. This 2022 report covers the period 1 January 2022 through 31 December 2022. Historical data is presented in this report for ease of comparison. Unless otherwise stated, the scope of reporting includes all our subsidiaries in China and our office in Singapore.

Our reporting framework takes guidance from the Global Reporting Initiative ("**GRI**") Standards. The report is prepared in accordance with Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules, including rules 711A and 711B on Sustainability Report and relevant SGX Practice Notes on Sustainability Reporting Guide.

Assurance

We did not seek external assurance for this report. Information included in this report has been subjected to rigorous internal reviews to ensure fair and accurate presentation. The integrity of this report has been approved by the Board of Directors ("**Board**").

Feedback

To help us improve on our sustainability reporting and approach, we encourage feedback from our stakeholders. Please send your questions and suggestions to kamal@financialpr.com.sg

SUSTAINABILITY REPORT

02 2022 SUSTAINABILITY HIGHLIGHTS

Environmental Pillar

- Initiation of GHG emission measurement for Scope 1 & Scope 2
- Collaboration with GTT for membrane containment system
- 27% of total outstanding orderbook is eco-friendly vessels, compared to 15% last year

Social Pillar

- Steadfast social contributions amidst pandemic: annual voluntary blood donation activity

Governance Pillar

- Welcome first female director, Ms Liu Hua, to the Board
- Establishment of ESG Committee under the Board
- Runner Up Spot for Most Transparent Company Award, Industrial Category, at the SIAS 2022

ESG Plan for 2023:

- To formulate Water Efficiency Policy, Energy Efficiency Policy, and Water Recycle Policy → To identify climate change commercial and financial risks based on TCFD framework
- To do voluntary ESG disclosure on CDP platform & S&P Global Corporate Sustainability Assessment → To publish Yangzijiang's first GHG emission measurement report
- To formulate Yangzijiang's ESG Roadmap (2023 – 2030) → To convene 2023 first ESG Committee Meeting in April

SUSTAINABILITY REPORT

03 CEO MESSAGE

REN LETIAN
(Aged 41, Chinese)
Executive Chairman and Chief Executive Officer,
Chairman of ESG Committee

Dear Stakeholders,

On behalf of the Board, I am pleased to present Yangzijiang's Sustainability Report for the Financial Period Ended 31 December 2022.

The shipping industry contributes about 3% of global greenhouse gas ("**GHG**") annually, slightly lesser than the 5th largest emitting country in the world. With around 90% of global trade being conducted via maritime transport,[1] the industry is an important facilitator to the global economy. As countries and other sectors set their respective net-zero targets, the industry is also moving in tandem to ensure its alignment with the 1.5 degrees Celsius trajectory in accordance with the Paris Agreement.

On 1 January 2023, the maritime industry took a monumental step in its journey to reduce GHG emissions. The International Maritime Organisation ("**IMO**") implemented the Energy Efficiency Existing Ship Index ("**EEXI**"), which aims to improve the technical performance of existing ships and the Carbon Intensity Indicator ("**CII**") rating, which assesses the operational energy efficiency of ships.[2] These regulatory changes are part of IMO's efforts to slash the maritime industry's GHG emissions by at least 50% before 2050 compared to 2008's levels.[3]

A Two-Pronged Sustainability Strategy

As one of the largest non-state-owned shipbuilding companies in China, our actions as well as inactions carry potential material impacts on the environment and society at large. We are cognizant of the influence we wield as an organisation and have not once shied away from this paramount responsibility.

At Yangzijiang, our goal is to limit the negatives and maximise the positives. We approach sustainability from two lenses – how we conduct our business (operation) and what we can provide to our customers (products). The former helps keep our own carbon footprint in check while the latter focuses on green vessel innovation to enable our customers to operate more cleanly.

Internally, we strive to run our business in the most sustainable manner possible. Through our Green Factory Strategy, we have implemented various measures to enhance operational efficiency and optimize resource consumption at our shipyards. Some of the steps we took over the years include reducing our reliance on coal-powered energy by adopting renewables, upgrading our water and electricity management systems, and improving our manufacturing methodologies to reduce wastage.

The second approach, which arguably generates a larger overall impact, is our Green Vessel Strategy. When we speak of a sustainable future, technological advancement has to be in the picture. Technology allows us to produce ships of higher sustainable quality, which comes in the form of better durability, greater fuel efficiency, and even the replacement of hydrocarbon fuels altogether. Currently, three of our subsidiaries hold the High and New-Technology Enterprise ("**HNTE**") status in recognition of their investments and efforts in research and development ("**R&D**") initiatives.

We have made massive breakthroughs in 2022 pertaining our capabilities of producing greener vessels. Thanks to our consistent emphasis on R&D and strategic technological partnerships, we have significantly increased our footprint in the energy-efficient and clean energy vessels space. As of 31 December 2022, 27% (in number of vessels) of our outstanding orderbook constitutes eco-friendly vessels compared to 15% in the prior year.

1 https://www.weforum.org/agenda/2022/11/how-the-shipping-industry-is-sailing-towards-zero-emissiontargets/#:~:text=The%20shipping%20industry%20contributes%20to,considered%20the%20sixth%20largest%20emitter.
2 https://www.imo.org/en/MediaCentre/HotTopics/Pages/EEXI-CIIFAQ.aspx#:%7E:text=From%201%20January%202023%20it,(CII)%20and%20CII%20rating
3 https://sustainabledevelopment.un.org/content/documents/26620IMO_ACTION_TO_REDUCE_GHG_EMISSIONS_FROM_INTERNATIONAL_SHIPPING.pdf

SUSTAINABILITY REPORT

Stepping Up the Gear

The Formation of Our ESG Committee

In 2022, we also made good progress in the governance aspect through the formalization of a dedicated ESG committee. The move reiterates our commitment towards embedding an organization-wide sustainability culture. Apart from internal members, we have invited an external domain expert to sit on this committee to help us pinpoint areas for improvement. The committee will fine-tune the existing strategies and provide systematic guidance by referencing the task-force climate-rated financial disclosure ("**TCFD**") framework. The structure keeps us on track to reaching our internal targets and ensures that we remain effective in contributing to the collective net-zero ambition of the world.

Inaugural GHG emissions data

While we are proud of what we achieved so far, we are not one to rest on our laurels. At the time of writing (early-2023), we have engaged with a third-party consultant to assess, measure, and report on the GHG emissions at our shipyards. Estimated numbers for the year 2022 will also be reported in this Sustainability Report. We also plan to voluntarily disclose the GHG emission data on the Carbon Disclosure Platform ("**CDP**") for better accountability and transparency. Going forward, we will utilize these baseline figures, as well as take reference from the Science Based Targets initiative ("**SBTi**") to refine our sustainability targets and strategies.

Journeying with Our Stakeholders

Beyond the tangible actions, our goal is really to inspire a behavioural shift during this transitory season. We want to evolve as an organisation by moving pass a defensive mindset of mere compliance and going on the offence through intentional and proactive actions.

We want to continuously improve our approach to ESG and remain relevant. To do this successfully, we need you, our valued stakeholders, to come along with us on this journey. As a first step to initiating such discourse, we will be launching and distributing digital survey forms to you in the first half of 2023.

We are looking forward to more meaningful conversations with you. Together, we can make meaningful changes and craft a sustainable future for Yangzijiang.

Ren Letian
Executive Chairman and Chief Executive Officer
Yangzijiang Shipbuilding (Holdings) Ltd

SUSTAINABILITY REPORT

04 EMBRACING ESG MEGATRENDS: YZJ'S ESG INITIATIVES IN 2022

4.1 2022 Green Vessel Delivery in A Glance

At Yangzijiang, we are committed to championing the green transition in the maritime industry. Over the past decades, we have established a strong reputation for quality vessels and timely delivery.

In line with the industry, we are currently focusing on taking our production capabilities further to produce hybrid and clean energy vessels. In recent years, we have acquired the technical know-how and skillset to integrate green technology into traditional vessels.

Internally, the Group has mapped out a multi-year growth strategy to advance our technological capabilities and strengthen our foothold in the green space. We believe that this venture into clean vessels can transform Yangzijiang into one of the top-tier shipbuilders in the world.

2022, we have made significant breakthroughs in penetrating the clean energy vessel market, successfully delivering the world's largest LNG tank carrier and our maiden vessel featuring a pure electric double propulsion system, some of the notable deliveries are listed below:

#1 "Tiger LongKou": 690FEU LNG Tank Carrier

This 690FEU Liquefied Natural Gas ("**LNG**") Tank Carrier is the largest LNG tank carrier in the world, with a capacity to load up to 690 units of 40 feet LNG ISO tanks or approximately 15,000 tons of LNG.

Measured at 192 meters in length, the vessel is outfitted with LNG dual-fuel engines and type C tanks, enabling it to run on LNG.

#2 "DEMERARA": 9,150DWT Oil-Chemical Tanker

The 9,150DWT Oil-Chemical Tanker was built in New Yangzi Yard and successfully delivered to a French customer on 17 October 2022. This vessel measures 120 meters in length with a total capacity of up to 10,500 cubic meters and a deadweight of 9,150 tonnes.

This vessel is integrated with a pure electric double propulsion system. This helps the ship achieve fuel savings and lowers its operational costs. In addition, the pure electric double propulsion system helps reduce noise and heat diffusion, providing a more comfortable, smooth, and quieter operational condition.

SUSTAINABILITY REPORT

#3 "MSC IRINA": 24,000TEU Containership

In October 2022, the two units of 24,000TEU containerships were launched, one of which, was successfully handed over to the customer in March 2023. The vessel delivered is the world's largest containership with an actual capacity of 24,346 TEUs and measuring 399.99 metres in length and 61.3 metres in beam.

MSC IRINA is equipped with a small bulbous bow, large-diameter propellers, and energy-saving ducts. It also incorporates an air lubrication system that reduces drag on the hull and shaft generators that generate additional power. These features help the ship save between 3% to 4% of energy, thereby reducing carbon dioxide emissions.

4.2 Entry into Clean Energy Vessel Construction: Collaboration with GTT

LNG is the most widely used alternative fuel in the world. In 2022, the Group strategically entered into a Technical Assistance and License Agreement with Gaztranport & Technigaz ("**GTT**"), a French technological expert in membrane containment systems, to build LNG vessels using GTT membrane technologies. GTT's membrane tank construction technology is the most widely adopted and sophisticated form of technology in the industry.

With the enhanced shipbuilding capability, Yangzijiang has successfully secured an order for four (4) units of 8,000TEU LNG dual-fuel containerships that will be equipped with the GTT Mark III technology as well as an order for two (2) units of 175,000CBM LNG carriers that will be equipped with GTT Mark III Flex membrane tanks.

On a related note, we have also secured our very first orders for two (2) units of 36,000CBM liquefied ethylene gas ("**LEG**") carriers as well as twelve (12) units of 16,000TEU LNG dual-fuel containerships in 2022.

4.3 Encouraging Diversity: Welcome the First Female Director to the Board

At Yangzijiang, we recognise that diversity is an integral part of maintaining a sustainable business. In 2022, we appointed our first female director, Ms Liu Hua, as a non-executive non-independent director. The landmark appointment signifies our commitment to embracing gender diversity at all levels of our organisation.

Ms Liu Hua has over 15 years of experience with the Group and she was previously the Group's Chief Financial Officer before the spin-off of Yangzijiang Financial Holding. Given her international experience, broad knowledge of corporate finance and forward-looking ideas, we believe that she will provide valuable insights and guidance to the Group.

SUSTAINABILITY REPORT

05 ESG MANAGEMENT SYSTEM

5.1 Formation of the ESG Committee

ESG Committee Structure

The Group established an ESG Committee in October 2022 to drive the creation and implementation of a systematic framework. The ESG Committee serves as a sub-committee of the Board and is required to provide advisory duties for the Board and the management with respect to the ESG targets, latest policies, Group strategies, and strategy implementation progress.

We believe that integrating ESG factors will lead to better long-term growth trajectory. Hence, at the initial stage of ESG Committee establishment, we welcomed a team of C-suites and professionals to the Committee. The ESG Committee is led by the Group's Executive Chairman and CEO Mr Ren Letian and committee members include the Group's Deputy General Manager Mr Zhang Hongfei, the Non-independent and Non-executive Director Ms Liu Hua, and an external ESG advisor Ms Kathy Zhang Chengshuang.

With Mr Ren, Mr Zhang, and Ms Liu's rich experience in the Shipbuilding industry and the Group's operations, together with Kathy's knowledge of ESG trends and policies, we believe that the ESG committee will put forward invaluable advice to drive the Group's ESG commitment.

Chairman of the ESG Committee

REN LETIAN
Executive Chairman and Chief Executive Officer

Mr Ren Letian was appointed as the Chief Executive Officer of the Group on 1 May 2015 and Executive Chairman of the Company on 30 April 2020.

Mr Ren Letian joined the Group as a site project manager in the year 2006. Since then, he has assumed several managerial roles at various levels and business divisions in the Group and gained in-depth knowledge of the operations of the Group.

Under the management of Mr Ren Letian, the Group's Yangzi Xinfu Yard had successfully delivered 6 vessels of 10,000TEU containerships in 2014 despite numerous challenges faced by the Yangzi Xinfu Yard which only turned operational in 2013. In addition, in 2022, the Company clinched its first-ever orders of four (4) 8,000TEU LNG dual-fuel containerships that carry the GTT Mark III technology and equipped with an ammonia-ready fuel tank. He has also received several recognitions from the local government for his outstanding achievements.

He now helms the Group's overall shipbuilding operations, and exhibits increased maturity and capability in overseeing various business functions that are integral to the successful delivery of quality vessels.

Mr Ren Letian is the son of Mr Ren Yuanlin, the Honorary Chairman of the Group, and holds a Master's Degree from London Southbank University.

SUSTAINABILITY REPORT

Members of the ESG Committee

ZHANG HONGFEI
Deputy General Manager

Mr Zhang was appointed as the Deputy General Manager in 2021 and was previously the Assistant General Manager since 2010. He is now the Deputy General Manager of the Group and concurrently serves as the Secretary of the Communist Party Branch in the Group and the Chairman of the Labour Union of the Group. He is responsible for the Party affairs, Labour Union, enterprise management, human resources, and port management of the Group.

Mr Zhang has over 20 years of experience in the shipbuilding industry. From November 2004 and after joining the Group, he served as Director of the Construction Department and Assistant General Manager of Jiangsu New Yangzi Shipbuilding Co., Ltd., and was promoted to Deputy General Manager in January 2016.

Mr. Zhang holds an Engineering Degree from Jiangxi Science and Technology University which he was conferred in 1997.

LIU HUA
Non-independent and Non-executive Director

Ms. Liu was appointed as Non-Independent Non-Executive director of our Company on 4 August 2022. Ms. Liu joined Yangzijiang Shipbuilding (Holdings) Ltd. as finance controller in November 2007 and was redesignated as Chief Financial Officer of the Group in June 2008.

Ms. Liu has extensive experience in finance and corporate financial management. Prior to joining Yangzijiang Shipbuilding, Ms. Liu was the Finance Controller of Global Container Freight Pte Ltd, in charge of overall financial function of its subsidiaries in Singapore, China, Taiwan, Malaysia, Myanmar, Cambodia, Thailand and Vietnam.

Ms. Liu graduated from Oxford Brookes University with a Bachelor's Degree in Applied Accounting in 2003. She has been a member of the Institute of Certified Public Accountants of Singapore since 2004 and was awarded the Chartered Financial Analyst (CFA) designation by the CFA Institute in 2007. Ms. Liu was also admitted as a Fellow Member of the Association of Chartered Certified Accountants in 2009.

KATHY ZHANG CHENGSHUANG
External Advisor, Co-founder of Financial PR, Adjunct Faculty of Singapore Management University

Ms Kathy was appointed as the external advisor of the ESG Committee in 2022. She is currently pursuing a Doctorate degree from Singapore Management University ("**SMU**"). Kathy has passed her first dissertation defence on ESG ratings, one of the most contested subjects in sustainable finance. Kathy is also an adjunct faculty in the Lee Kong Chian School of Business at SMU.

Kathy has over 20 years of experience in corporate management and investor relations. She co-founded Financial PR ("**FPR**") in Singapore in 2001 and was the chairperson and CEO of FPR. From 2016 to 2021, Kathy led FPR's listing on the OTC exchange in Beijing. Today, Financial PR is a part of BlueFocus Communications, the largest marketing communications agency in Asia, ranked Number 11 globally in the Global Top 250 PR Agency Ranking 2022 by PRovoke Media.

Kathy voluntarily stepped down as the chairperson and CEO of FPR in 2021 and published a book titled 《Unlocking the Myths of A-shares – The Modern Guide to Investors Relations in the Chinese Stock Market》 on how Performance Investor Relation ("**PIR**") that aims to help listed companies create sustainable shareholder's value.

Kathy obtained EMBA from Golden Gate University. She also completed the executive training program at the business school of Stanford University.

SUSTAINABILITY REPORT

ESG Committee Responsibilities

The main objective of the ESG Committee is to incorporate a sustainability framework into the Group's business strategies, particularly at the corporate governance level and operation level. The ESG Committee meets at least once per quarter to monitor the ESG strategy implementation progress and to set up the direction and targets for the next quarter. The ESG Committee reports directly to the Board on a quarterly basis regarding the periodical progress and future plans.

The main focus of the ESG Committee includes:

- Set ESG-related targets based on globally recognised frameworks
- Monitor the implementation of the ESG strategies and provide suggestions on the actions needed to achieve the objectives
- Monitor the ESG trends, such as the latest ESG policies and ESG rating standards, and report to the Board of Directors in a timely manner
- Oversee and support stakeholder engagement plans on ESG matters
- Ensure the accuracy and adequacy of ESG-related disclosures
- Review and reassess the Group's ESG initiatives on an annual basis and recommend necessary changes to the Board for approval

ESG Committee Execution Process

Identify ESG Issues: The ESG Committee identifies the ESG issues by reviewing the emission data, social activities, and corporate governance structure.

Seek Consultation: The ESG Committee collates the identified issues and seeks advice from external ESG experts

Formulate and Revise ESG Strategies: Taking external advice into consideration, the ESG Committee discusses internally and formulates or reviews ESG strategies that fit the Group's business strategy

Monitor Implementation: The ESG Implementation Team is responsible for executing the strategies across the Group's subsidiaries and collecting feedback and results from both internal and external stakeholders. The team will report directly to the ESG Committee to review the progress.

5.2 ESG Commitment

Evolving ESG initiatives to integrate environment, social, and governance into our daily operations to reflect our longstanding commitment to our stakeholders. Our view on sustainability is not restricted to only the practices at the Group level but also extends toward ESG awareness enhancement among our employees. In this regard, our ESG commitments are structured around five pillars that are relevant to our business:

DECARBONISATION

To contribute to the world's climate ambitions

- **China:** To achieve peak carbon emission by 2030 and carbon neutrality by 2060
- **IMO:** To reduce carbon emissions by 50% in 2050 compared to 2008 levels
- **SBTi:** To achieve net-zero by 2050 (SBTi is the world 1st framework to help corporates to set net-zero targets)
- **The Paris Agreement:** To limit the global average temperature increase to 1.5°C above pre-industrial levels

INDIGENOUS PARTNERSHIPS

To build good relationships with stakeholders based on trust and mutual benefits

SAFETY AND FUTURE-READY WORKFORCE

To enhance workplace safety, optimise training programs, and strengthen employees' capabilities

EMPOWERING LOCAL COMMUNITY

To support and care for the local community for common prosperity

EQUALITY AND DISCIPLINE

To provide equal opportunities for each employee

- Having appointed the first women director, Ms Liu Hua, to the Board to enhance diversification

SUSTAINABILITY REPORT

5.3 Material ESG Topics

Having been through a materiality assessment process, the Group identified the key operational risks that are relevant and assessed the impacts and interest levels of these risks on both internal and external stakeholders.

To begin with, the Group linked its operational activities to the following five categories to filter the materiality issues related to sustainability:

- Peer comparison in terms of ESG practices
- Addressing and pre-empting ESG challenges in the maritime industry
- Understanding the latest regulatory revisions and updates
- Assessing the impact of the macroeconomic environment on the supply chain
- Refreshing suppliers' Code of Conduct to align with stakeholders' needs

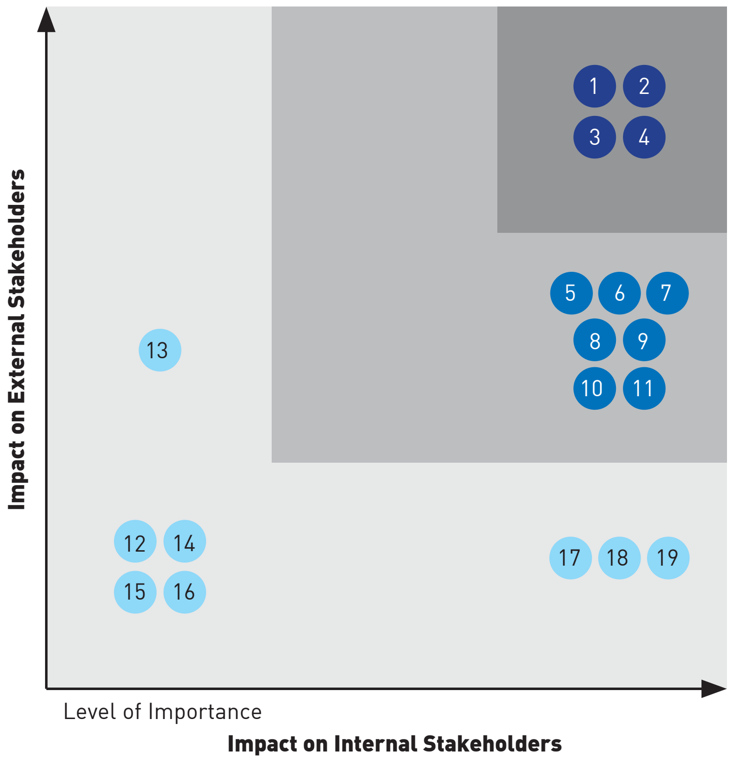
Next, with the list of materiality issues, the Group analysed the degree of interest or the level of the impact of these topics on each stakeholder group and ranked the topics accordingly.

After the review by the ESG Committee, the selected materiality topics with reference to GRI standards were submitted to the Board for approval.

Lastly, the approved material topics and assessment results were summarised and presented in the Group's Sustainability Report. The Group will review and reassess these material topics on an annual basis to ensure all relevant topics are covered.

List of Material ESG Topics

1. Stable profits
2. Contribution to the local economy
3. Compliance with environmental laws
4. Greenhouse gas and other emissions
5. Community investment and development
6. Dividends
7. Anti-corruption
8. Risk management
9. Workplace health and safety
10. Management of effluents
11. Energy consumption
12. Supplier assessment
13. Customer privacy
14. Equality opportunity
15. Forced/child labour
16. Freedom of association & collective bargaining
17. Employee training
18. Staff welfare
19. Efficient use of steel



SUSTAINABILITY REPORT

5.4 Stakeholder Engagement

Yangzijiang improves its ESG strategies and reflects on its ESG initiatives through regular and transparent communication with a number of stakeholders, such as customers, media, employees, suppliers, local government, local community, and investment community.

To upgrade the stakeholder engagement plan to a routine-based activity, the ESG team is working on a comprehensive stakeholder engagement model which is expected to allow the Group to understand and respond to legitimate stakeholder concerns. This Group will also take the consideration of the characteristics of each stakeholder group and arrange the engagement activities accordingly.

Stakeholder Group	Areas of concerns	Proposed Engagement Activities
Shareholders and Investors	• Financial and operational performance • Accretion of shareholders' value • Disclosure transparency • Risk management	• Annual General Meeting • Half-yearly financial results announcement and routine business updates announcement • Regular investor briefings and corporate roadshows • Constant efforts in investor relations
Customers	• Quality control and timely delivery • Product and technology innovation • Capabilities in building higher value-added vessels, such as alternative fuelled vessels and dual-fuelled vessels • Product performance enhancement, such as efficiency, cost-saving, safety • Customer satisfaction	• Frequent customer engagement during the vessel construction process • Vessel naming and delivery ceremonies • Recreational sports events involving customers' on-site representatives • Feedback collection from customers upon vessel delivery

SUSTAINABILITY REPORT

Stakeholder Group	Areas of concerns	Proposed Engagement Activities
Suppliers	• Quality of raw materials and equipment • Quality of after-sales service and warranties • Regulatory compliance • Fair trade • Long-term collaboration	• Regular visits to suppliers • Regular review sessions • Supplier conference • Technical training for the workers in the shipyards
Local Government	• Technology innovation • Economic contributions • Safety and labour issues • Fair competition • Contributions to the regional supply chain • Law and regulation compliance	• Regular dialogue with government agencies and regulators • Yard inspection visits by government representatives • Training conducted by governance agencies for workers at the shipyards • Management sharing sessions in the government-led events
Local Community	• Care and contributions to the local community • Social volunteer activities • Support for local employment	• Philanthropic donations • Community service • Construction of senior university and local hospital • Volunteer activities, such as blood donations
Media	• Financial and operational performance • Key business breakthroughs • Crisis management • Updates on business strategies	• Press Release • C-suite interviews • Social media, such as corporate website, WeChat official account, and LinkedIn • Corporate networking session
Employees	• Workplace safety • Fair performance evaluation • Fair compensation and employee benefits • Teambuilding • Corporate culture • Training and personal growth • Fair opportunities and promotion	• Labour Union • Regular training programs • Performance-based compensation • Regular teambuilding activities • Annual performance evaluation

SUSTAINABILITY REPORT

06 ESG PRACTICES IN 2022: ENVIRONMENTAL

6.1 IMO Environmental Regulations Roadmap

Following the introduction of the global sulfur limits in 2020, the IMO launched a new set of regulations named IMO2023 to further manage carbon emissions for the international shipping industry.

The IMO2023 regulation has been effective since 1 January 2023. It introduces mandatory reductions in carbon emission for both new-built ships and existing ships by implementing new energy efficiency indicators to determine these reduction levels.

The ship owners and operators are required to calculate and prepare EEXI and CII data to acquire the proper certificates which allow them to continue their shipping business.

Energy Efficiency Design Index (EEDI)

GHG Reduction Plan for Newbuild Ships Compared to 2008 Level

Phase I	2015	All vessel types to achieve **0%** GHG reduction
Phase II	2020	All vessel types to achieve **20%** GHG reduction
Phase III	01 Apr 2022	• LNG vessels to achieve **30%** GHG reduction • Containerships to achieve **45% - 50%** GHG reduction
Phase III	2025	Tankers and bulk carriers to achieve **30%** GHG reduction
Phase IV	2030	All vessel types to achieve **40%** GHG reduction
Phase V	2050	All vessel types to achieve **70%** GHG reduction

Energy Efficiency Existing ship Index (EEXI)

GHG Reduction Factor for Existing Ships as of January 2023

Containerships 20%-50%	**Bulk Carrier** 15% • 20%
Tanker 15% - 20%	**Gas Carrier** 20% • 50%

Practical Method

- **Emission Reduction:** Energy saving equipment, Power limitation, Engine Conversion
- **Replacement:** Newbuild vessels

6.2 Yangzijiang's Response to Environmental Protection: Two-carbon Strategy

The global maritime industry continues to raise the demand for greener products and technologies to help them fulfil the GHG emission reduction requirements. Yangzijiang is committed to riding on this green transformation trend and capturing any possible opportunities to grow its business whilst moving towards carbon neutrality. Hence, the Group put forward and implemented two strategies – Green Vessel Strategy and Green Factory Strategy – in 2022 and both of them made material progress during the period.

SUSTAINABILITY REPORT

Green Vessel Strategy

Green technology plays a vital role in achieving GHG emission reduction for new-built vessels. The Group has been focusing on R&D within the green energy sector for a long time to improve operational efficiency and make sure these new-built vessels are aligned with the IMO decarbonisation targets.

The Group has made significant improvements to its vessels, such as the adoption of a pure electricity generation engine with a dual propulsion system in a 9,150DWT Oil-chemical tanker, the acquisition of GTT membrane tank construction technology to build LNG dual-fuel containerships, and the upgraded technology to meet EEDI phase 3 requirements and achieve 3% to 4% GHG emission reduction compared to conventional designs.

The Group has also been optimising the technology used in paints which play the function of anti-corrosion agents in shipbuilding, aiming to mitigate the harmful impacts on workers' and crews' health. The Group has maintained a solid partnership with Jotun Coatings, the marine antifouling coating arm of a leading chemical company based in Norway. The long-time partnership between the two parties in R&D allowed the Group to make meaningful contributions to the shipbuilding industry, including:

- Significantly shorten the coating work period thereby minimising worker's exposure to volatile organic compound ("**VOC**") emission
- Significantly decrease the VOC emission level in paints used at Yangzijiang
- Reduce the use of raw materials
- Reduce the Group's pollutant emission
- Reduce the cost of handling hazardous waste
- Mitigate the harmful impacts on the environment nearby

In addition to the green technology development, the Group is working to contribute to the greener maritime supply chain by converting its existing chemical terminal to an LNG terminal with LNG storage and distribution infrastructure. The new initiative is expected to promote the utilisation of LNG in the domestic market to replace traditional pollutive energy such as coal and oil, thereby achieving carbon emission reduction.

Green Factory Strategy

The Group is qualified for the following certifications to ensure smooth operations of its shipbuilding activities.

- Quality Management (ISO9001) certification by the China Classification Society
- Environmental Management (ISO 14001)
- Occupational Health and Safety Management (ISO 45001)
- Energy Management System (ISO 50001)
- Certification in Software Quality Analyst (CSQA)
- Our vessels are classified by the China Classification Society ("**CCS**"), American Bureau of Shipping ("**ABS**"), Bureau Veritas ("**BV**"), Nippon Kaiji Kyokai ("**NK**"), Germanischer Lloyd ("**GL**"), Lloyd's Register ("**LR**"), Det Norske Veritas ("**DNV**")

Additionally, the Group has made material progress in its efforts to improve shipyard efficiency. The Group's five major operating systems installed at our shipyards have been approved and certified by CCS following a thorough inspection. These systems include quality control, energy consumption, environmental impact, safety production, and integrated management system.

Furthermore, the Group has accelerated its digitalisation process to build smart shipyards. The Group has adopted an end-to-end operational process covering ship design, project planning, material procurement, production, quality check, cost, and capital control to streamline its production activities. Meanwhile, the Group has also introduced various methodologies to improve overall production efficiency. These efforts include:

- **Design Efficiency:** The Group adopts digital design and management systems, such as modern 3D design software Additive Manufacturing ("**AM**") and files management software Product Data Management ("**PDM**") to upgrade functions of the software

SUSTAINABILITY REPORT

- **Production Efficiency:** The Group increased the use of automation equipment for production, including adding more automatic welding machines, electrical nacelles, and vertical lifting devices to improve vessel quality and efficiency
- **Workmanship Routing Optimisation:** The Group continues to optimise workmanship routing by shortening the period of the docking stage and improving the construction completeness ratio before launching
- **Standardisation:** The Group strives to promote standardisation for both ship design and production processes. Such standards will be updated and internally circulated on an annual basis

6.3 GHG Emission Measurement

The Group is proactively making efforts to achieve global climate ambitions. As an important component of the international maritime supply chain, the Group realises the necessity to measure its GHG emissions across all subsidiaries and formally announces the results to contribute to the entire value chain emission measurement.

To disclose accurate GHG emission data

Our team at the shipyards is working to gather relevant raw carbon emission data and categorise it according to the definitions of Scope 1, Scope 2, and Scope 3 emissions. Concurrently, our team is liaising with the local government agencies and utility suppliers to acquire the corresponding emission factors for calculating GHG emissions.

Once the data is ready and approved by the Board, the Group will incorporate it into a formal report with comments on the results, thereafter distributing it to our stakeholders. Furthermore, the Group will also consider getting the data audited by a third-party agency to ensure its accuracy and fairness.

To report the ESG matrix on various ESG disclosure platforms

The Group has been invited by many ESG disclosure platforms to participate in their annual disclosure schemes. The invited companies are required to fill out the questionnaires related to environment, social, and governance and provide supporting documents for the platform's verification and assessment. After that, the invited companies receive scores or ratings reflecting how adequately they disclose ESG-related information and how effectively they tackle ESG-related risks.

As we aspire to be one of the leading players in ESG advancement, we hope that our ESG efforts can be recognized by all of our stakeholders and evaluated by top-tier ESG rating agencies. As such, those international ESG disclosure platforms are expected to be one of the mediums through which our ESG data and strategies are delivered to the global investment community.

Considering the qualification and reach of these disclosure platforms, the Group decides to initiate its first disclosure projects on the following platforms:

- **The Carbon Disclosure Project ("CDP") platform:** a leading international non-profit organisation that runs the global environmental disclosure system with focus on climate and water risks.
- **S&P Global Corporate Sustainability Assessment ("CSA"):** an annual evaluation of companies' sustainability practices, focusing on criteria that are both industry-specific and financially material.
- **SGX Genome:** a Singapore Stock Exchanged introduced disclosure platform designed to support companies in their Environmental, Social, and Governance disclosure process.

To set emission reduction targets and a roadmap

Following the completion of GHG emission measurements and ESG reporting, the Group will plan to establish goals for GHG emission reduction and propose an executable ESG roadmap as long-term guidance. The Group will also provide updates on ESG initiatives and strategy implementation status for its stakeholders on a regular basis or when there is material progress.

GHG Emissions (Unit: tonne of carbon dioxide equivalent)[4]

Category	2022
Scope 1	22,585
Scope 2	156,866
Total	**179,451**

4 The Group is working towards finalising the GHG emission data collection for year 2021 and 2020. The results will be released when there is material progress.

SUSTAINABILITY REPORT

2022 GHG Emission Intensity

Category – 2022	Corporate Statistics	Results
GHG emission per capita (Tonne of carbon dioxide equivalent per capita)	Number of employees: 7,820	22.9
Carbon Intensity (Tonne of carbon dioxide equivalent per US$' million sales)	Total revenue in RMB' million: 20,700	8.7

6.4 Water Management System and Energy Consumption Overview

Water security and pollution management have been consistent environmental risks to be solved in order to achieve water conservation. As a leading enterprise in China, the Group has established a water management system based on the Group's fundamentals to implement water conservation measures with greater efficiency and effectiveness. Typical measures include:

- Implementing metering for water usage and reinforcing compliance with regulations set out by the municipal water conservation authorities
- Using high-quality water-saving equipment for appliances
- Installing water-saving valves in tanks for sanitation equipment
- Closely managing the direct water drainage in the production process
- Conducting quarterly inspections in adherence to regulations and guidelines
- Taking punitive action against those who fail to follow regulations on water conservation and proper water waste disposal
- Providing incentives and awards for those who showcase outstanding conservation efforts

Summary of Water Consumption in 2022

Water withdrawal	2020	2021	2022
Produced water (tons)	2,082,918	2,308,512	**2,326,562**
Municipal water (tons)	147,462	124,780	**115,520**
Total water consumption	**2,230,380**	**2,433,292**	**2,442,082**

Summary of Energy Consumption and Material Use

Energy consumption	2020	2021	2022
Natural gas (Gigajoules)	5,515.8	5,041.8	**7,189.9**
Solar Power (Gigawatt-hour)	10.5	9.3	**12.2**
Electricity (Gigawatt-hour)	118.1	127.8	**153.5**
Total energy consumption (Gigajoules)	**5,644.5**	**5,178.9**	**7,355.6**

SUSTAINABILITY REPORT

07 ESG PRACTICES IN 2022: SOCIAL

7.1 Economic Contribution

Yangzijiang is committed to long-term sustainable growth. In 2022, the Group delivered a strong set of results on the back of active shipbuilding and shipping business activities. The Group's net profit from continuing operations was recorded at RMB2.6 billion, up 31% year-on-year.

In 2022, the Group clinched new order-wins of US$4.43 billion for 50 vessels, doubling its initial order-win targets of US$2.00 billion. These new order-wins brought the Group's total outstanding orderbook to a record high level of US$10.51 billion for 140 vessels as of 31 December 2022. In addition, the Group built a record 71 units of vessels, of which 67 units were delivered to customers and 4 units were added to its fleet.

Providing robust performance, the Group is recommending a final dividend of 5 Singapore cents per ordinary share to reward its shareholders' long-term support.

For a detailed breakdown of the Group's FY2022 financial results, please refer to the consolidated financial statements in the annual report.

Summary of Economic Contribution to Society

RMB' million	2021	2022
Economic Value Generated		
Revenue (from continuing operations)	15,137.2	**20,705.1**
Economic Value Distributed		
Operating cost (from continuing operations)	13,936.5	**17,996.6**
Employee wages and benefits	274.4	**310.7**
Of which: employer's contribution to defined contribution plans	65.8	**70.4**
Payments to Providers of Capital		
Dividend paid	836.9	**970.0**
Interest on bank borrowings	108.7	**106.8**
Payments to Government		
China and Singapore (Tax)	698.4	**723.5**
Financial Assistance		
Effect of Preferential Tax Rate	273.1	**300.7**

Active and Timely Tax Contribution

In 2022, The Group featured in the top 10 largest non-state-owned manufacturing enterprises in Jiangsu, one of the most developed and densely populated provinces in China.

The Group paid income taxes of RMB0.71 billion to the Wuxi municipal government in 2022, allowing the Group to be ranked 22nd on the top 100 corporate tax contributors' list in Wuxi.

Economic Contributions to Society

The Group continues to support local employment conditions and provide funding for some of the employees. In 2022, the Group employed a total of 1,798 new employees. Among these new employees, college students received an internship allowance and a living allowance from the Ministry of Human Resources and Social Security.

The Group also offered its employees monthly bonuses based on attendance and personal evaluation schemes to reward their dedication.

Tax Benefits from High-and-New Technology Enterprise Status

In 2022, our New Yangzi Yard, Yangzi Xinfu Yard, and YAMIC were successfully granted the High-and-New Technology Enterprise Status by the Ministry of Science and Technology. As such, these three shipyards will be enjoying a preferential corporate tax rate of 15% for the next three years compared to the standard corporate tax rate of 25%.

SUSTAINABILITY REPORT

7.2 Health and Safety Management

At Yangzijiang, our employees are our greatest asset. As such, their safety and well-being are a key priority given the high-risk nature of the industry. We continuously seek to enhance the safety processes of our Group. Currently, we have in place a Workplace Safety Committee, which is tasked to uphold strict standards and policies concerning workplace safety. The committee conducts monthly assessments at the shipyards to ensure that the necessary Standard Operating Procedures are adhered to at all times. Furthermore, the members are also responsible for identifying potential safety hazards and rectifying them accordingly.

At our major shipyards, we have set up clinics and pharmacies to ensure that our workers get access to immediate medical needs in the event of any emergency. Apart from that, we provide our employees with sufficient healthcare insurance coverage.

Our long-standing goal is to have zero serious safety incidents at the workplace. In FY2022, there were 5 fatalities and 3 serious incidents at our shipyards.

In FY2022, Covid-19 outbreaks remained prevalent in the country. In order to minimize operational disruptions and protect our employees, we have established the necessary measures in our fight against the virus:

- Provision of testing kits and masks for all employees
- Staggered work arrangements for different teams and contact tracing
- Maintaining high hygiene awareness at the workplace
- Social distancing

7.3 Diversity, Equality, and Care

We value diversity and equality in terms of gender and age at our workplace. Such an environment has the potential to significantly improve the organization through the exchange of distinctive views. The shipbuilding business has always been a male-dominated industry. Despite that, we have seen an increased number of female workers at Yangzijiang over the years. We will continue to work towards closing the gap through various initiatives.

SUSTAINABILITY REPORT

Gender Diversity	2020 Male	2020 Female	2021 Male	2021 Female	2022 Male	2022 Female
Board of Directors	6	0	4	0	**3**	**1**
Senior Management	8	1	10	1	**10**	**0**
First-level Management	1,179	195	1,299	223	**1,408**	**235**
Professionals	1,316	127	1,486	152	**1,553**	**186**
All other employees	2,546	1,126	2,766	1,157	**3,159**	**1,264**
Total number of employees	**5,055**	**1,449**	**5,565**	**1,533**	**6,134**	**1,686**

Age Diversity	2020 Under 30 years old	2020 30-50 years old	2020 Over 50 years old	2021 Under 30 years old	2021 30-50 years old	2021 Over 50 years old	2022 Under 30 years old	2022 30-50 years old	2022 Over 50 years old
Board of Directors	0	2	4	0	1	3	**0**	**3**	**1**
Senior Management	0	7	2	0	6	5	**0**	**6**	**4**
First-level Management	196	963	215	394	1,011	219	**399**	**1,017**	**227**
Professionals	431	914	98	479	962	101	**559**	**1,069**	**111**
All other employees	1,323	1,920	429	1,469	2,016	432	**1,594**	**2,352**	**477**
Total number of employees	**1,950**	**3,806**	**748**	**2,342**	**3,996**	**760**	**2,552**	**4,445**	**823**

7.4 Talent Acquisition and Training

We place a high emphasis on human capital development. The Group believes that, in order to attract and retain the best talents, we need to prioritize professional growth and development among our workforce. We provide training and opportunities for career advancement, and provide constructive feedback whenever necessary.

New Hires and Turnover	2020 Male	2020 Female	2021 Male	2021 Female	2022 Male	2022 Female
New Employee Hires	483	75	835	303	**1,499**	**353**
Resignations	319	36	549	153	**817**	**183**
Total Turnover	**802**	**111**	**1,384**	**456**	**2,316**	**536**

New Hires and Turnover	2020 Under 30 years old	2020 30-50 years old	2020 Over 50 years old	2021 Under 30 years old	2021 30-50 years old	2021 Over 50 years old	2022 Under 30 years old	2022 30-50 years old	2022 Over 50 years old
New Employee Hires	163	389	6	423	679	36	**752**	**1,059**	**41**
Resignations	146	191	18	257	419	26	**389**	**563**	**48**
Total Turnover	**309**	**580**	**24**	**680**	**1,098**	**62**	**1,141**	**1,622**	**89**

SUSTAINABILITY REPORT

	2020				2021				2022			
Training Hours by Employee Category	**Total Training Hours**	**Head Count**	**Average Training Hours**	**Average Training Days**	**Under 30 years old**	**30-50 years old**	**Over 50 years old**	**Average Training Days**	**Under 30 years old**	**30-50 years old**	**Over 50 years old**	**Average Training Days**
Board of Directors	1,200	6	200	25	800	4	200	25	**800**	**4**	**200**	**25**
Senior Management	1,800	9	200	25	2,200	11	200	25	**2,200**	**11**	**200**	**25**
First-level Management	68,700	1,374	50	6	81,200	1,624	50	6	**82,150**	**1,643**	**50**	**6**
Professionals	43,290	1,443	30	4	46,260	1,542	30	4	**52,170**	**1,739**	**30**	**4**
All other employees	91,800	3,672	25	3	97,925	3,917	25	3	**110,575**	**4,423**	**25**	**3**
Total number of employees	**206,790**	**6,504**	**505**	**63**	**228,385**	**7,098**	**505**	**63**	**247,895**	**7,820**	**32**	**4**

	2020		2021		2022	
Training Hours by Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Total No. of Training Hours	161,664	46,368	178,080	49,056	**196,288**	**53,952**
Total No. of Employees	5,052	1,449	5,565	1,533	**6,134**	**1,686**
Average Training Hours	**32**	**32**	**32**	**32**	**32**	**32**

7.5 Contribution to Local Community

As part of our commitment to China's Common Prosperity Policy, Yangzijiang seeks to boost the growth of the local communities and improve public well-being through constant support and development.

Do Good to The Society: Blood Donation Activity in 2022

With the slogan of "Humanity, Fraternity, and Dedication", our Labour Union organised an annual voluntary blood donation activity in November 2022. We encourage our workers to actively participate in this activity to contribute to alleviate the urgent need for blood supply amid post-pandemic recovery.

Approximately 100 workers from New Yangzi Yard, Yangzi Xinfu Yard, and YAMIC participated, of which 71 workers successfully donated blood with a total blood donation volume of 23,900 ml.

SUSTAINABILITY REPORT

08 ESG PRACTICES IN 2022: GOVERNANCE

8.1 Corporate Governance

The Group promises to build a sustainable and effective corporate governance structure to improve the ultimate value of our stakeholders. The Group has formed a strong leadership anchored by its Board of Directors, who have rich experience and expertise across the Group's business segments. With the Board's management and guidance, the Group is able to incorporate sustainability into its business operations, capture growth opportunities, and stay above industry standards.

The Group executes Board structure reviews and Board re-elections on an annual basis to ensure that the Board has an appropriate balance of independent Directors. The Nominating Committee ("**NC**") makes recommendations to the Board for the re-elections and appointments of Directors and to determine the independence of the Directors. The NC is also responsible for ensuring board rejuvenation by re-evaluating the Board structure on a regular basis and appointing new Board members.

Non-Executive and Independent Directors make up the majority of the Board. Our Independent Directors also chair the Group's Audit and Risk Committee ("**ARC**"), NC, and Remuneration Committee to ensure a balance of authority within the Group.

Board of Directors

Name of Directors	Board Membership	Appointment Date
Ren Letian	Executive Chairman and Chief Executive Officer	30-Apr-2020
Chen Timothy Teck Leng	Non-Executive Lead Independent Director	26-Apr-2013
Yee Kee Shian, Leon	Non-Executive Independent Director	01-May-2022
Liu Hua	Non-Executive Non-Independent Director	04-Aug-2022
Poh Boon Hu Raymond	Non-Executive Independent Director	02-Feb-2023

Committees under the Board

Position\Committee	Audit and Risk Committee	Remuneration Committee	Nominating Committee	ESG Committee
Chairman	Chen Timothy Teck Leng	Yee Kee Shian, Leon	Yee Kee Shian, Leon	Ren Letian
Member	Yee Kee Shian, Leon	Chen Timothy Teck Leng	Chen Timothy Teck Leng	Zhang Hongfei
	Liu Hua	Liu Hua	Liu Hua	Liu Hua
	Poh Boon Hu Raymond	Poh Boon Hu Raymond	Poh Boon Hu Raymond	Kathy Zhang Chengshuang

Audit Independence

To ensure the compliance of the Group's financial reporting with accounting standards, the Group appointed an external auditor, PricewaterhouseCoopers Singapore ("**PwC**"), to provide objective independent examination and to verify that the financial statements are truly and fairly prepared.

Both PwC and its team of auditors are free from any obligation to or interest in the Group, the Board of Directors, and the management team.

SUSTAINABILITY REPORT

8.2 Risk Management

Despite the COVID-19 pandemic continuing to create challenges for the Group's production activities in 2022, the Group responded in a resilient manner to ensure continuity in the shipyards' operations and timely vessel delivery.

Concerning the irregular lockdowns due to the spread of COVID-19 viruses as well as the impact on employee productivity, the Group provided accommodative arrangements for its worker to live temporarily in hostels or shipyards. In addition, the Group collaborated with the local government and communities to provide support for our employees during their quarantine. For employees serving quarantine or having tested positive, the Group monitored their health condition regularly and offered regular antigen rapid tests ("**ART**") to check their recovery status.

From an operational view, the Group has a well-diversified customer base, with sales contributions from Greater China, Japan, Canada, Bulgaria, and other European countries. The majority of our customers are top-tier shipping liners with a strong financial position in the world, greatly reducing the Group's risk exposure to potential cancellations even during the industry downturn. Despite that, the Group has also identified potential operational risks as well as put forward corresponding solutions to ensure business agility:

1. Cancellation of contract by customers
   - Shipbuilding contract terms and conditions are prudently negotiated to prevent customers from cancelling contracts unjustifiably
   - Proactively engage shipowners to understand the charter demand outlook and to pre-empt customer needs and work out innovative solutions, which helps lower the risk of contract termination due to the lack of technical capabilities
   - Be Flexible to renegotiate on delivery schedule or change of vessel type within the yard's capacity when the market condition is extremely challenging
   - Ultimately, if the customer still fails to fulfil their financial commitment to the contract, the Group will declare the termination of this contract and the downpayment received will be forfeited
2. Customers' inability to obtain bank financing or guarantee for the contract
   - Assist customers where needed and feasible
3. Delay in the construction schedule
   - Technology-powered, seamless workflow to ensure that the production is on schedule
   - Enhance the integrity of the product in each module/section through all-year-round, systematic training to remove the need to rework
   - Proactive communication with customers in uncontrollable situations.
4. Disruption in the supply of raw materials and equipment
   - Using an established supplier qualifying system to manage a pool of qualified suppliers and reserve backup plans
   - Regular review and feedback to suppliers on their product and service
   - Regular review of the supplier system to ensure the best cost for value and quality
5. Cost overruns
   - Strict accountability to the head of the production unit on time control and cost control
   - Encourage all employees to contribute cost-saving ideas in every aspect of the production, provided that quality standard is not compromised. Cooperating on cost-saving ideas leads to a win-win situation for both the Group and the customer
6. Dispute on specification
   - Determine all the specifications to the finest detail in the negotiation stage to prevent such dispute

SUSTAINABILITY REPORT

- Close communication with the customer during the construction process, seeking a feasible solution to problems encountered
- All communication and meeting records are well documented

As for the financial risks, particularly the foreign exchange rate risks, the Group also employs financial instruments to minimise the risk exposure. Specifically, the Group has hedged over 40% of its currency exposure to USD using forward contracts to mitigate risks as the majority of its contract wins are denominated in USD. Additionally, the Group has paid back all its USD-denominated debts in 2022 to mitigate the risks of surging interest rates.

8.3 Whistle-Blowing System

The Group's whistleblowing policy is designed to provide a direct channel for whistle-blowers to report to the ARC. The policy is used to identify any wrongdoing or improprieties within the Group and are not intended to be used for taking up personal grievances or harassment. Any employee or company representative who violates the policy may be subject to investigation, internal disciplinary action, or even termination of their employment contracts.

The Group encourages its employees or external parties to report any situation that involves any wrongdoing or improprieties, including bribery or corruption, health and safety, fraud, irregularity or non-compliance with any applicable law or regulation, confidentiality, conflict of interest, IT security, and misconduct or inappropriate behaviour.

All whistle-blowers are encouraged to provide their name and contact details along with reliable information to the internal audit department at *internal_audit@yzjship.com* and the Group is promised to keep any identification information confidential. Any obstructive action, harassment, or victimisation to any whistle-blower is not allowed.

Upon the receipt of any report, the Group's internal audit department will take serious action. The key reporting procedures include:

- The internal audit department to initiate initial investigations.
- The internal audit department to report to the ARC on a quarterly basis. For the critical reports, an initial update to the ARC prior to quarterly report is required
- The ARC to review each report independently and provide instructions for the further actions
- Employees who are interviewed or asked to provide information are required to fully cooperate with the investigation

The Group complies with the Singapore Code of Corporate Governance which was issued in August 2018. The Whistle-Blowing policy will be reviewed by the ARC and the Board on an annual basis. This policy will be provided to all employees during onboarding and made available on an ongoing basis.

8.4 Technology Management

Technology innovation is one of the decisive factors to measure shipbuilders' production capabilities. The Group prioritises technological development to stay ahead of the industry trends, which enables the Group to bid for more sophisticated and higher value-added ship orders.

Yangzijiang's technology management system comprises two major pillars, the acquisition of high-tech talents and constant R&D efforts.

Acquisition of High-tech Talents

Technology innovation is at the centre of the Group's business strategies. Our technological breakthroughs in shipbuilding would not have been possible without the dedicated contributions by high-tech talents.

In 2022, the Group continued its talent acquisition strategy and hired over 84 high-tech talents from Jiangsu Science and Technology University, Nantong Polytechnic Institute, Jiangsu Maritime Vocational and Technical College, Jiangsu Shipping Vocational and Technical College, and Bohai Shipbuilding Vocational College. 65 of these newly hired talents was allocated to our New Yangzi Yard, 13 to Yangzi Xinfu Yard, and 6 to YAMIC.We warmly welcome these high-tech talents to join our Yangzijiang family. Their strong capabilities in technical abilities, construction inspection, and corporate management will be a great complement to the Group's value creation process, enabling the Group to move towards the industrial leader position.

Constant Research & Development Efforts

As the driver to fuel the Group's long-term growth, research and development efforts remain a core investment at Yangzijiang. Given the increasing demand for greener vessels, the Group increased its R&D expense to RMB675.96 million in 2022, up 31.04% compared to 2021.

SUSTAINABILITY REPORT

R&D Expense (RMB' million)	2020	2021	2022
New Yangzi Yard	177.1	264.6	**349.8**
Yangzi Xinfu Yard	149.7	168.4	**226.0**
YAMIC	–	82.8	**97.2**
OldYard	–	–	**3.0**
Total	**326.8**	**515.8**	**676.0**

At Yangzijiang, the scope of technical skills training programs is not just limited to regular training classes. We encourage our workers to participate in a variety of technical skills competitions, including both groupwide competitions and provincial-level competitions, to gain a sense of achievement and increase enthusiasm for learning.

In 2022, our workers participated in the 6th Jiangsu Provincial Skill Contest under Electrician, Welder, and Computer Aided Design categories, as well as Jiangsu Port Forklift Driver Vocational Skill Contest and Jiangyin Municipal Workers Vocational Skill Contest under Forklift, Electrician, and Welder categories. Some of these participants won honours.

Internally, the Group continued its tradition of organising its annual technical skills competition, including wiring skills competition for ship electricians, scaffolding skills competition, welder skills competition, gunner painting skills competition, etc.

In addition, 20% of the Group's internal trainers participated in the intermediate internal trainer promotion competition. The Group established an internal trainer evaluation committee, which is responsible for conducting preliminary evaluation, providing feedback on the submitted projects, and attending the offline evaluation process.

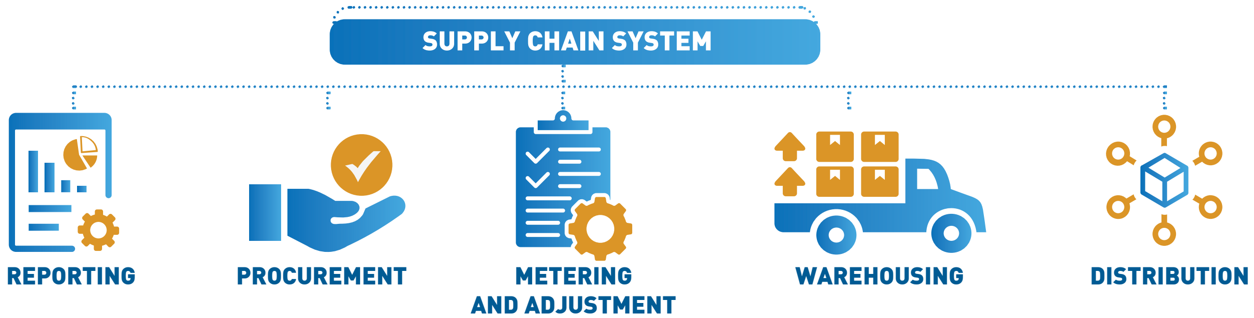
The Group received positive feedback regarding these competitions from our participants. Going forward, we will encourage more workers to take part in both internal and external contests which are expected to provide them with great opportunities to communicate and compete with other well-trained participants and give our workers more motivation to improve themselves.

We firmly believe that our workers are the key assets of our core shipbuilding business. Each improvement they make will lay important building blocks for our future.

8.5 Supply Chain Management and Procurement System

Supply chain management is a key part of our shipbuilding projects as it handles the entire supply of raw materials and equipment that needed to ensure smooth production activities.

The Group's supply chain system includes raw material and equipment quota reporting and procurement, raw material and equipment acceptance and checking, metering and adjustment, warehousing, and internal distribution.



The Group also adopted a digital system to track the inventory inflow and outflow, which helps improve the overall internal supply chain efficiency and accuracy.

SUSTAINABILITY REPORT

8.6 Quality Control System

Over the years, Yangzijiang has built a good reputation in terms of quality vessels and timely delivery. These two positive tags demonstrate the power of our internal quality control system.

Yangzijiang adopts a three-dimensional quality control network which allows the Group to implement excellent quality control at the company, regional, departmental, and team levels.

- **Comprehensive training system for workers:** the Group provides regular training programs for all workers to solidify and upgrade their capabilities. These training programs cover: 1) assessments of the use of the existing technologies to ensure proper application; 2) training on the use of new technologies; 3) an education session on workplace safety and emergency response; 4) a sharing session of the latest shipbuilding trends as well as customers' expectations and feedback.

- **Standardised quality check process at the department level:** the relevant departments are required to perform a quality check following the production progress.

- **Quality management committee:** the committee is responsible for formulating and upgrading a coherent quality management framework involving internal examinations, optimisation, and production integration.

SUSTAINABILITY REPORT

09 APPENDIX

9.1 GRI Content Index

GRI Standards	Topic	GRI Disclosures	GRI Content	Page Reference
GRI 2: General Disclosures 2021	The organisation and its reporting practices	2-1	Organisational details	Please refer to the Group's Annual Report 2022
		2-2	Entities included in the organisation's sustainability reporting	24
		2-3	Reporting period, frequency, and contact point	24
	Activities and workers	2-6	Activities, value chain, and other business relationships	24
		2-7	Employees	41, 42, 46
	Governance	2-9	Governance Structure	44
		2-10	Nomination	44
		2-11	Chair of the highest governance body	44
		2-12	Roles of the highest governance body	Please refer to the Group's Annual Report 2022
		2-14	Role of the highest governance body in sustainability reporting	30
		2-16	Communication of critical concerns	33
		2-17	Collective knowledge of the highest governance body	30, Please refer to the Group's Annual Report 2022
		2-18	Evaluation of the performance of the highest governance body	44
	Strategy, policies, and practices	2-22	Statement on sustainable development strategy	26, 36, 37
		2-23	Policy commitments	32
		2-24	Embedding policy commitments	32
		2-25	Process to remediate negative impacts	45
		2-26	Mechanisms for seeking advice and raising concerns	32
		2-27	Compliance with laws and regulations	46
		2-28	Membership associations	37, 38
	Stakeholder engagement	2-29	Approach to stakeholder engagement	34, 35

SUSTAINABILITY REPORT

GRI Standards	Topic	GRI Disclosures	GRI Content	Page Reference
GRI 3: Material Topics 2021	Disclosures on material topics	3-1	Process to determine material topics	33
		3-2	List of material topics	33
		3-3	Management of material topics	33
GRI 201: Economic Performance 2016	Economic performance	201-1	Direct economic value generated and distributed	40
GRI 203: Indirect Economic Impacts 2016	Indirect economic impacts	203-1	Infrastructure Investments	43
		203-2	Significant indirect economic impacts	43
GRI 205: Anti-corruption 2016	Anti-corruption	205-1	Operations assessed for risks related to corruption	45
		205-2	Communication and training about anti-corruption	46
GRI 301: Materials 2016	Materials	301-1	Materials used by weight or volume	39
		301-3	Packaging materials	37, 39
GRI 302: Energy 2016	Energy	302-1	Energy consumption within the organisation	39
		301-3	Energy intensity	39
		302-4	Reduction of energy consumption	39
GRI 305: Emissions 2016	Emissions	305-1	Direct (Scope 1) GHG emissions	38
		305-2	Energy indirect (Scope 2) GHG emissions	38
GRI 401: Employment 2016	Employment	401-1	New employee hires and employee turnover	42, 46
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	35, 41
GRI 404: Training and Education 2016	Training and Education	404-1	Average hours of training per year per employee	43
		404-2	Programs for upgrading employee skills and transition assistance programs	35, 47, 48
GRI 405: Diversity and Equal Opportunity 2016	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	35, 44
GRI 408: Child Labour 2016	Child labour	408-1	Operations at significant risk for incidents of child labour	41
GRI 409: Forced or Compulsory Labour 2016	Forced or Compulsory Labour	409-1	Operations at significant risk for incidents of forced or compulsory labour	41

SUSTAINABILITY REPORT

GRI Standards	Topic	GRI Disclosures	GRI Content	Page Reference
GRI 410: Security Practices 2016	Security practices	410-1	Security personnel trained in human rights policies or procedures	48
GRI 413: Local Communities 2016	Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	35, 43
GRI 415: Public Policy 2016	Public policy	415-1	Political contributions	35, 40

CORPORATE GOVERNANCE REPORT

Yangzijiang Shipbuilding (Holdings) Ltd. (the "**Company**") and together with its subsidiaries, the "**Group**") committed to achieving and maintaining high standards of corporate governance, in all activities undertaken by the Group. The Group's corporate governance practices and processes are guided by the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and relevant sections of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This report sets out the Group's corporate governance practices in the financial year ended 31 December 2022 ("**FY2022**"), and which are benchmarked against the Code. The Company has complied with the principles and substantially with the provisions of the Code. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this report.

BOARD MATTERS
The Board's Conduct of Affairs
Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Role of the Board (Provisions 1.1 & 1.2)

The Board has the overall responsibility to oversee the strategic direction, performance and affairs of the Group and provides overall guidance to the management of the Company (the "**Management**"). Besides its statutory responsibilities, the Board's principal duties include:

(a) providing entrepreneurial leadership, setting the strategic directions and the long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;

(b) constructively challenge the Management and review its performance;

(c) ensuring the adequacy of internal controls, risk management, financial reporting and compliance;

(d) assumption of corporate governance responsibilities;

(e) assessment of the Management's performance;

(f) considering sustainability issues including environmental and social factors in the Group's strategic formulation; and

(g) ensuring transparency and accountability to key stakeholder groups.

Directors are fiduciaries of the Company and are collectively and individually always obliged to act objectively in the best interests of the Company. The Board of Directors (the "**Board**") has put in a place a code of conduct and ethics to set the appropriate tone from the top for the Group in respect of ethics, values and organizational culture, and ensure proper accountability within the Group. Pursuant to the code of conduct and ethics, when faced with conflicts of interests, the Directors shall recuse themselves from discussions and decisions involving issues of conflict.

Currently, the Company does not have a formal training programme for new Directors. However, the Board ensures that incoming new Directors are given a comprehensive and tailored induction programme on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly appointed Director(s) will be provided a formal letter setting out their duties and obligations. They will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. The newly appointed Directors who have no prior experience as a director of a listed company in Singapore must undergo mandatory training in his/her roles and responsibilities as prescribed by the SGX-ST.

CORPORATE GOVERNANCE REPORT

Following their appointment, Directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities and changes to regulations, risk management and accounting standards. The objective is to enable them to be updated on matters that affect or go towards enhancing their performance as Directors or Board Committee members. Directors may also contribute by recommending suitable training and development programmes to the Board.

Board Approval (Provision 1.3)

Matters requiring the Board's approval include the following:

(a) the Group policies, strategies and objectives;

(b) annual budgets;

(c) annual and interim financial statements;

(d) all announcements of the Company;

(e) appointment of Directors and key management personnel;

(f) hedging policies;

(g) interim dividends and other returns to shareholders;

(h) share or bond issuances;

(i) annual report and sustainability reports;

(j) major investments or divestments;

(k) material acquisitions or disposals of assets; and

(l) remuneration policy and framework for key management personnel.

Matters requiring the Board's approval have been clearly communicated to the Management in writing.

Delegation by the Board (Provision 1.4)

The Board has delegated specific responsibilities to the committees of the Board, namely, the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**"), the Audit Committee (renamed as the Audit and Risk Committee with effect from 22 February 2023 ("**ARC**") (collectively, the "**Board Committees**") to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively, and reporting back to the Board. Each Board Committee has its own specific Terms of Reference ("**TOR**") which clearly sets out the composition, duties, authority and responsibilities of such Board Committee, qualifications for membership in such Board Committee, and procedures governing the manner in which such Board Committee operates and makes decisions.

CORPORATE GOVERNANCE REPORT

Board and Board Committee Meetings (Provision 1.5)

The Board meets on a regular basis to approve, among others, announcements of the Group's half and full year financial results. Additional meetings are also convened to discuss and deliberate on urgent substantive matters or issues when circumstances require. Board and Board Committees meetings as well as the annual general meeting ("**AGM**") are scheduled in advance in consultation with the Board.

The Company's Constitution provides for meetings to be held via telephone conference or other methods of simultaneous communication by electronic or telegraphic means in the event when Directors were unable to attend meetings in person. Management has access to the Directors for guidance or exchange of views outside of the formal environment of the Board meetings.

The number of meetings of Board and Board Committees held during FY2022 and the attendance of each Director at those meetings are set out as follows:

	Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee		
	No. of meeting		No. of meeting		No. of meeting		No. of meeting		
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Annual General Meeting**
Ren Letian	3	3	–	–	–	–	–	–	1
Xu Wen Jiong[1]	3	1	3	1	1	1	1	1	1
Teo Yi-Dar (Zhang Yida)[2]	3	2	3	2	1	1	1	1	1
Chen Timothy Teck Leng	3	3	3	3	1	1	1	1	1
Yee Kee Shian, Leon[3]	3	2	3	2	1	1	1	1	1
Liu Hua[4]	3	2	3	2	1	1	1	1	1
Poh Boon Hun Raymond[5]	–	–	–	–	–	–	–	–	–

(1) Mr Xu Wenjiong retired at the conclusion of the AGM held on 18 April 2022.
(2) Mr Teo Yi-Dar (Zhang Yida) has resigned on 27 September 2022.
(3) Mr Yee Kee Shian, Leon was appointed as an Independent Non-Executive Director on 1 May 2022, Chairman of NC, RC and member of ARC on 27 September 2022.
(4) Ms Liu Hua was appointed as a Non-Independent Non-Executive Director and member of NC, RC and ARC on 4 August 2022.
(5) Mr Poh Boon Hun Raymond was appointed as an Independent Non-Executive Director, member of NC, RC and ARC on 2 February 2023.

Access to Information (Provision 1.6)

They also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations. Below are some of the updates have been provided to the Directors in FY2022:

- the external auditors, PricewaterhouseCoopers LLP, has briefed the ARC members on the latest developments in accounting and corporate governance standards at their attendance in the ARC meetings;
- information on new audit quality indicators framework;
- The Executive Chairman has updated the Board at each Board meeting on the business outlook of shipbuilding industry and the direction of the Group; and
- The Chief Financial Officer ("CFO") has also updated the Board at each Board meeting on each segmental business operation and development of the Group.

CORPORATE GOVERNANCE REPORT

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. Board and Board Committee papers are generally issued to members prior to the meeting. The papers are distributed to the Directors prior to the meetings with sufficient time to enable them to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meetings. Any additional material or information requested by the Directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committees meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

Access to Management, Company Secretary and Advisers (Provision 1.7)

All Directors have access to the Company's senior management, including the CEO, the CFO and other key management, as well as the Group's internal and external auditors.

To facilitate direct access to management, Directors are also provided with the names and contact details of the management team. The Directors also have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and SGX-ST Listing Manual ("**Listing Manual**") are complied with.

The Company Secretary attends all Board meetings and Board Committees meetings and records the proceedings and decisions of the Board and of the Board Committees. The Company Secretary ensures that the corporate secretarial aspects of procedures concerning the Board are duly complied. The appointment and the removal of the Company Secretary are subject to the Board's approval.

The Directors, whether as a full Board or in their individual capacity may seek independent professional advice in the furtherance of their duties from time to time. The cost of such professional advice will be borne by the Company. There was no such requirement during the year under review.

Board Composition and Guidance
Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Independence (Provisions 2.1 & 2.2)

Each of the Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its substantial shareholders or its officers including confirming not having any relationships and circumstances provided in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of the SGX-ST, that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment in carrying out the functions as an Independent Director with a view to the best interests of the Group.

As the Chairman of the Board is not independent, Independent and Non-executive Directors make up a majority of the Board. The Board believes that the Executive Chairman has always acted and will continue to act at all times in the best interest of shareholders as a whole and will strive to protect and enhance the long-term shareholder values and the financial performance of the Group.

CORPORATE GOVERNANCE REPORT

Independent Element on the Board (Provisions 2.1, 2.2 & 2.3)

Each of the Independent Non-Executive Directors has completed and submitted an independence declaration form to confirm his independence. Such form will be completed and submitted annually. Under provision 2.2 of the Code, the Independent Non-Executive Directors should make up a majority of the Board where the Chairman is not independent. Provision 2.3 of the Code further requires Non-Executive Directors to make up a majority of the Board. The Independent Non-Executive Directors make a majority of the Board. The NC has conducted its review of the independence of the Independent Non-Executive Directors and the composition of Independent Non-Executive Directors on the Board and was satisfied that the provisions of the Code have been.

Board Composition (Provision 2.4)

The Board currently has five (5) Directors, comprises one (1) Executive Director, four (4) Non-Executive Directors with three (3) of them independent. The members of the Board and their membership on the Board Committees of the Company are as follows:–

Name of Directors	Board Membership	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Ren Letian	Executive Chairman	–	–	–
Liu Hua	Non-Independent Non-Executive Director	Member	Member	Member
Chen Timothy Teck Leng	Lead Independent Non-Executive Director	Chairman	Member	Member
Yee Kee Shian, Leon	Independent Non-Executive Director	Member	Chairman	Chairman
Poh Boon Hu Raymond[1]	Independent Non-Executive Director	Member	Member	Member

(1) Mr Poh Boon Hu Raymond was appointed as an Independent Non-Executive Director, member of NC, RC and ARC on 2 February 2023.

The Directors bring with them a broad range of business and financial experience, skills and expertise in law, finance, industry, business and management and general corporate matters. Their profiles are set out on pages 14 to 15 of this Annual Report.

The NC is of the view that the present Board size of five is appropriate for the Group's present scope of operations to facilitate decision making and the Board has an adequate mix of competency to discharge its duties and responsibilities. Further, no individual or small group of individuals dominates the Board's decision making process. The NC will further consider other aspects of diversity such as gender and age, and assist the Board to put in place a board diversity policy and progress for implementation of such policy, so as to avoid groupthink and foster constructive debate.

Non-Executive Directors meet regularly without the presence of Management (Provision 2.5)

The Non-Executive Directors communicated without the presence of Management as and when the need arose. The chairman of such meetings provides feedback to the Board and/or Executive Chairman as appropriate.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer
Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Roles of the Executive Chairman and Chief Executive Officer ("CEO") (Provisions 3.1 and 3.2)

Currently, Mr Ren Letian is both the Chairman and CEO of the Company. The Board is of the view that the discharge of responsibilities in the two roles by Mr Ren Letian will not be compromised. Through the establishment of various Board Committees chaired by the independent directors and putting in place internal controls for proper accountability and effective oversight by the Board of the Company's business, the Board ensures that there is appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. Accordingly, the Board believes that there is no need for the role of Chairman and the CEO to be separated.

Within Yangzijiang, there had always been a clear succession plan in place to ensure a smooth transition and handover of corporate leadership. The Board will continue to review the succession plan in particular the CEO position at an appropriate time.

The division of responsibilities between the Chairman and the CEO is also clearly established in the Constitution of the Company. The Chairman manages the business of the Board whilst the CEO and his management team translate the Board's decisions into executive action. The CEO has executive responsibilities for the Group's businesses and is accountable to the Board.

The Chairman:

- is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, Board Committees and individual Directors.

- takes a leading role in the Company's drive to achieve and maintain high standards of corporate governance with the full support of the Directors, Company Secretary and Management.

- approves agendas for the Board meeting and ensures sufficient allocation of time for thorough discussion of agenda items.

- promotes an open environment for debates and ensures Non-Executive Directors are able to speak freely and contribute effectively.

- exercises control over the quality, quantity and timeliness of information flow between the Board and Management.

- provides close oversight, guidance, advice and leadership to the CEO and Management.

- plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management at AGMs and other shareholders' meetings.

Whereas the CEO is the highest ranking executive officer of the Group who is responsible for:

- running the day-to-day business of the Group, within the authorities delegated to him by the Board.

- ensuring the implementation of policies and strategy across the Group as set by the Board.

CORPORATE GOVERNANCE REPORT

- day-to-day management of the executive and senior management team.
- leading the development of senior management within the Group with aim of assessing the training and development of suitable individuals for future Director's roles.
- ensuring that the Chairman is kept appraised in a timely manner of issues faced by the Group and of any important events and developments.
- leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

The Chairman schedules the meeting and sets the meeting agenda of the Board, and reviews the Board papers before they are presented to the Board. In addition, the Chairman also assists to ensure the Company's compliance with the Code.

Lead Independent Director (Provision 3.3)

As the Chairman and CEO is the same person, Mr Chen Timothy Teck Leng is appointed as the Lead Independent Director of the Company and is available to shareholders where they have concerns or issues which communication with the Chairman and CEO and/or CFO has failed to resolve or where such communication is inappropriate. Mr Chen Timothy Teck Leng will also take the lead in ensuring compliance with the Code.

Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

Board Membership
Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NC Composition and Role (Provisions 4.1 & 4.2)

The NC currently consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr Yee Kee Shian, Leon, Chairman	(Independent Non-Executive Director)
Mr Chen Timothy Teck Leng	(Lead Independent Non-Executive Director)
Mr Poh Boon Hu Raymond	(Independent Non-Executive Director)
Ms Liu Hua	(Non-Independent Non-Executive Director)

The NC will meet at least once a year. During FY2022, the NC held once scheduled meeting with full attendance. The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include the following:

(a) determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment and re-election to the Board;

(b) making recommendations to the Board on the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting, having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;

CORPORATE GOVERNANCE REPORT

(c) review the Board structure, size and composition regularly and making recommendation to the Board, where appropriate;

(d) review the Board succession plans for directors, in particular, the Chairman and CEO;

(e) determine the independence of Directors annually (taking into account the circumstances set out in the Code and other salient factors);

(f) develop a process for assessing and evaluating the effectiveness of the Board as a whole and the Committees of the Board and the contribution of each individual Director to an effective Board;

(g) decide on how the Board's performance may be evaluated and to propose objective performance criteria for Board approval;

(h) deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director.

Process for the selection, appointment and re-appointment of Directors (Provision 4.3)

The NC has in place a formal process for the selection of new Directors and re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board, before making its recommendation to the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his/her independence. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. The Board, on the recommendation of the NC, appoints new Directors.

Pursuant to the Company's Constitution, one-third of the Directors other than the Managing Director, shall retire from office at least once every 3 years at each AGM. The NC has nominated Mr Ren Letian, who will retire by rotation, as well as newly appointed Directors, Ms Liu Hua, Mr Yee Kee Shian, Leon and Mr Poh Boon Hu Raymond, who are required to retire, at the forthcoming 17th AGM, for re-election by the Company's shareholders.

Determination of Independence of a Director (Provision 4.4)

The NC reviewed the independence of the Directors as mentioned under Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of the SGX-ST. The NC has affirmed that Mr Chen Timothy Teck Leng, Mr Yee Kee Shian, Leon and Mr Poh Boon Hu Raymond are independent and free from any relationship as outlined above. Each Independent Non-Executive Director has also completed and submitted an independence declaration form annually to confirm his independence. Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine (9) years from the date of their first appointment, with attention to ensuring their allegiance remains clearly aligned with the shareholders' interest.

CORPORATE GOVERNANCE REPORT

The Board has considered specifically the length of services and the continued independence of Mr Chen Timothy Teck Leng, who has served more than 9 years. The Board has determined that the Director concerned remained independent of character and judgement and there was no relationship or circumstance which would likely to affect, or could appear to affect the Director's judgement. The independence of character and judgement of the Director concerned was not in any way affected or impaired by the length of services. The Board has also conducted a review of the performance of Independent Director and considers that the Director bring invaluable expertise, experience and knowledge to the Board and that they continue to contribute positively to the Board and Board Committee deliberation. Therefore, the Board is satisfied as to the performance and continued independence of judgement of the Director.

On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced Listing Rule changes to limit to nine years the tenure of independent directors serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving independent directors who have served for more than nine years. The two-tier vote was removed on 11 January 2023. As transition, independent directors whose tenure exceeds the nine-year limit can continue to serve as independent directors until the listed companies' annual general meeting (AGM) held for the financial year ending on or after 31 December 2023.

The Company has started taking active steps on the orderly replacement of its independent director(s) (where applicable) to meet the new Listing Rule requirement and will update Shareholders in due course.

In assisting the NC to determine whether Directors who are on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs, the NC had considered the attendances and contributions of Directors to the Board and Board Committees but does not make any recommendation on setting the maximum number of listed company board appointment to which any Director may hold given that the multiple Board representation by the Non-executive Directors do not hinder each Director from carrying out his duties as a Director of the Company adequately. Having reviewed each of the other Director's directorships in other companies as well as each of the other Director's attendance and contribution to the Board in FY2022, the NC is satisfied that the Directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities. All Independent Non-Executive Directors are required to declare their Board representations at the Board meeting whenever there is change and at the beginning of each financial year.

The Board provides for the appointment of alternate directors when any of the Directors think fit. The Board will take into consideration the same criteria for selection of Directors such as his qualifications, mix skills sets and competencies.

Directors' Ability to Commit Time and Key Information on Directors (Provision 4.5)

Key information of each director's academic, professional qualifications and other principal commitments can be found on pages 14 and 15 of the "**Board of Directors**" section of this Annual Report.

Directors' key information are set out below:

Name of Directors	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies	Directorships and Chairmanships in Other Listed Companies over the preceding three years
Ren Letian	30 April 2020	30 April 2021	Nil	Nil
Chen Timothy Teck Leng	26 April 2013	18 April 2022	Tye Soon Ltd.	Tianjin Zhongxin Pharmaceutical Group Corporation Ltd. Sysma Holdings Limited Boldtek Holdings Ltd.

CORPORATE GOVERNANCE REPORT

Name of Directors	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies	Directorships and Chairmanships in Other Listed Companies over the preceding three years
Yee Kee Shian, Leon	1 May 2022	N/A	F J Benjamin Holdings Ltd Yangzijiang Financial Holding Ltd. LHN Logistics Limited	Pacific Star Development Limited (F.K.A LH Group Limited) Federal International (2000) Ltd Laura Ashley Holdings Plc
Liu Hua	4 August 2022	N/A	Nil	Nil
Poh Boon Hu Raymond	2 February 2023	N/A	Nil	JPMorgan Chase Bank Singapore

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST, the information relating to the retiring Directors as set out in Appendix 7.4.1 of the Listing Rules of the SGX-ST are disclosed below:

	YEE KEE SHIAN, LEON
Date of Appointment	1 May 2022
Date of last re-appointment (if applicable)	N/A
Age	47
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Yee Kee Shian, Leon as an Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration of his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of Nominating and Remuneration Committees and Member of Audit and Risk Committee.
Professional qualifications	– Advocate &Solicitor of the Supreme Court of Singapore – Solicitor of England and Wales
Working experience and occupation(s) during the past 10 years	– March 2017 to Present: Chairman of Duane Morris & Selvam LLP – April 2013 to Present: Managing Director of Duane Morris & Selvam LLP and Selvam LLC – January 2011 to April 2013: Director with Duane Morris & Selvam LLP – January 2007 to April 2013: Director with Selvam LLC
Shareholding interest in the listed issuer and its subsidiaries	None

CORPORATE GOVERNANCE REPORT

	YEE KEE SHIAN, LEON
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Yes
Past (for the last 5 years)	Cambridge Alliance China Group Pte. Ltd. Knightsbridge Fund No. 1 Pte. Ltd. Knightsbridge Fund No. 2 Pte. Ltd. Cambridge RE Assets Fund No. 1 Pte. Ltd. Cambridge RE Assets Fund No. 2 Pte. Ltd. Cambridge RE Assets Fund No. 3 Pte. Ltd. Cambridge RE Assets Fund No. 4 Pte. Ltd. Cambridge RE Assets Fund No. 5 Pte. Ltd. Cambridge RE Assets Fund No. 6 Pte. Ltd. Cambridge RE Assets Fund No. 7 Pte. Ltd. Cambridge RE Assets Fund No. 8 Pte. Ltd. Cambridge RE Assets Fund No. 9 Pte. Ltd. Cambridge RE Assets Fund No. 10 Pte. Ltd. Cambridge RE Assets Fund No. 11 Pte. Ltd. Krystal Titan Pte. Ltd. Rabbit Colors Pte. Ltd Sweet Orchid Pte. Ltd. Purple Sunshine Pte. Ltd. Yellow Lullaby Pte. Ltd. Pentagon Football Centre Pte. Ltd. Pacific Star Development Limited (F.K.A LH Group Limited) Cambridge Alliance Realtor Pte. Ltd. Cambridge Alliance Global Holdings Pte. Ltd. Federal International (2000) Ltd The Knightsbridge Group Pte Ltd. Knightsbridge Auto Pte Ltd Laura Ashley Holdings Plc
Present	Selvam LLC F J Benjamin Holdings Ltd

CORPORATE GOVERNANCE REPORT

		YEE KEE SHIAN, LEON
		Cambridge Alliance Capital Pte. Ltd. Cambridge Alliance Fund No. 1. Pte. Ltd. Christ's College, Cambridge Fund (Singapore) Limited Ladderman Limited Ladderman (HK) Limited Caelius Pte. Ltd. Char Yong (Dabu) Foundation Limited St. Joseph's Institution Philanthropic Fund For the Lasallian Mission Ltd. LHN Logistics Limited Yangzijiang Financial Holding Ltd. Ee Hoe Hean Club Duane Morris & Selvam LLP
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes The relevant entity is Laura Ashley Holdings Plc (the "Laura Ashley"). Mr Yee Kee Shian, Leon stepped down as an independent director of Laura Ashley on 16 March 2020. Laura Ashley subsequently appointed PricewaterhouseCoopers as administrators on 23 March 2020. This was due to the COVID-19 outbreak, which had an immediate and significant impact on trading of Laura Ashley and its subsidiaries (the "LA Group"). Based on the LA Group's cashflow forecasts and the increased uncertainty, the LA Group expected that it would not be in a position to draw down additional funding in a timely manner sufficient to support its working capital requirements, and therefore Laura Ashley appointed administrators. Laura Ashley subsequently moved into creditors' voluntary liquidation with the appointment of a voluntary liquidator on 31 March 2021. Mr Yee Kee Shian had not undertaken any executive roles and responsibilities in Laura Ashley. Apart from Laura Ashley, he is not a director of any entities which has been wound up or dissolved at present or at any time within two (2) years from the date that he ceased to be a director.
(c)	Whether there is any unsatisfied judgment against him?	No

CORPORATE GOVERNANCE REPORT

		YEE KEE SHIAN, LEON
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

CORPORATE GOVERNANCE REPORT

	YEE KEE SHIAN, LEON
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<u>Information required</u> **Disclosure applicable to the appointment of Director only**	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes Current Listed Company Directorship: F J Benjamin Holdings Ltd LHN Logistic Limited Yangzijiang Financial Holding Ltd. Previous Listed Company Directorships: Federal International (2000) Ltd Pacific Star Development Limited Laura Ashley Holdings Plc

CORPORATE GOVERNANCE REPORT

	LIU HUA
Date of Appointment	4 August 2022
Date of last re-appointment (if applicable)	N/A
Age	47
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Liu Hua as the Non-Independent Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration of her qualifications, past experience and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Member of Audit and Risk Committee, Nominating Committee and Remuneration Committee, Member of ESG Committee
Professional qualifications	Chartered Financial Analyst Fellow Member of Association of Chartered Certified Accountants Chartered Accountant of Singapore
Working experience and occupation(s) during the past 10 years	– Chief Financial Officer and Chief Operation Officer of Yangzijiang Financial Holding Ltd from 31 March 2022 to date. – Chief Financial Officer of Yangzijiang Shipbuilding (Holdings) Ltd from Nov 2007 to 30 March 2022. – Financial Controller of Global Container Freight Pte Ltd from Nov 2002 to Oct 2007.
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Yes
Past (for the last 5 years)	Baoling Investments Pte. Ltd. New Asia Wealth Investment Holding (SG) Pte. Ltd. Yitian Investments Pte. Ltd. YZJ Offshore Engineering Pte. Ltd. Yangzijiang Shipping Pte. Ltd. Perseus Shipping Pte. Ltd. Draco Shipping Pte. Ltd. Pegasus Shipping Pte. Ltd.

CORPORATE GOVERNANCE REPORT

	LIU HUA
	Monoceros Shipping Pte. Ltd. Lynx Shipping Pte. Ltd.
	Taurus Shipping Pte. Ltd. Virgo Shipping Pte. Ltd. Cygnus Shipping Pte. Ltd. Pisces Shipping Pte. Ltd. Moses Shipping Pte. Ltd. Marin Shipping Pte. Ltd. Misty Shipping Pte. Ltd. Yangzijiang International Trading Pte. Ltd. Agora Shipping Pte. Ltd. Eris Shipping Pte. Ltd. Hours Shipping Pte. Ltd. Ladon Shipping Pte. Ltd. Newyangzi International Trading Pte. Ltd. MV TW Beijing Shipping Pte. Ltd. MV TW Hamburg Shipping Pte. Ltd. MV TW Jiangsu Shipping Pte. Ltd. MV TW Manila Shipping Pte. Ltd. Canon Shipping Pte. Ltd. Shaka Shipping Pte. Ltd. Saint Shipping Pte. Ltd. Yangzijiang Taihua Shipping Pte. Ltd. Yangzijiang Express Shipping Pte. Ltd. Yangze Bulk Shipping Pte. Ltd. Yangze Mars Shipping Pte. Ltd. Yangze Mercury Shipping Pte. Ltd. Yangzijiang Terminals China Holding Pte. Ltd. Yangze Venus Shipping Pte. Ltd. Yangze Lionet Shipping Pte. Ltd. Yangze Aquila Shipping Pte. Ltd. Yangze Tiger 01 Shipping Pte. Ltd. Yangze Tiger 02 Shipping Pte. Ltd. Yangze Tiger 03 Shipping Pte. Ltd. Yangze Tiger 04 Shipping Pte. Ltd. Yangze Unicorn Shipping Pte. Ltd. Yangze Hydra Shipping Pte. Ltd. Seavi Advent Asia Investments (111) Pte. Ltd. Yangze Crius Shipping Pte. Ltd.

CORPORATE GOVERNANCE REPORT

	LIU HUA
Present	Blackplus Investment Pte. Ltd. Petguroo Holding Pte. Ltd. Petguroo Singapore Pte. Ltd. Procyon and Rigel Shipping Pte. Ltd. Eastern Juniper Shipping Pte. Ltd. Gem Direct Investments Pte Ltd. Gem Yield Pte. Ltd. Yangzijiang Realty Pte. Ltd.
<u>Information required</u> **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

CORPORATE GOVERNANCE REPORT

	LIU HUA
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No

CORPORATE GOVERNANCE REPORT

	LIU HUA
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<u>Information required</u> **Disclosure applicable to the appointment of Director only**	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Ms Liu Hua will be attending the training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

CORPORATE GOVERNANCE REPORT

	POH BOON HU RAYMOND
Date of Appointment	2 February 2023
Date of last re-appointment (if applicable)	N/A
Age	55
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Poh Boon Hu Raymond as the Independent Non-Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration of his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Member of Audit and Risk Committee, Nominating Committee and Remuneration Committee
Professional qualifications	– MAS Licensed Representative – Bachelor of Science in Aerospace Engineering
Working experience and occupation(s) during the past 10 years	– June 2021 to Feb 2023: Chief Executive Officer of SDAX Exchange Pte Ltd and SDAX Capital Markets Pte Ltd – August 2010 to May 2021: Executive Director of JPMorgan Chase Bank Singapore
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Yes
Past (for the last 5 years)	Executive Director with JPMorgan Chase Bank and JPMorgan Securities Pte Ltd CEO and Executive Director of SDAX Exchange Pte Ltd and CEO of SDAX Capital Markets Pte Ltd
Present	None

CORPORATE GOVERNANCE REPORT

		POH BOON HU RAYMOND
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

CORPORATE GOVERNANCE REPORT

		POH BOON HU RAYMOND
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No

CORPORATE GOVERNANCE REPORT

	POH BOON HU RAYMOND
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Information required **Disclosure applicable to the appointment of Director only**	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Mr Poh Boon Hu Raymond has attended the training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

CORPORATE GOVERNANCE REPORT

	REN LETIAN
Date of Appointment	30 April 2020
Date of last re-appointment (if applicable)	30 April 2021
Age	41
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Ren Letian as the Executive Chairman was recommended by the NC and the Board has accepted the recommendation, after taking into consideration of his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer
Professional qualifications	Mr Ren Letian holds a Master's Degree from London Southbank University.
Working experience and occupation(s) during the past 10 years	Chief Executive Officer of Yangzijiang Shipbuilding (Holdings) Ltd. Alternate Director to Mr Ren Yuanlin, former Executive Chairman of Yangzijiang Shipbuilding (Holdings) Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 165,797,370 ordinary shares in the share capital of Yangzijiang Shipbuilding (Holdings) Ltd. through Hengyuan Asset Investment Limited.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Ren Letian is the son of Mr Ren Yuanlin, the Honorary Chairman and substantial shareholder of the Company.
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships	Yes
Past (for the last 5 years)	None
Present	Yangzijiang Shipbuilding (Holdings) Ltd – Chief Executive Officer Yangzijiang Shipping Pte. Ltd. Yangzijiang Realty Pte. Ltd.

CORPORATE GOVERNANCE REPORT

		REN LETIAN
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

CORPORATE GOVERNANCE REPORT

		REN LETIAN
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(m)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

CORPORATE GOVERNANCE REPORT

	REN LETIAN
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Information required **Disclosure applicable to the appointment of Director only**	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A

Board Performance
Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Performance Criteria and Assessment Criteria (Provisions 5.1 & 5.2)

The NC has in place a framework for the evaluation of the Board, the Board Committees, and individual members of the Board to assess their effectiveness. The evaluation is carried out annually by means of a questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability, matters concerning CEO/key management personnel and standards of conduct of Board members being completed by each individual Director. Completed questionnaires are collated by the Company Secretary and the findings presented to the NC for discussion with comparatives from the previous year's results. Based on the findings the NC and the Board are generally satisfied as to the effectiveness of the Board as a whole, each Board Committee, and the contribution by each Director. The NC highlighted certain areas for improvement and the Board has agreed to implement measures to address them.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

RC Composition and Role (Provisions 6.1, 6.2, 6.3 & 6.4)

The RC currently consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the RC Chairman, are independent:

Mr Yee Kee Shian, Leon, Chairman	(Independent Non-executive Director)
Mr Chen Timothy Teck Leng	(Lead Independent Non-executive Director)
Mr Poh Boon Hu Raymond	(Independent Non-executive Director)
Ms Liu Hua	(Non-Independent Non-executive Director)

The RC will meet at least once a year. During FY2022, the RC held once scheduled meeting with full attendance. The RC carries out its duties in accordance with a set of terms of reference which includes mainly, the following:

- reviewing and recommending to the Board for endorsement, a framework of remuneration policies to determine the specific remuneration packages for each Director and key management personnel, including employees related to the Executive Directors and controlling shareholders. The framework covers all aspect of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind;

- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;

- reviewing and recommending to the Board for endorsement on the payment of performance bonus to certain Executive Directors and executive officers pursuant to the profit-sharing scheme of the Company;

- reviewing and determining the contents of any service contracts for any Director; and

- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All aspects of remuneration frameworks, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration
Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Remuneration of Directors and KMPs (Provisions 7.1, 7.2 & 7.3)

The remuneration of the Executive Directors and key management personnel has been formulated to attract, retain and motivate such individuals and to create long-term value for its shareholders. The remuneration package of each Executive Director and key management personnel comprises of a fixed component and a variable component, which is based on the Group's and the individual's performance. An appropriate proportion of the remuneration of such individuals is structured to link rewards to corporate and individual performance.

With regard to the remuneration of Non-Executive Directors, the RC ensures that the Non-Executive Directors are remunerated to a level that is commensurate with their level of contribution taking into account factors such as effort and time spent, and their responsibilities. Non-Executive Directors receive a basic fee for their services. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package.

Disclosure on Remuneration
Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Disclosure of Remuneration (Provisions 8.1 & 8.3)

Details of the remuneration of Directors and top seven (7) key management personnel of the Group for FY2022 are set out below:

	Breakdown of Remuneration in Percentage (%)				
Name of Directors	**Fees[2] (%)**	**Salary[1] (%)**	**Variable Bonus (%)**	**Total (%)**	**Total (S$)**
Ren Letian	–	100	–	100	Approximately 78,229
Teo Yi-Dar (Zhang Yida)[3]	100	–	–	100	34,333
Chen Timothy Teck Leng	100	–	–	100	84,500
Yee Kee Shian, Leon[4]	100	–	–	100	84,500
Liu Hua[5]	100	–	–	100	64,500
Poh Boon Hu Raymond[6]	100	–	–	100	22,500

Notes:
(1) In accordance with his Service Agreement.
(2) The directors' fees are subject to the approval of the shareholders at the 17th AGM.
(3) Resigned on 27 September 2022.
(4) Appointed on 1 May 2022.
(5) Appointed on 4 August 2022.
(6) Appointed on 2 February 2023.

CORPORATE GOVERNANCE REPORT

Name of Top 7 Key Management Personnel	Designation	Breakdown of Remuneration in Percentage (%)		
		Salary (%)	Variable Bonus (%)	Total (%)
Below S$250,000				
Ren Letian	Chief Executive Officer	100	–	100
Liu Hua[1]	Chief Financial Officer	100	–	100
Song Shuming	Deputy General Manager	23	77	100
Zhang Hongfei	Deputy General Manager	48	52	100
Ding Jianwen[2]	Deputy General Manager and Chief Financial Officer	22	78	100
Du Chengzhong	Deputy General Manager	51	49	100
Yang Xueyan	Assistant General Manager	24	76	100

(1) Resigned as Chief Financial Officer on 19 April 2022.
(2) Appointed as Chief Financial Officer on 19 April 2022.

The remuneration of each of the above top seven (7) key management personnel did not exceed S$250,000. In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top 7 key management personnel in FY2022 was approximately S$446,434.

Remuneration of Immediate Family Members of a Director, CEO or Substantial Shareholder (Provision 8.2)

During FY2022, the following immediate family member of a Director, CEO or Substantial Shareholder was the employee of the Group:–

Name of employee who is the immediate family member	Family relationship
Ren Letian	Son of Ren Yuanlin, the Honorary Chairman and the substantial shareholder of the Company

The aggregate remuneration (including contributions to define contribution plans thereon and bonus) paid to Mr Ren Letian amounted to approximately S$78,229.

Save as disclosed above, the Group does not have any other employee who is an immediate family member of a Director, CEO or Substantial Shareholder and whose remuneration exceeded S$100,000 during the financial year.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders

The Board is responsible for the overall risk management and internal control framework of the Group. The Board recognises the importance of balancing risks and rewards to achieve an optimal level of risk that the Group can tolerate in achieving its strategic objectives. To assist the Board, the Board has established the ARC whose responsibilities include reviewing the risk profile of the Group and to make recommendations to the Board on risk strategy, risk appetite and risk limits. Further details on the composition of the ARC can be found in Principle 10.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the management and the Board, working as a team. The process identifies relevant potential risks across the Group's operations with the aim to bring them to within acceptable cost and tolerance parameters.

The Management regularly reviews and updates the Board on the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance, information technology and sanctions-related risks and continues to apply appropriate measures to control and mitigate these risks.

With regard to sanctions-related risks, the Board and the ARC are responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any sanctions-related law or regulation; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. The Board confirms that there has been no material change in its risk of being subject to any sanctions-related law or regulation as at the date of this Annual Report, and if there is any material change this would be immediately announced on SGXNET.

All significant matters are highlighted to the Board and the ARC for further discussion. The Board and the ARC also work with the Internal Audit Team, independent auditors and Management on their recommendations to institute and execute relevant controls with a view to managing such risks.

Assurances from CEO and CFO (Provision 9.2)

The Board notes that no cost effective system of internal controls can provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. In view of the above and based on the internal controls established and maintained by the Group, work performed by the Internal Audit Team, independent auditors, and reviews performed by the Management, various Board Committees and the Board so far, the Board, with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance, information technology and sanctions-related risks, put in place during the financial year were adequate and effective. This is in turn supported by (a) assurance from the CEO and the CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances are in accordance with the relevant accounting standards; and (b) the assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

Audit and Risk Committee
Principle 10: The Board has an Audit and Risk Committee ("ARC") which discharges its duties objectively.

Composition, Power and Duties of the ARC (Provisions 10.1, 10.2, 10.3)

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practiced, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the ARC to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks. The ARC currently consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the majority of whom, including the ARC Chairman, are independent:

Mr Chen Timothy Teck Leng, Chairman	(Lead Independent Director)
Mr Yee Kee Shian, Leon, Member	(Independent Non-Executive Director)
Mr Poh Boon Hu Raymond, Member	(Independent Non-Executive Director)
Ms Liu Hua, Member	(Non-Independent Non-Executive Director)

The Board has ensured that all the ARC members, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities. None of the ARC members comprise former partners or directors of the Company's existing auditing firm or auditing corporation.

The ARC meets on a half yearly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgments to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance. During FY2022, the ARC held four scheduled meetings with full attendance.

The members of ARC carry out their duties in accordance with a set of terms of reference which includes, mainly, reviewing the following:

(a) The audit plan of the Company's independent auditor, results of its audit and its report on the weaknesses of internal accounting controls arising from the statutory audit;

(b) The audit plan of the Internal Audit Team, results of its audit and evaluation of the Group's systems of internal accounting controls;

(c) The nature and extent of the independent auditor's non-audit services to the Group, seeking to balance the maintenance of objectivity and value for money, as well as the assistance given by management to the independent auditor;

(d) The significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial statements;

(e) The balance sheet of the Company and the consolidated financial statements of the Group for FY2022, prior to the submission to the Board, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group, and assisting the Board in the discharge of its responsibilities on financial and accounting matters;

(f) the assurance from the CEO and CFO on the financial records and financial statements;

CORPORATE GOVERNANCE REPORT

(g) The adequacy, effectiveness, independence, scope and results of the Group's internal audit function, as well as the adequacy and effectiveness of the Group's internal financial controls, operational, compliance and information technology control, and risk management systems;

(h) Interested person transactions and potential conflicts of interest, if any;

(i) The hedging policies and instruments implemented by the Group;

(j) Debt investments at amortised cost to ensure that the Group's financial performance and position are not compromised;

(k) The appointment, re-appointment and removal of the independent auditor, and approving the terms of engagement of the internal auditors and making recommendations to the Board; and

(l) Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC.

Following the recent amendments to Rule 705 of the Listing Manual of SGX-ST, the Company will not be required to carry out quarterly reporting of its financial statements. The Board had agreed to cease to release its financial statements on a quarterly basis to the SGX-ST ("Quarterly Reporting") as the Company was not required to do Quarterly Reporting following the amendments to the Listing Manual of the SGX-ST. The Board believed that reporting the financial results of the Group on a half-yearly basis coupled with continuing disclosure requirements under the SGX-ST Listing Manual, will be adequate to keep the market informed of the Company's state of affairs and enables the Company to report its business growth with a longer-term reporting cycle.

The ARC discussed with the Management on the accounting treatment and methodology applied as well as the assumptions used in judgmental assessment which might impact the results of financial statements. The external auditors had reviewed the financial statements of the Group and highlighted some key audit matters that might significantly impact the financial statements and were reviewed by ARC.

The ARC has discussed significant financial reporting matters with management and the external auditors which have been included as key audit matters ("KAMs") in the independent auditors' report for FY2022, as set out on pages 94 to 96 of this Annual Report.

In assessing each KAM, the ARC took into consideration the approach and methodology applied by management in the determination of construction revenue recognition using percentage-of-completion method, provision of foreseeable losses on certain construction contracts and the valuation of assets. The reasonableness of the estimates and key assumptions used were also considered by the ARC. Where necessary, views of subject matter experts such as independent valuers were consulted where necessary.

The ARC also considered the report from the external auditors, including their findings and views on the key areas of audit focus. The ARC concluded that the Group's accounting treatment and estimates in each of the KAMs were appropriate.

The ARC also reviews the independence and objectivity of the independent auditors and having reviewed the scope and value of non-audit services provided to the Group by the independent auditors, PricewaterhouseCoopers LLP, ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity it the independent auditors. The aggregate amount of audit and non-audit fees paid or payable to the PricewaterhouseCoopers LLP Singapore for FY2022 were S$750,000 and S$4,000 respectively. The ARC has recommended to the Board the nomination of PricewaterhouseCoopers LLP for re-appointment as external auditors of the Company at the forthcoming 17th AGM.

CORPORATE GOVERNANCE REPORT

The Board and ARC have reviewed the appointment of different auditors for its significant foreign-incorporated subsidiaries and/or associated companies and satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of SGX-ST in relation to the appointment of its external auditors.

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Audit Team. On an annual basis, the ARC reviews the internal audit program of the Group so as to align it to the changing needs and risk profile of the Group's activities. The Group had established its own internal audit team that is independent of the activities it audits and its primary line of reporting is to the Chairman of the AC. Administratively, the Internal Audit Team report to the CEO. The Internal Audit Team carries out its functions under the direction of the ARC which assists the Board in monitoring and managing risks and internal controls of the Group, and reports its findings and make recommendations to the ARC.

Internal audit (Provision 10.4)

The Internal Audit Team carrying out of its function with reference to the standards set by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The ARC ensures that Management provides good support to the Internal Audit Team and provides adequate access to documents, records, properties and personnel when requested in order for the Internal Audit Team to carry out its function accordingly. The primary reporting line of the internal audit function is to the ARC and the Internal Audit Team has full access to the Company's documents, records, properties and personnel, including the ARC, and has appropriate standing within the Company. The ARC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or weaknesses in the internal control system and recommendations for improvements are reported to the ARC.

The internal audit function primarily focusing on whether the current system of internal control provides reasonable assurance on:

- compliance with applicable laws, regulations, policy and procedures;
- reliability and integrity of information; and
- safeguarding of assets.

Meeting with External and Internal Auditors without Management (Provision 10.5)

The ARC has reviewed and is generally satisfied that the Internal Audit Team is independent, adequate resourced and effective.

The ARC will review the adequacy and effectiveness of the internal audit function annually.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings
Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

General Meetings (Provision 11.1)

The Company believes that active participation from shareholders in general meetings will greatly enhance the shareholders' visibility of the Group's operations and performance and will further align shareholders' interest with the Group's future directions and strategies. To encourage active participation at general meetings. The Company is committed to providing shareholders adequate, timely and sufficient information. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website. Shareholders may also download the Annual Report from the Company's website and SGXNET.

Conduct of General Meetings (Provisions 11.2, 11.3 & 11.4)

The Company's Constitution allows all shareholders to appoint proxies to attend general meetings and vote on their behalf. Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of shareholder via the internet is not compromised. Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors including Chairman of the Board and the respective Chairman of the Board Committees, senior management and the independent auditors are intended to be in attendance at forthcoming 17th AGM to address any queries of the shareholders.

The Board acknowledges voting by poll is integral in the enhancement of corporate governance and lead to greater transparency of the level of support for each resolution where shareholders are accorded rights proportionate to the shareholding and all votes counted. To enhance shareholders' participation, the Group puts all resolutions at general meetings to vote by electronic poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage via SGXNET after the general meetings.

Minutes of General Meetings (Provision 11.5)

The Company Secretary prepares minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from the Management and the Board. Such minutes will be available to shareholders upon their written request. Copy of the minutes will also be released via SGXNET and the Company's website as soon as practicable.

Dividend Policy (Provision 11.6)

The Company has adopted a dividend policy that it believes appropriately reflects its goals, strategy and risk profile while providing attractive long-term return to investors. The Board is recommending 5 Singapore cents per ordinary share for FY2022 as the first and final one-tier tax-exempt dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming 17th AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- the results of operations and cash flow;

CORPORATE GOVERNANCE REPORT

- the expected financial performance and working capital needs;
- future prospects; and
- capital expenditures and other investment plans;

as well as general economic and business operations in the countries in which we operate and other factors deemed relevant by the Board and statutory restrictions on the payment of dividends.

Engagement with Shareholders
Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Shareholder Communication (Provision 12.1)

The Group acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. Information is communicated to shareholders on a timely basis through the Company's annual report, circulars to shareholders (if any), interim financial results and the various announcements.

The Company is committed to ensuring that its shareholders have access to accurate information vis-à-vis the Company on a timely basis. This is achieved through posting announcements and news releases on the SGXNet on a timely and consistent basis. Going forward, the company will provide shareholders with its half-year and full-year financial statements within the relevant periods prescribed by the Listing Manual. Such half-year and full-year financial statements would be reviewed and approved by the Board prior to release to shareholders by announcement on the SGXNet. In presenting the half-year and full-year financial statements to shareholders, the Board seeks to provide shareholders with a balanced, clear and understandable assessment of the Company and the Group's performance, position and prospects.

In line with the Company's commitment to provide its shareholders with accurate information on a timely basis, the Company provides, on a voluntary basis, with business updates in between the announcement of its half-year and full-year financial statements. Such business updates contain, among other things, information on the Group's business and operational developments.

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Company and the Group were released within 45 days from the respective half year ended and 60 days from the full year financial year ended during the year. In addition, the Annual Report 2022 (online digital copy) is published to shareholders within the mandatory period before the 17th AGM to be held on 24 April 2023.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via the SGXNET.

Internal Investor Relations (Provisions 12.2 & 12.3)

The Company does not have an internal investor relations team but has designated personnel, assisted by an external investor relations firm, to handle investor queries and deal with all matters related to investor relations.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Engaging Material Stakeholder Groups (Provisions 13.1 & 13.2)

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report which is included in this Annual Report.

Corporate Website (Provision 13.3)

The Company maintains a corporate website at http://www.yzjship.com to communicate and engage with stakeholders.

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Listing Manual of SGX-ST)

The following table sets out the current total of all transactions with the interested persons for FY2022:

Name of interested persons	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) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) RMB'000
Xu Wen Jiong West Gold International Pte Ltd – Procurement of marine equipment	28,888*	–

* Shareholder mandate is not applicable as the aggregate value was less than 3% of Group's NTA as at 31 December 2022.

The Group has adopted an internal policy which sets out the procedures for the identification, approval and monitoring of interested person transactions ("**IPTs**"). All IPTs are subject to review by the ARC on a timely manner and the transactions are carried out on normal commercial terms and will not be prejudiced to the interests of the Group and its minority shareholders. The Company did not enter into any IPTs which require shareholders' approval under SGX-ST Listing Rules regulating IPTs during the financial year ended 31 December 2022.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT
(Rule 1207(4)(d) of the Listing Manual of SGX-ST)

Currently, the Group does not have a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and will highlight all significant matters to the Directors and the ARC.

Financial risk factors have been described in Note 36 of the Financial Statements.

MATERIAL CONTRACTS
(Rule 1207(8) of the Listing Manual of SGX-ST)

Save for the service agreements between the Company and the Executive Director and except as disclosed in the Directors' Statements and the Financial Statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

DEALING IN SECURITIES
(Rule 1207(19) of the SGX-ST)

The Group has a policy for the Directors and employees of the Group which applies the best practices recommended in the Listing Manual. Under the policy, Directors and employees are prohibited from dealing in the Group's securities while in possession of unpublished material price sensitive information. Directors and certain prescribed employees are prohibited from dealing in the Group's securities during the one-month period immediately preceding the announcement of the Company's half-year and full-year financial statements ("**blackout period**"). An email would be sent to Directors and such prescribed employees prior to the commencement of a blackout period to remind them of their obligation not to dealing in securities during the blackout period. Directors and employees are also discouraged from dealing in securities of the Group on short-term considerations, a policy for the Directors and employees of the Group which applies the best practices recommended in the Listing Manual. Under the policy, Directors and employees are prohibited from dealing in the Group's securities while in possession of unpublished material price sensitive information. Directors and certain prescribed employees are prohibited from dealing in the Group's securities during the one-month period immediately preceding the announcement of the Company's half-year and full-year financial statements ("**blackout period**"). An email would be sent to Directors and such prescribed employees prior to the commencement of a blackout period to remind them of their obligation not to dealing in securities during the blackout period. Directors and employees are also discouraged from dealing in securities of the Group on short-term considerations. The Company had dealt with the shares of the Company by conducting share buybacks on 15 July 2022 and 18 July 2022, both of which were during the period commencing one (1) month preceding the announcement of the Company's half-year financial statements. Save for the foregoing, the Company has complied with the best practices recommended in the Listing Manual in FY2022.

Whistle Blowing Policy

The Company has a whistle-blowing policy which encourages all persons, including employees, to raise concerns about any wrongdoings or improprieties, including the breach of any applicable law and policy, within the Group. The policy provides for independent investigation of any reported incidents and appropriate follow-up actions. The policy encourages reporting of such matters by ensuring, to the extent possible, that the identity of the whistle-blower will be kept confidential and that the Company will not tolerate the harassment or victimization of a whistle-blower who reports in good faith.

CORPORATE GOVERNANCE REPORT

The ARC is responsible for the monitoring and oversight of whistle-blowing and whistle-blowing reports are made to the ARC Chairman, save where the report is about the ARC Chairman, in which case the reports are made to the Lead Independent Non-Executive Director. The ARC will be provided with resources to conduct investigations on any report, either by way of the Company designating the appropriate department or engaging, at the Group's expense, independent advisors to assist in the investigation.

The policy and the procedures for making a report are publicly disclosed on the Company's website and made available to all employees. The policy, including the procedures for raising concerns is covered and explained to employees during their onboarding process.

As at the date of this Report, there were no reports received through the whistle-blowing mechanism.

CORPORATE DISCLOSURE

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company is committed to provide a high level of disclosure in all public announcements, press releases and annual reports.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the shareholders together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 9 to 119 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Ren Letian
Chen Timothy Teck Leng
Yee Kee Shian, Leon (appointed on 1 May 2022)
Liu Hua (appointed on 4 August 2022)
Poh Boon Hu, Raymond (appointed on 2 February 2023)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which a director is deemed to have an interest**	
	At 31.12.2022	**At 1.1.2022**	**At 31.12.2022**	**At 1.1.2022**
The Company				
(No. of ordinary shares)				
Ren Letian	–	–	165,797,370	165,797,370

(b) The directors' interests in the ordinary shares of the Company as at 27 January 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Risk Committee

The members of the Audit Risk Committee ("ARC") at the end of the financial year were as follows:

Chen Timothy Teck Leng
Yee Kee Shian, Leon (appointed on 1 May 2022)
Liu Hua (appointed on 4 August 2022)
Poh Boon Hu, Raymond (appointed on 2 February 2023)

Three of the ARC members are independent directors and one is a non-independent non-executive director.

The ARC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the ARC reviewed the following:

(a) The audit plan of the Company's independent auditor, results of its audit and its report on the weaknesses of internal accounting controls arising from the statutory audit;

(b) The audit plan of the internal audit team, results of its audit and evaluation of the Group's systems of internal accounting controls;

(c) The nature and extent of the independent auditor's non-audit services to the Group, seeking to balance the maintenance of objectivity and value for money, as well as the assistance given by management to the independent auditor;

(d) The significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial statements;

(e) The balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022, prior to the submission to the Board, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group, and assisting the Board in the discharge of its responsibilities on financial and accounting matters;

(f) The assurance from the CEO and CFO on the financial records and financial statements;

(g) The adequacy, effectiveness, independence, scope and results of the Group's internal audit function, and the adequacy and effectiveness of the Group's internal financial controls, operational, compliance and information technology control, and risk management systems;

(h) Interested person transactions and potential conflicts of interest, if any;

(i) The hedging policies and instruments implemented by the Group;

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Audit Risk Committee (Continued)

(j) Debt investments at amortised cost to ensure that the Group's financial performance and position are not compromised;

(k) The appointment, re-appointment and removal of the independent auditor, and approving the terms of engagement of the internal auditors and making recommendations to the Board; and

(l) Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC.

The Audit Risk Committee, having reviewed all non-audit services provided by the independent auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditor.

The Audit Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

REN LETIAN Director	CHEN TIMOTHY TECK LENG Director

31 March 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Yangzijiang Shipbuilding (Holdings) Ltd. ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2022;
- the balance sheet of the Group as at 31 December 2022;
- the balance sheet of the Company as at 31 December 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">1. Shipbuilding contracts</td></tr>
<tr><td>Refer to Notes 2.2(a), 3(a), 4, and 31 of the financial statements

Shipbuilding revenue amounted to RMB18.372 billion, representing 88.7% of the Group's total revenue for the financial year ended 31 December 2022. Shipbuilding revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The measure of progress is determined based on percentage of completion ("POC"), which is measured by reference to the proportion of costs incurred to the estimated total costs for the shipbuilding contract.

In addition, the Group's provision for onerous contracts amounted to Nil, on shipbuilding contracts as at 31 December 2022. A provision for onerous contract is recognised when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

We focused on the recognition of shipbuilding revenue, including the estimation of total shipbuilding cost, and provision for onerous contracts because of the use of significant judgement in estimating inputs to determining the extent of satisfaction of the performance obligation, including contingencies that could arise from variation to original contract terms and claims.</td><td>Our audit procedures included the following:

a. evaluating the key controls and testing the operating effectiveness of those relating to:

• the preparation of and revisions to the estimated total costs for shipbuilding contracts; and

• the recording of actual costs incurred for these contracts;

b. based on our understanding of the components that make up the estimated total shipbuilding cost for each type of vessel, reviewing, on a sample basis, the appropriateness of the significant cost components against supporting documents;

c. assessing the reliability of management's estimates by comparing the estimated costs with the actual costs for a sample of contracts completed during the year;

d. on a sample basis, agreeing material and subcontractor costs to the suppliers' invoices and approved payment vouchers, and also checking the allocation of overheads to each contract;

e. on a sample basis, recomputing the POC for vessels which is determined based on the proportion of the contracts cost incurred to date to the estimated total contract costs;

f. on a sample basis, reviewing the overall reasonableness of the progress towards completion for vessels under construction through physical verification and by comparing to the contract delivery schedule; and

g. recomputing the revenue recognised for the year as well as the amount of provision for onerous contracts (where relevant for each project).

Based on our procedures, we found the judgement exercised by management in estimating total contract costs, and determining the extent of satisfaction of the performance obligation for purposes of the recognition of shipbuilding revenue as well as the provision for onerous contracts to be reasonable.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

Key audit matter	**How our audit addressed the key audit matter**
2. Land use rights ("LUR") premium	
Refer to Notes 3(d) and 26 of the financial statements Included in property, plant and equipment at 31 December 2022 is RMB377.8 million of LUR premium paid in relation to the acquisitions of a terminal and adjacent land for the planned conversion of the terminal and land to a liquefied natural gas ("LNG") terminal related facility. The carrying amount of the cash-generating-unit ("CGU") to which the LUR premium is attributed, is RMB498 million. The recoverable amount of the CGU to which the LUR premium is attributed, is determined based on fair value less costs to sell ("FVLCTS"), measured using discounted cash flows projections. We focused on this area because the conversion to LNG terminal related facility is dependent upon successfully securing the relevant government approval and the projections are based on the critical assumption that the Group will succeed in this planned LNG conversion. Significant judgements are required in estimating the revenue cashflows (including the estimated price and volume of the LNG terminal business), the conversion construction costs and the discount rate, applied in determining the recoverable amount of the CGU. The significant assumptions and judgements are disclosed in Note 3(d) to the financial statements.	Our audit procedures included: a. assessing the appropriateness of the valuation methodology used; b. sighting evidence of progress in securing relevant government approval; c. assessing the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists; d. performing sensitivity analysis to assess the impact on the recoverable amount by reasonable possible changes in the estimated revenue cashflows, conversion construction costs and discount rate; and e. tracing source data, on a sample basis to supporting evidence, such as available market information and assessing the reasonableness of the cash flow projections. Based on our procedures, we found the significant assumption and judgements exercised by management in its cash flow projections to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Khoo.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 31 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RMB'000	The Group 2021 RMB'000
Continuing operations			
Revenue	4	**20,705,076**	15,137,154
Cost of sales	7	**(17,507,878)**	(13,052,827)
Gross profit		**3,197,198**	2,084,327
Other income			
– Interest	5	**350,248**	338,046
– Others	5	**104,378**	98,298
Other gains – net	6	**233,110**	958,719
Expenses			
– Administrative	7		
– Reversal of impairment loss/(impairment loss) on financial assets – net		**78,885**	(358,434)
– Others		**(567,606)**	(525,285)
		(488,721)	(883,719)
– Finance	9	**(106,776)**	(69,901)
Share of profits of associated companies and joint ventures	23,24	**13,057**	96,190
Profit before income tax		**3,302,494**	2,621,960
Income tax expense	10	**(677,508)**	(622,311)
Profit from continuing operations		**2,624,986**	1,999,649
Discontinued operations			
Profit from discontinued operations	11	**194,576**	1,727,440
Total profit		**2,819,562**	3,727,089
Profit attributable to:			
Equity holders of the Company		**2,807,480**	3,698,632
Non-controlling interests		**12,082**	28,457
		2,819,562	3,727,089
Profit attributable to equity holders of the Company relates to:			
Profit from continuing operations		**2,612,904**	1,971,192
Profit from discontinued operations		**194,576**	1,727,440
		2,807,480	3,698,632

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RMB'000	The Group 2021 RMB'000
Profit for the year		**2,819,562**	3,727,089
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
– Fair value losses	34	**(496,676)**	–
– Reclassification	34	**261,573**	–
Share of other comprehensive income/(loss) from the associated company and joint venture			
– Currency translation gains/(losses)	23,24	**11,909**	(4,885)
Currency translation gains/(losses) arising from consolidation		**101,495**	(22,207)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation gains/(losses) arising from consolidation		**5,912**	(1,407)
Other comprehensive loss, net of tax		**(115,787)**	(28,499)
Total comprehensive income		**2,703,775**	3,698,590
Total comprehensive income attributable to:			
Equity holders of the Company		**2,685,781**	3,671,540
Non-controlling interests		**17,994**	27,050
		2,703,775	3,698,590
Earnings per share attributable for profit from continuing and discontinued operations to equity holders of the Company (expressed in RMB cents per share)			
Basic and diluted			
From continuing operations	12	**66.31**	51.05
From discontinued operations	12	**4.94**	44.74

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS – **GROUP**
AS AT 31 DECEMBER 2022

	Note	The Group 31 December 2022 RMB'000	31 December 2021 RMB'000 (Restated)	1 January 2021 RMB'000 (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	13	**10,778,393**	12,363,193	6,633,416
Restricted cash	14	**6,634**	17,307	15,624
Derivative financial instruments	15	**33,302**	209,345	89,589
Financial assets, at fair value through profit or loss	16	**119,154**	367,436	397,442
Debt investments at amortised cost	17	**1,575,780**	15,851,520	13,555,320
Trade and other receivables	18	**3,669,935**	4,121,025	3,633,463
Inventories	19	**1,231,116**	1,639,809	1,677,846
Contract assets	4	**5,595,675**	3,983,201	3,126,632
		23,009,989	38,552,836	29,129,332
Non-current assets				
Derivative financial instruments	15	**137,218**	477,109	10,500
Financial assets, at fair value through profit or loss	16	**27,300**	2,017,115	2,241,597
Debt investments at amortised cost	17	**–**	729,985	3,402,369
Trade and other receivables	20	**1,625,704**	1,081,311	1,294,310
Investments in joint ventures	23	**453,886**	522,679	362,332
Investments in associated companies	24	**47,424**	1,104,890	1,181,393
Investment properties	25	**–**	115,752	119,741
Property, plant and equipment	26	**7,277,768**	6,335,345	6,431,473
Intangible assets	28	**25,842**	28,371	28,151
Deferred income tax assets	32	**361,972**	646,871	709,463
		9,957,114	13,059,428	15,781,329
Total assets		**32,967,103**	51,612,264	44,910,661

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS – **GROUP**

AS AT 31 DECEMBER 2022

	Note	The Group 31 December 2022 RMB'000	 2021 RMB'000 (Restated)	 1 January 2021 RMB'000 (Restated)
LIABILITIES				
Current liabilities				
Trade and other payables	29	**3,172,408**	2,804,201	2,698,570
Contract liabilities	4	**5,597,040**	4,822,611	1,232,479
Derivative financial instruments	15	**71,385**	4,501	–
Borrowings	30	**2,269,198**	2,503,814	2,120,550
Provisions	31	**364,418**	648,398	938,254
Current income tax liabilities		**782,271**	1,015,096	972,982
		12,256,720	11,798,621	7,962,835
Non-current liabilities				
Borrowings	30	**2,298,342**	1,952,779	2,123,503
Derivative financial instruments	15	**71,752**	–	–
Deferred income tax liabilities	32	**635,529**	1,799,299	1,447,808
		3,005,623	3,752,078	3,571,311
Total liabilities		**15,262,343**	15,550,699	11,534,146
NET ASSETS		**17,704,760**	36,061,565	33,376,515
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	33	**7,361,990**	7,361,990	7,361,990
Treasury shares	33	**(127,753)**	(269,582)	(560,443)
Other reserves	34	**1,673,870**	2,015,702	1,494,732
Retained earnings		**8,665,024**	26,815,306	24,046,076
		17,573,131	35,923,416	32,342,355
Non-controlling interests		**131,629**	138,149	1,034,160
Total equity		**17,704,760**	36,061,565	33,376,515

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS – **COMPANY**

AS AT 31 DECEMBER 2022

	Note	The Company 31 December 2022 RMB'000	2021 RMB'000
ASSETS			
Current assets			
Cash and cash equivalents	13	**14,242**	177,622
Trade and other receivables	18	**6,708,150**	6,934,273
		6,722,392	7,111,895
Non-current assets			
Trade and other receivables	20	**3,548,131**	2,224,713
Investments in subsidiaries	22	**7,226,917**	6,042,814
Investments in joint ventures	23	**266,150**	319,581
Investments in associated companies	24	**134,062**	134,062
Property, plant and equipment	26	**1,045**	334
		11,176,305	8,721,504
Total assets		**17,898,697**	15,833,399
LIABILITIES			
Current liabilities			
Other payables	29	**2,641,536**	2,468,037
Derivative financial instruments	15	**–**	792
Borrowings	30	**798**	841,904
Current income tax liabilities		**46**	158
		2,642,380	3,310,891
Non-current liabilities			
Borrowings	30	**342**	–
		342	–
Total liabilities		**2,642,722**	3,310,891
NET ASSETS		**15,255,975**	12,522,508
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	33	**7,326,773**	7,326,773
Treasury shares	33	**(127,753)**	(269,582)
Other reserves	34	**180,637**	148,175
Retained earnings		**7,876,318**	5,317,142
Total equity		**15,255,975**	12,522,508

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to equity holders of the Company								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	Total RMB'000		
2022											
As at 31 December 2021		**7,361,990**	**(269,582)**	**4,637,147**	**–**	**(143,763)**	**(2,477,682)**	**26,815,306**	**35,923,416**	**138,149**	**36,061,565**
Profit for the year		–	–	–	–	–	–	2,807,480	2,807,480	12,082	2,819,562
Other comprehensive (loss)/ income for the year		–	–	–	(235,103)	113,404	–	–	(121,699)	5,912	(115,787)
Total comprehensive (loss)/income for the year		–	–	–	(235,103)	113,404	–	2,807,480	2,685,781	17,994	2,703,775
Purchase of treasury shares	33	–	(60,369)	–	–	–	–	–	(60,369)	–	(60,369)
Dividends	35	–	–	–	–	–	–	(969,988)	(969,988)	(4,983)	(974,971)
Dividend in specie	11	–	–	–	–	–	–	(20,000,000)	(20,000,000)	–	(20,000,000)
Disposal of subsidiaries as part of spin-off	11	–	–	(78,380)	–	–	–	78,380	–	–	–
Acquisition of the non-controlling interest of a subsidiary	13	–	–	–	–	–	(240,369)	–	(240,369)	(19,531)	(259,900)
Transfer	34	–	–	66,154	–	–	–	(66,154)	–	–	–
Treasury shares re-issued	33(b)	–	202,198	–	–	–	32,462	–	234,660	–	234,660
Total transactions with owners, recognised directly in equity		–	141,829	(12,226)	–	–	(207,907)	(20,957,762)	(21,036,066)	(24,514)	(21,060,580)
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**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to equity holders of the Company								
		Share capital RMB'000	Treasury shares RMB'000	Statutory reserve RMB'000	Currency translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
2021										
As at 1 January 2021		7,361,990	(560,443)	4,544,601	(116,671)	(2,933,198)	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 (loss)/income for the year		–	–	–	(27,092)	–	3,698,632	3,671,540	27,050	3,698,590
Purchase of treasury shares	33	–	(170,776)	–	–	–	–	(170,776)	–	(170,776)
Dividends	35	–	–	–	–	–	(836,856)	(836,856)	(5,908)	(842,764)
Transfer	34	–	–	92,546	–	–	(92,546)	–	–	–
Treasury shares re-issued for acquisition of additional interest in a subsidiary	22(c), 33,34	–	461,637	–	–	455,516	–	917,153	(917,153)	–
Total transactions with owners, recognised directly in equity		–	290,861	92,546	–	455,516	(929,402)	(90,479)	(923,061)	(1,013,540)
As at 31 December 2021		7,361,990	(269,582)	4,637,147	(143,763)	(2,477,682)	26,815,306	35,923,416	138,149	36,061,565

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RMB'000	The Group 2021 RMB'000
Cash flows from operating activities			
Net profit		**2,819,562**	3,727,089
Adjustments for:			
– Income tax expense		**759,173**	1,154,639
– Depreciation of property, plant and equipment		**452,331**	492,983
– Depreciation of investment properties		**868**	3,989
– Amortisation of intangible assets		**3,834**	3,619
– Finance expenses		**106,776**	69,901
– Loss/(gain) on disposal of property, plant and equipment		**236**	(71,816)
– Fair value change on:			
• Derivative financial instruments		**70,246**	(624,517)
• Financial assets at fair value, through profit or loss		**196,523**	301,387
– Gain from dissolution of subsidiaries		**(41,819)**	–
– Interest income		**(350,544)**	(343,363)
– Dividend income		**(592)**	(376,061)
– Share of profits of associated companies and joint ventures		**(4,371)**	(361,508)
		4,012,223	3,976,342
Change in working capital:			
– Inventories		**178,246**	(38,508)
– Contract balances		**(530,312)**	2,733,563
– Trade and other receivables		**(330,969)**	(194,886)
– Trade and other payables		**540,384**	152,589
– Debt investments at amortised cost		**1,515,833**	376,184
– Provisions		**(283,980)**	(289,856)
– Restricted cash		**10,673**	(1,683)
Cash generated from operations		**5,112,098**	6,713,745
Interest paid		**(106,776)**	(108,664)
Interest received		**350,544**	235,952
Income tax paid		**(723,475)**	(698,442)
Net cash provided by operating activities		**4,632,391**	6,142,591

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RMB'000	The Group 2021 RMB'000
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**46,349**	386,355
Proceeds from sale of financial assets, at fair value through profit and loss		**246,675**	418,648
Proceeds from disposal of associated company		**–**	69,000
Dividend received		**592**	376,061
Additions to property, plant and equipment		**(904,847)**	(669,066)
Acquisition of a subsidiary, net of cash acquired	13	**(108,930)**	–
Acquisition of financial assets, at fair value through profit and loss		**(37,092)**	(465,547)
Acquisition of intangible assets		**(1,305)**	(3,839)
Acquisition of investments in associated companies		**(209,000)**	(6,000)
Additions to investments in joint ventures		**–**	(151,255)
Return of capital by associated companies		**14,296**	280,657
Return of capital by joint ventures		**76,742**	80,377
Net cash (used in)/provided by investing activities		**(876,520)**	315,391
Cash flows from financing activities			
Proceeds from bank borrowings	30	**6,238,478**	4,211,035
Repayments of bank borrowings	30	**(6,210,061)**	(3,924,956)
Proceeds from issuance of convertible bond	33	**234,660**	–
Cash and cash equivalents of spin-off group at point of distribution	13	**(4,307,763)**	–
Acquisition of non-controlling interest	13	**(259,900)**	–
Principal payment of lease liabilities	30	**(745)**	(744)
Purchase of treasury shares		**(60,369)**	(170,776)
Dividends paid to equity holders	35	**(969,988)**	(836,856)
Dividends paid to non-controlling interests		**(4,983)**	(5,908)
Net cash used in financing activities		**(5,340,671)**	(728,205)
Net (decrease)/increase in cash and cash equivalents		**(1,584,800)**	5,729,777
Cash and cash equivalents at beginning of financial year		**12,363,193**	6,633,416
Cash and cash equivalents at end of financial year	13	**10,778,393**	12,363,193

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL 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 set out in Note 43.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

- Amendments to:
  - SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)
  - SFRS(I)1-16 Property, Plant and Equipment (Proceeds before Intended Use)
  - SFRS(I)1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contacts – Cost of Fulfilling a Contract)
- Annual improvements to SFRS(I)s 2018-2020

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

(a) Shipbuilding revenue

The Group enters into contracts with customers to construct vessels. At contract inception, the Group assesses whether the Group transfers control of the vessels over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Management has considered that the vessels have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date, arising from the contractual terms. Accordingly, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The measure of progress is determined based on percentage of completion, which is measured by reference to the proportion of costs incurred to date to the estimated total costs for the shipbuilding contract. Costs incurred that are not related to the contract or that do not contribute towards satisfying the performance obligation are excluded from the measure of progress and instead are expensed as incurred.

The Group receives deposit from customers and the period between the receipt and the transfer of control may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the Group from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

Income from forfeiture of payments received from shipbuilding contracts is recognised when the shipbuilding contracts are terminated by the Group and the payments received from the customer is non-refundable.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (Continued)

(b) Revenue from sale of completed vessels

The Group also enters into contracts to sell completed vessels. For such a contract, revenue is recognised when control of the vessel is transferred to its customer, being when the vessel is collected by the customer, the customer has full discretion over the usage of the vessel and there is no unfulfilled obligation that could affect the customer's acceptance of the vessel.

Collection occurs when the physical possession of the vessels has been transferred to the customers, and either the customers have accepted the vessels in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(c) Revenue from sale of goods – material and others

The Group enters into contracts with customers to supply goods (including metal products). Revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue is measured at the price specified in the contract. Prepayments received from customers are accounted for as contract liabilities (deferred revenue) prior to the delivery of goods. Contract liabilities will be recognised in profit or loss when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional.

The Group assesses its role as an agent or principal for each transaction and in a transaction where the Group acts as an agent, revenue would exclude amounts collected on behalf of the principal.

(d) Rendering of ship design services

The Group renders ship design services and revenue is recognised when such services are rendered.

(e) Charter income

Income from time charter, which is of operating leases in nature, is recognised on a straight-line basis over the period of the charter.

(f) Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (Continued)

(g) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(a) Subsidiaries (Continued)

(ii) Acquisitions (Continued)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

Before recognising a gain on a bargain purchase, management shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognise any additional assets or liabilities that are identified in that review. The objective is to ensure that measurements appropriately reflect consideration of all available information as of the acquisition date.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated companies or joint ventures over the Group's share of the fair value of the identifiable net assets of the associated companies or joint ventures and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(c) *Associated companies and joint ventures* (Continued)

(ii) *Equity method of accounting* (Continued)

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies, and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) *Measurement*

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives, as follows:

	Useful lives
Leasehold land	Over the lease term
Buildings	20 years or shorter of lease term
Machinery	5 – 25 years
Vehicles	5 – 12 years
Furniture, fittings and equipment	5 – 12 years
Vessels	25 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

(c) *Depreciation* (Continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(d) *Construction-in-progress*

Construction-in-progress represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. This includes cost of construction, plant and equipment and other directly attributable costs. No depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to respective asset classes within property, plant and equipment and depreciated in accordance with the policy stated above.

(e) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(f) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains – net".

2.5 Intangible assets

(a) *Goodwill*

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

(b) Acquired computer software licenses

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of computer software licenses are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of computer software are capitalized as intangible assets only when technical and commercial feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

(c) Customer contracts

Customer contracts are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the contract period.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to assets under construction. This includes those costs on borrowings acquired specifically for assets under construction, as well as those in relation to general borrowings used to finance assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to assets under construction that are financed by general borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties

Investment properties comprise of leasehold buildings that are held for rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life, which is the lease term of the leasehold building.

The residual values, useful life and depreciation method of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

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

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

2.8 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

(b) *Intangible assets*
Property, plant and equipment
Right-of-use assets
Investment properties
Investments in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment, right-of-use assets, investment properties and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any indication or objective evidence that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) *Classification and measurement* (Continued)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and debt investments at amortised cost.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains – net". Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Group determines whether there has been a significant increase in credit risk.

For cash and cash equivalents, debt investments at amortised cost, loan to subsidiaries and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I)9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(b) Impairment (Continued)

Debt financial assets carried at amortised cost are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where debt financial assets carried at amortised cost are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss.

2.11 Derivative financial instruments

A derivative financial instrument is initially recognised at fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its hedge as cash flow hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 15. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The following hedge in place qualified as cash flow hedges under SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Derivative financial instruments (Continued)

Cash flow hedge

– *Currency forwards*

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified to profit and loss when the hedged transaction affects profit and loss.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the customers and subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented within "Property, plant and equipment" and "Lease prepayments".

- *Lease liabilities*

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (Continued)

(a) When the Group is the lessee: (Continued)

- *Lease liabilities* (Continued)

  Lease payments include the following:

  – Fixed payments (including in-substance fixed payments), less any lease incentives receivable;

  – Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  – Amounts expected to be payable under residual value guarantees;

  – The exercise price of a purchase option if is reasonably certain to exercise the option; and

  – Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Group has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Group's assessment of whether it will exercise an extension option; or

  – There is a modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- *Short-term and low value leases*

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (Continued)

(b) When the Group is the lessor:

The Group leases vessels under finance leases and operating leases to non-related parties.

- *Lessor – Finance leases*

  Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

  The leased asset is derecognised and the present value of the lease receivable is recognised on the balance sheet and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

  Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

  Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

- *Lessor – Operating leases*

  Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

  Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

  Contingent rents are recognised as income in profit or loss when earned.

2.17 Inventories

Inventories consist of raw materials and work-in-progress and are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Raw materials will be used in the construction contracts, therefore they are not written down to net realisable value when the market prices for those inventories fall below cost, if the overall construction contract is expected to be profitable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.19 Provisions

Provisions for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions (Continued)

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.20 Lease prepayment

Lease prepayment represents prepaid operating lease payments for land less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease period.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and the social security plans in People's Republic of China (the "PRC") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

In accordance with the relevant regulations in the PRC, the premiums and welfare benefit contributions borne by the Group are calculated based on certain percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities.

2.22 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (Continued)

(b) *Transactions and balances* (Continued)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair value are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management team who are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the other reserve.

2.26 Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.27 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately under "other gains – net".

Government grants relating to assets are recognised as deferred income in the balance sheet.

2.28 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimation of total contract costs

The Group has significant ongoing contracts to construct vessels. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the vessels. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of shipbuilding revenue. When it is probable that the total contract costs will exceed the total shipbuilding revenue, a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management have used their accumulative knowledge of the industry, market conditions, and its customers, corroborated with the experience gained from the most recent deliveries.

As at 31 December 2022, RMB5,595,675,000 (2021: RMB3,983,201,000) of the Group's contract assets is subject to the estimation of progress towards completion using the input method. If the total contract cost of on-going contracts to be incurred had been higher by 5% (2021: 5%) from management's estimates, the Group's revenue and contract assets would have been lower by RMB471,897,000 (2021: RMB581,574,000). If the total contract cost of on-going contracts to be incurred had been lower by 5% (2021: 5%) from management's estimates, the Group's revenue and contract assets would have been higher by RMB512,914,000 (2021: RMB371,992,000). If the total contract costs of on-going contracts to be incurred had been higher by 5% (2021: 5%) from management's estimates, additional provision for onerous contracts of RMB50,224,000 (2021: RMB852,637,000) would have been recognised.

(b) Impairment of trade receivables and contract assets

As at 31 December 2022, the Group's trade receivables and contract assets amounted to RMB1,144,706,000 (2021: RMB1,099,198,000) (Note 18 and Note 20) and RMB5,595,675,000 (2021: RMB3,983,201,000) [Note 4(b)] respectively, arising from the Group's different revenue segments – shipbuilding, shipping and others.

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Accordingly, management has adopted different approaches in measuring expected credit loss across revenue segment.

A loss allowance of RMBNil (2021: RMB21,960,000) for trade receivables was recognised as at 31 December 2022.

The Group's and the Company's credit risk exposure for trade receivables and contract assets and significant estimation in measuring expected credit loss allowance by different revenue segment are set out in Note 36(b).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(c) Impairment of debt investments at amortised cost

When measuring expected credit loss ("ECL"), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into accounts expected cash flows from of collateral and integral credit enhancements.

Probability of default ("PD") constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Management has determined the expected loss rates by grouping the borrowers according to internal risk management grading. A reversal of loss allowance of RMB76,011,000 (2021: loss allowance of RMB48,623,000) for debt investments at amortised cost was recognised during financial year. The Group's credit risk exposure for debt investments at amortised cost is set out in Note 36(b)(vi).

(d) Recoverable amount of land use rights ("LUR") premium classified under property, plant and equipment ("PPE")

Included in PPE at 31 December 2022 is RMB377.8 million of LUR premium paid in relation to the acquisitions of a terminal and adjacent land for the planned conversion of the terminal and land to a liquefied natural gas ("LNG") terminal related facility.

The carrying amount of the cash-generating-unit ("CGU") to which the LUR premium is attributed, is RMB498 million. The recoverable amount of the CGU to which the LUR premium is attributed, is determined based on fair value less costs to sell ("FVLCTS") (Note 26), measured using discounted cash flows projections. The conversion to LNG terminal related facility is dependent upon successfully securing the relevant government approval and the projections are based on the critical assumption that the Group will succeed in this planned LNG conversion. Significant judgements are required in estimating the revenue cashflows (including the estimated price and volume of the LNG terminal business), the conversion construction costs and the discount rate applied in determining the recoverable amount of the CGU. In making these estimates, management has relied on its expectations of market and industry developments in PRC.

The impact arising from a change in the key estimates on the recoverable amount of the CGU as at 31 December is as follows:

	2022	
	Higher/(lower) %	**Recoverable amount RMB'000**
Estimated revenue cashflows	**(12%)**	**(304,314)**
Conversion construction costs	**60%**	**(352,793)**
Discount rate (post-tax)	**0.5%**	**(75,418)**

In the sensitivity analyses shown above, the recoverable amount of the CGU continues to be above its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. 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			
2022			
Shipbuilding segment			
– Shipbuilding revenue	**–**	**17,831,468**	**17,831,468**
– Sale of completed vessels	**540,635**	**–**	**540,635**
Shipping segment			
Charter hire income	**–**	**1,382,659**	**1,382,659**
Others segment			
Rendering of ship design services	**14,002**	**–**	**14,002**
Sale of goods – materials and others	**700,754**	**–**	**700,754**
Interest income from debt investments at amortised cost	**177,274**	**–**	**177,274**
Others	**58,284**	**–**	**58,284**
Total revenue	**1,490,949**	**19,214,127**	**20,705,076**
2021			
Shipbuilding segment			
– Shipbuilding revenue	–	11,806,856	11,806,856
– Sale of completed vessels	1,391,617	–	1,391,617
Shipping segment			
Charter hire income	–	959,638	959,638
Others segment			
Rendering of ship design services	6,527	–	6,527
Sales of goods – materials and others	801,750	–	801,750
Interest income from debt investments at amortised cost	111,247	–	111,247
Others	59,519	–	59,519
Total revenue	2,370,660	12,766,494	15,137,154

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE (CONTINUED)

(b) Contract assets and liabilities

	31 December		**1 January**
	2022	**2021**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
The Group			
Contract assets			
– Shipbuilding contracts	**5,595,675**	3,983,201	3,126,632
Contract liabilities			
– Shipbuilding contracts	**(5,597,040)**	(4,730,915)	(1,186,723)
– Sale of goods – material and others	**–**	(91,696)	(45,756)
	(5,597,040)	(4,822,611)	(1,232,479)

Contract assets relate to fixed price shipbuilding contracts. The changes in contract assets are due to differences between the agreed payment schedule and progress of the construction work.

Contract liabilities for shipbuilding contracts has increased due to more contracts in which the Group billed and received consideration ahead of the provision of construction work.

(i) Revenue recognised in relation to contract liabilities

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period.		
– Shipbuilding contracts	**1,555,551**	968,130
– Sale of goods – material and others	**91,696**	45,756

(ii) Unsatisfied performance obligations

As at 31 December 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is RMB51,910,720,000 (2021: RMB41,462,815,000) and the Group expects to recognise this revenue over the next 1 to 4 years (2021: 1 to 3 years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. REVENUE (CONTINUED)

(c) Trade receivables from contracts with customers

	31 December		1 January
	2022	**2021**	**2021**
	RMB'000	**RMB'000**	**RMB'000**
The Group			
Current assets			
Trade receivables from customers (Note 18)	**1,144,706**	945,517	372,058

5. OTHER INCOME

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Interest income		
– Cash and cash equivalents and restricted cash	**215,792**	230,635
– Finance leases	**134,456**	107,411
Sale of bunker stock and scrap materials	**37,532**	24,112
Income from forfeiture of advances received	**36,487**	32,482
Dividend income	**592**	5,604
Others	**29,767**	36,100
	454,626	436,344

6. OTHER GAINS – NET

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Foreign exchange gains	**515,974**	5,196
Less: Cash flow hedges, reclassified from hedging reserve (Note 34(b))	**(307,733)**	–
Foreign exchange related gains, net	**208,241**	5,196
Fair value (loss)/gain:		
– Derivative financial instruments	**(70,246)**	624,517
– Financial assets, at fair value through profit or loss (Note 16)	**(59,069)**	108,682
(Loss)/gain on disposal of property, plant and equipment	**(236)**	71,816
Subsidy income	**121,811**	158,296
Gain on dissolution of subsidiaries	**41,819**	–
Others	**(9,210)**	(9,788)
	233,110	958,719

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. EXPENSES BY NATURE

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Raw materials and consumables used (Note 19)	**12,044,900**	8,796,775
Amortisation of intangible assets (Note 28)	**3,834**	3,619
Depreciation of property, plant and equipment (Note 26)	**452,067**	491,781
(Reversal of impairment loss)/impairment loss on:		
– Debt investments at amortised costs (Note 17)	**(59,896)**	450,891
– Advances to suppliers	**–**	(170)
Bad debt (recovery)	**(18,989)**	(92,457)
Employee compensation (Note 8)	**310,675**	274,433
Subcontracting costs	**3,043,371**	2,451,111
Other shipbuilding related fees and charges	**550,097**	442,897
Business tax on interest income from debt instruments at amortised cost	**10,667**	6,297
Inventories write-down – net of reversal (Note 19)	**184,636**	17,364
Provision for warranty/(write-back of provision) – net (Note 31)	**64,878**	(32,196)
Reversal of provision for onerous contracts – net (Note 31)	**(218,041)**	(256,081)
Utilities	**161,129**	120,570
Transportation expenses	**21,813**	74,637
Professional fees	**30,071**	22,862
Vessel operations expenses	**682,353**	447,684
Commission	**240,476**	269,838
Others	**492,558**	446,691
Total cost of sales and administrative expenses	**17,996,599**	13,936,546

8. EMPLOYEE COMPENSATION

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Salaries and wages	**228,185**	202,564
Employer's contributions to defined contribution plans	**70,350**	65,798
Other employee benefits	**12,140**	6,071
	310,675	274,433

Contributions to defined contribution plans

The employees of the Group who are employed in the PRC participate in a defined contribution plan administered by the relevant provincial government. For the financial year ended 31 December 2022, the Group is required to make monthly defined contribution to these plans at approximately 36% to 39% (2021: approximately 45% to 47%) of eligible employees' monthly salaries and wages as stipulated by local rules and regulations. These contributions are expensed as incurred.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed in this note.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. FINANCE EXPENSES

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Interest expenses:		
– Bank borrowings	**106,741**	108,636
– Lease liabilities (Note 27)	**35**	28
Net foreign currency translation gain on borrowings	**–**	(38,763)
	106,776	69,901

10. INCOME TAXES

The Group is subject to income tax on an individual entity basis on profit arising or derived from the tax jurisdiction in which the Group entities are domiciled and operates. Except for Jiangsu New Yangzi Shipbuilding Co., Ltd ("JNYS") and Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd ("JXF"), the corporate income tax rate applicable for the Group's subsidiaries in PRC is 25%.

As at the date of these financial statements, JNYS and JXF qualifies for the "High and New Technology Enterprise" ("HNTE") incentive up to October 2025. On the basis that the qualifying conditions for HNTE is met, the applicable tax rate for JNYS and JXF is 15%.

(a) Income tax expense

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Income tax expense attributable to profit is made up of:		
Profit for the year:		
From continuing operations		
– Current income tax	**595,324**	470,166
– Deferred income tax (Note 32)	**183,794**	175,171
	779,118	645,337
From discontinued operations		
– Current income tax	**103,519**	293,416
– Deferred income tax (Note 32)	**(21,854)**	238,912
	81,665	532,328
Over provision in prior year		
From continuing operations		
– Current income tax	**(101,610)**	(23,026)
	759,173	1,154,639
Tax expense is attributable to:		
– continuing operations	**677,508**	622,311
– discontinued operations (Note 11(a))	**81,665**	532,328
	759,173	1,154,639

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. INCOME TAXES (CONTINUED)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the PRC standard rate of income tax as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Profit before tax from		
– continuing operations	**3,302,494**	2,621,960
– discontinued operations (Note 11(a))	**276,241**	2,259,768
	3,578,735	4,881,728
Share of (profits) of associated companies and joint ventures, net of tax – continuing operations	**(13,057)**	(96,190)
Share of losses/(profits) of associated companies and joint ventures, net of tax – discontinued operations	**8,686**	(265,318)
Profit before tax and share of results of associated companies and joint ventures	**3,574,364**	4,520,220
Tax calculated at the applicable tax rate of 25% (2021: 25%)	**893,591**	1,130,055
Effect of tax exemption and different tax rates	**(300,740)**	(273,058)
Deferred tax on undistributed profits	**99,217**	162,070
Expenses not deductible for tax purposes	**168,237**	158,537
Deferred tax asset on tax losses not recognised	**478**	61
Over provision of prior year tax	**(101,610)**	(23,026)
Tax charge	**759,173**	1,154,639

(b) The tax credit/(charge) relating to each component of other comprehensive income is as follows:

	Before Tax	**Tax charge**	**After tax**
	RMB'000	**RMB'000**	**RMB'000**
Group			
2022			
Fair value gains/(losses) and reclassification adjustments on cash flow hedges	**276,591**	**(41,488)**	**235,103**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. DISCONTINUED OPERATIONS

On 18 April 2022, the spin-off of 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 "spin-off") was approved by shareholders via an extraordinary general meeting. On 28 April 2022, the Company completed the spin-off and listing of the NewCo, Yangzijiang Financial Holding Ltd. ("YZJFH"). The Company distributed all the shares in YZJFH that are held by the Company, representing an aggregate amount of approximately RMB20 billion, by way of a dividend in specie.

As at the date of spin-off, YZJFH Group (the "spin-off group") comprised of YZJFH and its 100% interest in 3 subsidiaries of the Group (i.e. Jiangsu Yangchuan Investment Development Co., Ltd., Jingjiang Runyuan Rural Microfinance Co., Ltd. and Jiangsu New Yangzi Commerce & Trading Co., Ltd.). The cash and cash equivalents of the spin-off group at point of distribution amounted to approximately RMB4.3 billion (Note 13).

Accordingly, the results and balances relating to the investment segment, net of investments retained by the Group, are presented separately on the consolidated statement of comprehensive income as "Discontinued operations". The disposal group was previously presented under the "Investments" reportable segment of the Group (Note 38).

(a) The results of the discontinued operations are as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Revenue	**440,922**	1,630,752
Cost of sales	**(27,548)**	(84,766)
Expenses		
– Reversal of impairment loss on financial assets – net	**16,115**	494,887
– Others	**(8,505)**	(15,091)
Other income	**779**	378,737
Other losses – net	**(136,836)**	(410,069)
Share of (losses)/profits of associated companies (Note 24)	**(8,686)**	265,318
Profit before tax from discontinued operations	**276,241**	2,259,768
Tax (Note 10 (a))	**(81,665)**	(532,328)
Profit after tax from discontinued operations	**194,576**	1,727,440

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. DISCONTINUED OPERATIONS (CONTINUED)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	The Group	
	2022 RMB'000	2021 RMB'000
Operating cash inflows	**1,932,826**	4,040,551
Investing cash (outflows)/inflows	**(191,587)**	802,215
Financing cash flows	**–**	–
Total cash inflows	**1,741,239**	4,842,766

12. EARNINGS PER SHARE

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.

	Continuing operations		The Group Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021
Net profit attributable to equity holders of the Company (RMB'000)	**2,612,904**	1,971,192	**194,576**	1,727,440	**2,807,480**	3,698,632
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**3,940,261**	3,861,050	**3,940,261**	3,861,050	**3,940,261**	3,861,050
Basic earnings per share (RMB cents)	**66.31**	51.05	**4.94**	44.74	**71.25**	95.79

Diluted earnings per share is equivalent to the basic earnings, as the Company does not have any dilutive potential ordinary shares.

13. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Cash at bank and on hand	**10,778,393**	12,363,193	**14,242**	177,622

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. CASH AND CASH EQUIVALENTS (CONTINUED)

Acquisition of a subsidiary

In August 2022, the Group acquired 100% of Jiangsu Jiasheng Gas Co., Ltd., an entity which holds the remaining 45% non-controlling interest ("NCI") in Jiangsu Yangzi Jiasheng Terminal Co., Ltd ("Jiasheng Terminal") (an existing subsidiary of the Group) and the land site adjacent to the terminal site owned by Jiasheng Terminal. The effects of the acquisition on the cash flows of the Group were:

	The Group August 2022 RMB'000
Carrying amounts of assets and liabilities as at the date of acquisition:	
Cash and cash equivalents	**61,255**
Other receivables	**10,077**
Property, plant and equipment (Note 26)	**163,968**
Prepayments	**3,080**
Interest in Jiasheng Terminal (an existing subsidiary of the Group)	**259,900**
Total assets	**498,280**
Trade and other payables	**(68,195)**
Total liabilities	**(68,195)**
Net assets acquired	**430,085**
Less: Non-controlling interests [Note (a)]	**(259,900)**
Net assets recognised by the group	**170,185**
Cash outflows arising from acquisition:	
Purchase consideration	**430,085**
Less: Cash and cash equivalents acquired	**(61,255)**
Net cash outflow on acquisition	**368,830**
Net cash outflow on acquisition	**368,830**
Less: Acquisition of non-controlling interest	**(259,900)**
Acquisition of a subsidiary, net of cash acquired	**108,930**

(a) The carrying amount of the NCI in Jiasheng Terminal in the Group's financial statements at the date of acquisition was RMB19.53 million. The allocation of the purchase consideration paid to acquire the NCI in Jiasheng Terminal amounted to RMB259.9 million. The excess of the consideration paid of RMB240.37 million is recognised in parent's equity, under other reserve (Note 34).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. CASH AND CASH EQUIVALENTS (CONTINUED)

Spin-off

In April 2022, the Group spun off its investment segment by way of a dividend in specie, as disclosed in Note 11. The effects of the spin-off on the cash flows of the Group were:

	The Group April 2022 RMB'000
Carrying amounts of assets and liabilities as at the date of spin-off:	
Cash and cash equivalents	**4,307,763**
Financial assets, at fair value through profit or loss	**1,831,991**
Debt investments at amortised cost	**13,489,892**
Property, plant and equipment	**9,542**
Trade and other receivables	**237,377**
Investments in associated companies	**1,260,501**
Investment property	**116,906**
Deferred income tax assets	**165,849**
Total assets	**21,419,821**
Trade and other payables	**(148,066)**
Current income tax liabilities	**(106,583)**
Deferred income tax liabilities	**(1,165,172)**
Total liabilities	**(1,419,821)**
Spin-off value/dividend in specie (Note 11)	**20,000,000**
Cash outflows arising from spin-off:	
Net cash outflow on spin-off	**(4,307,763)**

Disposal of subsidiaries – dissolution of subsidiaries

In 2022, the Group dissolved three of its 100% owned subsidiaries, Jiangsu Runzhou Ship Accessories Co., Ltd., Jiangsu Tongzhou Marine Equipment Co., Ltd. and Goodluck Shipping Limited. The effects of the dissolution of the subsidiaries on the cashflows of the Group were immaterial.

In 2021, the Group dissolved its 100% owned subsidiary, Jiangsu Xinfu Machinery Co., Ltd.. The effects of the dissolution on the cash flows of the Group were immaterial as the net assets of the subsidiary at the point of disposal consist largely of cash and cash equivalents.
(refer to the removal of paragraph on investments in subsidiaries note)

Significant restrictions

Cash and restricted cash of RMB7,801,064,000 (2021: RMB1,907,156,000) are held in PRC and are subject to local exchange control regulations. The conversion of these RMB denominated balances into foreign currencies is subject to the foreign exchange rules and regulations promulgated by the PRC government.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. RESTRICTED CASH

The restricted cash was held in designated bank accounts as deposits for performance guarantees, letters of credits and borrowings.

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Restricted cash	**6,634**	17,307

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount	Fair value			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
31 December 2022					
Derivatives held for cash flow hedges:					
– Currency forwards	**19,749,283**	**33,302**	**137,218**	**(65,740)**	**(71,752)**
Derivatives not held for hedging:					
– Currency forwards	**361,179**	**–**	**–**	**(5,645)**	**–**
Total		**33,302**	**137,218**	**(71,385)**	**(71,752)**
31 December 2021					
Derivatives not held for hedging:					
– Currency swaps	254,767	–	–	(792)	–
– Currency forwards	26,436,139	209,345	477,109	(3,709)	–
Total		209,345	477,109	(4,501)	–

	Contract notional amount	Fair value			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company					
31 December 2021					
Derivatives not held for hedging:					
– Currency swaps	254,767	–	–	(792)	–

The contract notional amount included above is on a gross basis.

The derivative contracts are entered into mainly to manage foreign currency risk arising from shipbuilding contracts entered by the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Hedging instruments used in Group's hedging strategy in 2022

		Carrying Amount		Changes in fair value used for calculating hedge ineffectiveness				
	Contractual notional amount RMB'000	Assets – net RMB'000	Financial statement line item	Hedging instrument RMB'000	Hedged item RMB'000	Hedge ineffectiveness recognised in P&L RMB'000	Weighted average hedged rate	Maturity date
Group								
Cash flow hedge								
Foreign exchange risk								
– Forward contracts to hedge highly probable transactions	**19,749,283**	**33,028**	**Derivative financial instruments**	**33,028**	**(33,028)**	**–**	**USD1: RMB6.8212**	**January 2023 – March 2026**

16. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2022 RMB'000	**2021 RMB'000**
Beginning of financial year	**2,384,551**	2,639,039
Additions	**37,092**	465,547
Fair value (loss)/gain through profit and loss – Continuing operations (Note 6)	**(59,069)**	108,682
Fair value loss through profit and loss – Discontinued operations	**(137,454)**	(410,069)
Disposals	**(246,675)**	(418,648)
Spin-off	**(1,831,991)**	–
End of financial year	**146,454**	2,384,551

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

	The Group	
	2022 RMB'000	**2021 RMB'000**
Current		
Listed		
– Equity securities – PRC	**100,860**	357,436
Unlisted		
– Equity securities – PRC	**18,294**	10,000
	119,154	367,436
Non-Current		
Unlisted		
– Equity securities – PRC	**27,300**	2,017,115
	146,454	2,384,551

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. 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 year are as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Beginning of financial year	**16,581,505**	16,957,689
Addition	**3,580,333**	21,931,820
Redemptions	**(5,172,177)**	(22,356,627)
Reversal of impairment loss/(impairment loss) recognised in profit or loss – Continuing operations (Note 7)	**59,896**	(450,891)
Impairment loss recognised in profit or loss – Discontinued operations	**16,115**	499,514
Spin-off	**(13,489,892)**	–
End of financial year	**1,575,780**	16,581,505

Presented as:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Current		
Debt investments	**2,730,821**	17,626,562
Less: Allowance for impairment loss	**(1,155,041)**	(1,775,042)
	1,575,780	15,851,520
Non-current		
Debt investments	**–**	868,353
Less: Allowance for impairment loss	**–**	(138,368)
	–	729,985
Total		
Debt investments	**2,730,821**	18,494,915
Less: Allowance for impairment loss [Note 36(b)(vi)]	**(1,155,041)**	(1,913,410)
	1,575,780	16,581,505

The table below analyses the maturity profile of the Group's gross investments in debt investments at amortised cost into relevant maturity groupings based on the remaining maturity period from the balance sheet date.

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Within one year	**2,730,821**	17,626,562
Between one year to two years	**–**	786,250
Over two years	**–**	82,103
	2,730,821	18,494,915

At the balance sheet date, the carrying amounts of debt investments at amortised cost (current and non-current) approximated their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. TRADE AND OTHER RECEIVABLES – CURRENT

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Finance lease receivables (Note 21)	**157,587**	104,955	**–**	–
Trade receivables				
– Loans to non-related parties – microfinance [Note (a)]	**–**	127,604	**–**	–
– Customers	**1,144,706**	945,517	**–**	–
	1,144,706	1,073,121	**–**	–
Less: Allowance for impairment of loans to non-related parties – microfinance	**–**	(21,960)	**–**	–
Trade receivables – net	**1,144,706**	1,051,161	**–**	–
Other receivables				
– Subsidiaries	**–**	–	**6,707,253**	6,727,875
– Non-related parties	**96,245**	370,365	**54**	206,274
– Loan to an associated company	**20,000**	–	**–**	–
Other receivables – net	**116,245**	370,365	**6,707,307**	6,934,149
Other assets				
– Value added tax recoverable	**124,211**	395,611	**719**	–
– Deposits	**124**	–	**124**	124
Prepayments [Note (b)]	**2,127,062**	2,198,933	**–**	–
	3,669,935	4,121,025	**6,708,150**	6,934,273

(a) Loans to non-related parties related to microfinance activities are lending to small and medium sized entities by a Group's subsidiary, which had been disposed as part of the spin-off in April 2022 (Note 11).

(b) Prepayments mainly represent advances paid to suppliers for the purchase of raw materials, such as steel, imported equipment to be installed in the vessels, and other materials for the Group's shipbuilding activities.

The non-trade amounts due from subsidiaries are unsecured, interest-free and expected to be received within one year from the balance sheet date. The loan to an associated company is unsecured, interest-bearing and expected to be repaid within the next 12 months from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. INVENTORIES

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Raw materials	**967,296**	606,788
Work-in-progress	**263,820**	1,026,228
Trading goods	**–**	6,793
	1,231,116	1,639,809

Raw materials consist mainly of metal steel products and equipment which are used in the Group's shipbuilding activities. Work-in-progress consists of vessels under construction.

The cost of inventories recognised as expense and included in "cost of sales" amounts to RMB12,044,900,000 (2021: RMB8,796,775).

In 2022, a write-down of RMB184,636,000 (2021: RMB17,364,000) was made to reduce the carrying amounts of work-in-progress to their net realisable values.

20. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Finance lease receivables (Note 21)	**1,535,218**	1,023,143	**–**	–
Trade receivables				
– Loans to non-related parties – microfinance	**–**	48,037	**–**	–
Other receivables				
– Loans to subsidiaries [Note (a)]	**–**	–	**3,548,131**	2,224,713
Prepayments	**90,486**	10,131	**–**	–
	1,625,704	1,081,311	**3,548,131**	2,224,713

(a) Loans to subsidiaries are unsecured, interest-free with no fixed terms of repayment, and are not expected to be repaid within the next 12 months from the balance sheet date.

(b) The fair values of the Group's non-current finance lease receivables are computed based on cash flows discounted at market borrowing rates. The fair values and the market borrowing rates used are as follows:

	The Group		Borrowing rates	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**%**	**%**
Finance lease receivables	**1,651,674**	1,073,826	**4.30**	4.65

The fair values are within Level 2 of the fair value hierarchy.

Other than the above, the fair values of the Group and Company's non-current trade and other receivables approximate their respective carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. FINANCE LEASE RECEIVABLES

The Group leases vessels to non-related parties under finance leases. The various agreements expire between 2024 and 2034 (2021: 2024 and 2027), and the non-related parties have the obligation to purchase the vessels upon their respective expiry dates.

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Gross receivables due		
– Less than one year	**284,858**	237,254
– One to two years	**320,379**	219,562
– Two to three years	**419,019**	248,878
– Three to four years	**180,704**	360,661
– Four to five years	**403,187**	155,532
– More than five years	**667,680**	241,494
	2,275,827	1,463,381
Less: Unearned finance income	**(583,022)**	(335,283)
Net investment in finance leases [Note (a)]	**1,692,805**	1,128,098

The net investment in finance leases is analysed as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Current (Note 18)	**157,587**	104,955
Non-current (Note 20)	**1,535,218**	1,023,143
	1,692,805	1,128,098

(a) The net investment in finance leases increased by approximately RMB564,707,000 due to receipts of lease payments of approximately RMB343,755,000 offset by new finance lease arrangements of approximately RMB908,462,000 in 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022	**2021**
	RMB'000	**RMB'000**
Equity investments at cost		
As at 1 January	**6,042,814**	5,954,915
Additions [Note (a)]	**1,194,103**	650,004
Disposal [Note (b)]	**(10,000)**	–
Dissolution [Note (c)]	**–**	(562,105)
As at 31 December	**7,226,917**	6,042,814

(a) Additions

In 2022, the Company has subscribed for:

(i) new equity shares in JNYS, issued as consideration to capitalise dividends of approximately RMB748 million;

(ii) new equity shares in JXF, issued as consideration to capitalise dividends of approximately RMB369 million; and

(iii) new equity shares in Jiangsu Tianhong Marine Import and Export Co., Ltd., issued for cash of approximately RMB77 million.

In 2021, the Company acquired 20% of the issued shares of Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd. ("Xinfu") by way of transferring 100 million treasury shares as consideration shares of RMB650 million. Subsequent to this acquisition, Xinfu has become a wholly owned subsidiary of the Group. The effect of changes in the ownership interest of Xinfu on the equity attributable to owners of the Company in 2021 is summarised as follows:

	2021
	RMB'000
Carrying amount of non-controlling interest acquired	917,153
Consideration paid to non-controlling interest	(650,004)
Deficit of consideration paid recognised in parent's equity	267,149

The carrying amount of the non-controlling interests in Xinfu as at the date of acquisition was RMB917.15 million. The Group derecognised non-controlling interests of RMB917.15 million and recorded an increase in equity attributable to owners of the parent of RMB267.15 million.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Disposal

In 2022, the Group completed its spin-off of its investment segment into a separate entity ("spin-off group") listed on the Singapore Exchange (SGX) (Note 11). As part of the restructuring exercise leading to the spin-off, a portion of the Company's share capital in Jiangsu Yangzijiang Shipbuilding Co. Ltd., amounting to RMB10 million, was re-assigned to Jiangsu Yangchuan Investment Development Co., Ltd., which formed part of the spin-off group.

(c) Dissolution of a subsidiary

In 2021, the Company dissolved a subsidiary, Jiangsu Xinfu Heavy Industry Machinery Co., Ltd., and had cash proceeds from dissolution of RMB570,443,000. The net assets of the subsidiary reflected in the Group's financial statements as at date of disposal amounted to RMB570,497,000, which consists largely of cash and cash equivalents. The aggregate cash flows arising from dissolution of this subsidiary is immaterial to the Group.

(d) Effects of transactions with non-controlling interests on the equity attributable to owner of the parent for the year ended 31 December 2021.

	Attributable to equity holders of the Company			
	Treasury shares RMB'000	Other reserve RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
2021				
Acquisition of additional interest in a subsidiary	461,637	455,516	(917,153)	–

The gains arising from the deficit of consideration paid to non-controlling interest of RMB267,149,000 and gain arising from re-issuance of treasury shares of RMB188,367,000 (Note 33) are recognised in other reserve.

Details of significant subsidiaries are included in Note 43.

The directors are of the opinion that the non-controlling interests for each subsidiary are immaterial to the Group individually and in aggregate and accordingly, no summarised financial information for subsidiaries with non-controlling interests is disclosed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. INVESTMENTS IN JOINT VENTURES

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Equity investments at cost				
As at 1 January	**522,679**	362,332	**319,581**	221,300
Additions	**–**	151,255	**–**	151,254
Share of profits	**7,770**	91,382	**–**	–
Return of capital	**(76,742)**	(80,377)	**(53,431)**	(52,973)
Share of other comprehensive income/(loss) – currency translation reserve	**179**	(1,913)	**–**	–
As at 31 December	**453,886**	522,679	**266,150**	319,581

Set out below is the details of the joint ventures of the Group and of the Company as at 31 December 2022.

The directors are of the opinion that the investments in each joint venture are immaterial to the Group individually and in aggregate and accordingly, no summarised financial information for joint ventures is disclosed.

Name of company	Principal activity	Place of business/ country of incorporation	Effective equity holding 2022 %	Effective equity holding 2021 %
Jiangsu Yangzi - Mitsui Shipbuilding Co., Ltd.[1]	Shipbuilding	China	**51**	51
United Wave Shipping S.A.[2]	Ship-owning, chartering and sale and purchase of vessels	Panama	**50**	50

(1) The joint venture is audited by other accounting firms for local statutory purpose.
(2) Not required to be audited under the laws of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Equity investments at cost				
As at 1 January and 31 December			**134,062**	134,062
As at 1 January	**1,104,890**	1,181,393		
Additions	**209,000**	6,000		
Return of capital [Note (a)]	**(14,296)**	(280,657)		
Spin-off [Note (b)]	**(1,260,501)**	–		
Disposals [Note (c)]	**–**	(69,000)		
Share of profits – Continuing operations	**5,287**	4,808		
Share of (losses)/profits – Discontinued operations (Note 11)	**(8,686)**	265,318		
Share of other comprehensive income/(loss) – currency translation reserve	**11,730**	(2,972)		
As at 31 December	**47,424**	1,104,890		

(a) In 2022, 4 (2021: 13) associated companies of the Group distributed their capital to all the shareholders based on their respective shareholding. This did not result in a change of significant influence over these associated companies.

(b) In 2022, as part of the spin-off (Note 11), the Group disposed of 13 associated companies related to the investment segment. The carrying amount of these associated companies at the date of spin-off amounted to RMB1,260,501,000.

(c) In 2021, the Group disposed of 2 associated companies for a consideration of RMB69,000,000.

There are no contingent liabilities relating to the Group's interest in the associated companies. The directors are of the opinion that the associated companies are immaterial to the Group individually and in aggregate. Accordingly, no summarised financial information for associated companies is disclosed.

25. INVESTMENT PROPERTIES

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Cost		
Beginning of financial year	**121,779**	121,779
Additions	**2,022**	–
Spin-off [Note (a)]	**(123,801)**	–
End of financial year	**–**	121,779
Accumulated depreciation		
Beginning of financial year	**(6,027)**	(2,038)
Depreciation charge – discontinued operations	**(868)**	(3,989)
Spin-off [Note (a)]	**6,895**	–
End of financial year	**–**	(6,027)
Net book value	**–**	115,752

(a) In 2022, as part of the spin-off (Note 11), the Group disposed of its investment properties related to the investment segment. The carrying amount of these investment properties at the date of spin-off amounted to RMB116,906,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. INVESTMENT PROPERTIES (CONTINUED)

The following amounts have recognised in the results of discontinued operations in Note 11:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Rental income	**483**	1,984

The direct operating expenses arising from the investment property that generate rental income are immaterial for the financial years ended 31 December 2021 and 2022.

At the reporting date, the details of the Group's investment properties are as follows:

			Carrying amount as at 31 December	
			2022	**2021**
Location	**Description**	**Tenure**	**RMB'000**	**RMB'000**
Jiangyin City Real Estate Property No. 0002049, Ganglong Commercial Plaza No. 209-212	Retail building	32-year lease from June 2020	**–**	105,930
Room 801, No. 95 Dongjin West Road, Hailing District	Commercial building	23-year lease from May 2020	**–**	9,822
			–	115,752

The fair value of investment properties at 31 December 2021 was approximately RMB130,302,000.

The fair value was determined by external, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of the Group's investment properties are classified within Level 3 of the fair value hierarchy and has been derived using the market approach and income method. The most significant input in each valuation approach is the comparable sales price and capitalisation rate respectively.

The Group's investment property had been fully disposed as part of the spin-off (Note 11) in 2022.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Vessels RMB'000	Leasehold prepayments – land use rights RMB'000	Construction in progress RMB'000	Total RMB'000
The Group								
2022								
Cost								
As at 1 January (Restated)	**4,565,076**	**2,409,868**	**155,300**	**158,647**	**3,454,831**	**1,434,562**	**52,608**	**12,230,892**
Acquisition of a subsidiary (Note 13)	**–**	**–**	**–**	**159**	**–**	**132,327**	**31,482**	**163,968**
Additions	**1,494**	**24,176**	**4,174**	**10,395**	**798,707**	**–**	**81,062**	**920,008**
Transfer from inventory	**–**	**–**	**–**	**–**	**230,447**	**–**	**–**	**230,447**
Transfers	**25,259**	**49,882**	**2,365**	**6,323**	**–**	**–**	**(83,829)**	**–**
Disposals	**(16,781)**	**(11,632)**	**(4,272)**	**(2,825)**	**(40,183)**	**–**	**–**	**(75,693)**
Currency translation difference	**–**	**–**	**–**	**–**	**226,609**	**–**	**–**	**226,609**
As at 31 December	**4,575,048**	**2,472,294**	**157,567**	**172,699**	**4,670,411**	**1,566,889**	**81,323**	**13,696,231**
Accumulated depreciation and impairment losses								
As at 1 January (Restated)	**(2,277,477)**	**(1,832,455)**	**(136,017)**	**(128,453)**	**(1,270,140)**	**(251,005)**	**–**	**(5,895,547)**
Depreciation charge – continuing operations (Note 7)	**(172,715)**	**(108,602)**	**(7,325)**	**(10,842)**	**(127,967)**	**(24,616)**	**–**	**(452,067)**
Depreciation charge – discontinued operations	**(264)**	**–**	**–**	**–**	**–**	**–**	**–**	**(264)**
Disposals	**7,096**	**6,354**	**3,684**	**2,432**	**–**	**–**	**–**	**19,566**
Currency translation difference	**–**	**–**	**–**	**–**	**(90,151)**	**–**	**–**	**(90,151)**
As at 31 December	**(2,443,360)**	**(1,934,703)**	**(139,658)**	**(136,863)**	**(1,488,258)**	**(275,621)**	**–**	**(6,418,463)**
Net book value								
As at 31 December 2022	**2,131,688**	**537,591**	**17,909**	**35,836**	**3,182,153**	**1,291,268**	**81,323**	**7,277,768**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Vessels RMB'000	Leasehold prepayments – land use rights RMB'000	Construction in progress RMB'000	Total RMB'000
The Group								
2021								
Cost								
As at 1 January (As previously reported)	4,559,256	2,413,150	137,800	139,251	3,193,631	–	37,860	10,480,948
Restatement (Note 40)	–	–	–	–	–	252,982	–	252,982
Presentation change (Note 40)	–	–	–	–	–	1,181,580	–	1,181,580
As at 1 January (Restated)	4,559,256	2,413,150	137,800	139,251	3,193,631	1,434,562	37,860	11,915,510
Additions	73	22,259	18,920	13,770	537,476	–	76,568	669,066
Transfer from inventory	–	–	–	–	76,545	–	–	76,545
Transfers	5,788	9,231	2,564	8,481	–	–	(26,064)	–
Disposals	(41)	(34,772)	(3,984)	(2,855)	(296,525)	–	(35,756)	(373,933)
Currency translation difference	–	–	–	–	(56,296)	–	–	(56,296)
As at 31 December (Restated)	4,565,076	2,409,868	155,300	158,647	3,454,831	1,434,562	52,608	12,230,892
Accumulated depreciation and impairment losses								
As at 1 January (As previously reported)	(2,062,844)	(1,742,225)	(117,340)	(111,368)	(1,221,167)	–	–	(5,254,944)
Presentation change (Note 40)	–	–	–	–	–	(229,093)	–	(229,093)
As at 1 January (Restated)	(2,062,844)	(1,742,225)	(117,340)	(111,368)	(1,221,167)	(229,093)	–	(5,484,037)
Depreciation charge – continuing operations (Note 7)	(214,290)	(117,907)	(19,660)	(19,530)	(98,482)	(21,912)	–	(491,781)
Depreciation charge – discontinued operations	(1,202)	–	–	–	–	–	–	(1,202)
Disposals	859	27,677	983	2,445	27,430	–	–	59,394
Currency translation difference	–	–	–	–	22,079	–	–	22,079
As at 31 December (Restated)	(2,277,477)	(1,832,455)	(136,017)	(128,453)	(1,270,140)	(251,005)	–	(5,895,547)
Net book value								
As at 31 December 2021 (Restated)	2,287,599	577,413	19,283	30,194	2,184,691	1,183,557	52,608	6,335,345

(a) In 2022, the Group elected to present right-of-use assets ("ROU assets") acquired under leasing arrangements together with the owned assets of the same class. Details of such leased assets are disclosed in Note 27(a). This change in accounting policy is applied retrospectively together with a retrospective reclassification of RMB252,982,000 previously classified as "goodwill" into 'leasehold prepayments – land use rights". Further details are disclosed in Note 40.

(b) Bank borrowings are secured on certain land use rights of the Group with carrying amounts of RMB20,858,000 (2021: RMB21,555,000), buildings of the Group with carrying amounts of RMB35,109,000 (2021: RMB35,321,000) and vessels of the Group with carrying amounts of RMBNil (2021: RMB1,433,940,000).

(c) The Group's interest in land use rights in the PRC is held on leases with periods ranging from 35 years to 50 years (2021: 35 years to 50 years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2022, included in PPE is RMB377.8 million of LUR premium paid in relation to the acquisitions of a terminal and adjacent land for the planned conversion of the terminal and land to a liquefied natural gas ("LNG") terminal facility in the upstream Yangtze River region. The relevant government approval for conversion is underway as at balance sheet date and significant judgements are required in determining the recoverable amount of the LUR premium (Note 3(d)).

As at 31 December 2022, no impairment was required as the recoverable amount was higher than the carrying value of the CGU to which the LUR premium is attributed.

The recoverable amount of the CGU to which the LUR premium is attributed, is determined based on fair value less costs to sell ("FVLCTS") model, measured using discounted cash flows projections. Cash flow projections used in the FVLCTS calculation were based on projected cash flows approved by management covering a thirty-one-year period and post-tax discount rate of 13% per annum (pre-tax discount rate of 16% per annum). The discount rate applied to the cash flow projections reflects management's estimate of the assumption that market participants would use when pricing the asset. This is a Level 3 fair value measurement.

	Buildings RMB'000	**Furniture, fittings and equipment RMB'000**	**Total RMB'000**
Company			
2022			
Cost			
As at 1 January	**2,556**	**412**	**2,968**
Additions	**1,494**	**–**	**1,494**
Disposals	**(2,556)**	**(412)**	**(2,968)**
As at 31 December	**1,494**	**–**	**1,494**
Accumulated depreciation			
As at 1 January	**(2,222)**	**(412)**	**(2,634)**
Depreciation charge	**(783)**	**–**	**(783)**
Disposals	**2,556**	**412**	**2,968**
As at 31 December	**(449)**	**–**	**(449)**
Net book value			
As at 31 December 2022	**1,045**	**–**	**1,045**
2021			
Cost			
As at 1 January and 31 December	2,556	412	2,968
Accumulated depreciation			
As at 1 January	(1,504)	(412)	(1,916)
Depreciation charge	(718)	–	(718)
As at 31 December	(2,222)	(412)	(2,634)
Net book value			
As at 31 December 2021	334	–	334

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. LEASES

Nature of the Group's leasing activities – The Group as a lessee

Buildings

The Group leases office space for the purpose of head office operations.

Leasehold land

The Group has made upfront payments to secure the right-of-use of leasehold land with lease terms ranging from 35 years to 50 years, which are used in the Group's operations in China. These leasehold lands are recognised within property, plant and equipment (Note 26).

There is no externally imposed covenant on these lease arrangements.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	2022 RMB'000	2021 RMB'000 (Restated)
The Group and the Company		
Land use rights	**1,291,268**	1,183,557
Buildings	**1,045**	334

(b) Depreciation charge during the year

	2022 RMB'000	2021 RMB'000
The Group		
Buildings	**783**	718
Leasehold land	**24,616**	21,912
	25,399	22,630

(c) Interest expense

	2022 RMB'000	2021 RMB'000
The Group		
Interest expense on lease liabilities (Note 9)	**35**	28

(d) Total cash outflow for all the leases in 2022 was RMB780,000 (2021: RMB772,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. LEASES (CONTINUED)

Nature of the Group's leasing activities – The Group as a lessor

The Group leases vessels under finance leases and operating leases to non-related parties. Leases where the Group transferred substantially all risks and rewards incidental to ownership of the vessels to the lessees are classified as finance leases.

The maturity analysis of lease payments for the finance leases is disclosed in Note 21. The credit risk of the finance lease receivables is disclosed in Note 36(b)(v).

In 2021, the Group has leased out their owned investment property to third parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain rental deposits from tenants. These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. Rental income from this investment property is disclosed in Note 25.

The Group's investment properties have been fully disposed as part of the spin-off (Note 11) in 2022.

Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Less than one year	**309,721**	289,643
One to two years	**160,756**	162,752
Two to three years	**27,982**	153,384
Three to four years	**–**	26,699
	498,459	632,478

28. INTANGIBLE ASSETS

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
		(Restated)
Composition:		
Computer software licenses [Note (a)]	**19,845**	22,374
Goodwill [Note (b)]	**5,997**	5,997
	25,842	28,371

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. INTANGIBLE ASSETS (CONTINUED)

(a) Computer software licenses

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Cost		
Beginning of financial year	**35,445**	31,606
Additions	**1,305**	3,839
End of financial year	**36,750**	35,445
Accumulated amortisation		
Beginning of financial year	**(13,071)**	(9,452)
Amortisation charge (Note 7)	**(3,834)**	(3,619)
End of financial year	**(16,905)**	(13,071)
Net book value as at 31 December	**19,845**	22,374
Net book value as at 1 January	**22,374**	22,154

The amortisation expenses are classified as administrative expenses in profit or loss.

(b) Goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segments. The carrying amount of goodwill had been allocated to the "Others" business segment.

The goodwill of RMB5,997,000 arose from the acquisition of Shanghai Econovo Marine Engineering Co., Ltd. ("Econovo") in 2019 with regards to its vessel design and offshore projects. There was no impairment loss recognised in profit or loss during the current financial year and the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current				
Trade payables				
– Third parties	**1,698,712**	1,487,483	**–**	–
Other payables				
– Subsidiaries [Note (a)]	**–**	–	**2,635,545**	2,457,777
– Non-related parties	**1,187,103**	1,016,718	**5,991**	10,260
Deferred compensation income [Note (b)]	**157,482**	157,482	**–**	–
Other operating accruals	**129,111**	142,518	**–**	–
	3,172,408	2,804,201	**2,641,536**	2,468,037

(a) The non-trade amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(b) Deferred compensation income relates to the government grant received for the relocation of shipbuilding premises at Jiangsu Yangzijiang Shipbuilding Co., Ltd. ("JYS"). A portion of the government grant is deferred as the performance conditions attached to this portion of the grant have yet been met.

30. BORROWINGS

	The Group		The Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current				
Bank borrowings (secured) [Note (a)]	**18,400**	211,910	**–**	–
Bank borrowings (unsecured)	**2,250,000**	2,291,592	**–**	841,592
Lease liabilities	**798**	312	**798**	312
	2,269,198	2,503,814	**798**	841,904
Non-current				
Bank borrowings (secured) [Note (a)]	**48,000**	685,474	**–**	–
Bank borrowings (unsecured)	**2,250,000**	1,267,305	**–**	–
Lease liabilities	**342**	–	**342**	–
	2,298,342	1,952,779	**342**	–
	4,567,540	4,456,593	**1,140**	841,904

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. BORROWINGS (CONTINUED)

The exposure of the Group and the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Floating rate:				
– Within six months	**–**	869,277	**–**	841,592
– Between six months to 12 months	**18,400**	184,225	**–**	–
– One to two years	**48,000**	685,474	**–**	–
Fixed rate:				
– Within one year	**2,250,798**	1,450,312	**798**	312
– One to two years	**2,250,342**	1,267,305	**342**	–
	4,567,540	4,456,593	**1,140**	841,904

(a) These bank borrowings are secured by legal mortgages over certain land use rights, buildings and vessels of the Group (Note 26).

(b) Fair value of non-current borrowings at fixed rate

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Borrowings				
– RMB	**2,246,366**	1,210,994	**328**	–

The fair value is determined from the cash flow analysis discounted at market borrowing rate of an equivalent instrument which the directors expect to be available to the Group at the balance sheet date. The discount rates are as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
Borrowings				
– RMB	**4.30%**	4.65%	**4.30%**	–

The fair values are within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. BORROWINGS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The Group	1 January 2022 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes: Interest expense RMB'000	Non-cash changes: Foreign exchange movement RMB'000	Non-cash changes: Others RMB'000	31 December 2022 RMB'000
Bank borrowings	**4,456,281**	6,238,478	(6,316,802)	106,741	100,606	(18,904)	**4,566,400**
Lease liabilities	**312**	–	(780)	35	79	1,494	**1,140**

The Group	1 January 2021 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes: Interest expense RMB'000	Non-cash changes: Foreign exchange movement RMB'000	Non-cash changes: Others RMB'000	31 December 2021 RMB'000
Bank borrowings	4,242,968	4,211,035	(4,033,592)	108,636	(72,766)	–	4,456,281
Lease liabilities	1,085	–	(772)	28	(29)	–	312

31. PROVISIONS

	The Group 2022 RMB'000	The Group 2021 RMB'000
Warranty	**364,418**	348,357
Onerous contracts	**–**	218,041
Customer claim	**–**	82,000
	364,418	648,398

The Group provides warranties on completed and delivered vessels and undertakes to repair or replace items that fail to perform satisfactorily. The provision for warranty is based on estimates from known and expected warranty work and legal and constructive obligation for further work to be performed after construction. The estimated warranty expense is 1% of the shipbuilding contract price.

The Group records provision for onerous contracts when the estimated costs of construction for vessels in respect of the construction contracts entered into with customers exceeded the proceeds from these contracts. The provision for onerous contracts is estimated based on difference between the total estimated construction costs and proceeds from these contracts. Significant assumptions in estimating the construction costs are disclosed in Note 3(a). The proceeds are determined based on the agreed contract sum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. PROVISIONS (CONTINUED)

Movement in provision is as follows:

	The Group Warranty		The Group Onerous contracts		The Group Customer claim	
	2022 RMB'000	**2021 RMB'000**	**2022 RMB'000**	**2021 RMB'000**	**2022 RMB'000**	**2021 RMB'000**
As at 1 January	**348,357**	382,132	**218,041**	474,122	**82,000**	82,000
Write back of provision	**(90,278)**	(147,973)	**(40,403)**	(235,704)	**–**	–
Provision made	**155,156**	115,777	**–**	115,607	**–**	–
Provision utilised	**(48,817)**	(1,579)	**(177,638)**	(135,984)	**(82,000)**	–
As at 31 December	**364,418**	348,357	**–**	218,041	**–**	82,000

32. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority and on an entity by entity basis.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	The Group	
	2022 RMB'000	**2021 RMB'000**
Deferred income tax assets	**(361,972)**	(646,871)
Deferred income tax liabilities	**635,529**	1,799,299
Net deferred tax liabilities	**273,557**	1,152,428

Movements in net deferred income tax accounts are as follows:

	The Group	
	2022 RMB'000	**2021 RMB'000**
As at 1 January	**1,152,428**	738,345
Charged to profit or loss (Note 10(a))	**161,940**	414,083
Credited to other comprehensive income (Note 10(b))	**(41,488)**	–
Spin-off (Note 13)	**(999,323)**	–
As at 31 December	**273,557**	1,152,428

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of RMB8,470,000 (2021: RMB26,218,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. DEFERRED INCOME TAX (CONTINUED)

The expiry date of tax losses of the Group are summarised as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Within one year	**3,651**	17,220
Between one year to two years	**1,885**	3,651
Between three years to five years	**2,911**	2,883
No expiry date	**23**	2,464
	8,470	26,218

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

<u>The Group</u>

Deferred income tax assets

	Impairment losses RMB'000	Warranty provision RMB'000	Onerous contracts provision RMB'000	Others RMB'000	Total RMB'000
2022					
As at 1 January	**(540,398)**	**(54,946)**	**(32,706)**	**(18,821)**	**(646,871)**
Charged/(credited) to:					
– profit or loss	**106,082**	**(2,024)**	**32,706**	**(17,714)**	**119,050**
Spin-off (Note 13)	**129,314**	**–**	**–**	**36,535**	**165,849**
As at 31 December	**(305,002)**	**(56,970)**	**–**	**–**	**(361,972)**
2021					
As at 1 January	(578,679)	(59,666)	(71,118)	–	(709,463)
Charged/(credited) to profit or loss	38,281	4,720	38,412	(18,821)	62,592
As at 31 December	(540,398)	(54,946)	(32,706)	(18,821)	(646,871)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. DEFERRED INCOME TAX (CONTINUED)

The Group (Continued)

Deferred income tax liabilities

	Undistributed profits of subsidiaries RMB'000	Fair value gain – net RMB'000	Forfeiture income RMB'000	Others RMB'000	Total RMB'000
2022					
As at 1 January	**1,530,676**	**100,702**	**135,884**	**32,037**	**1,799,299**
(Credited)/charged to:					
– profit or loss	**(40,005)**	**(55,107)**	**(22,216)**	**160,218**	**42,890**
– other comprehensive income	**–**	**(41,488)**	**–**	**–**	**(41,488)**
Spin-off	**(1,165,172)**	**–**	**–**	**–**	**(1,165,172)**
As at 31 December	**325,499**	**4,107**	**113,668**	**192,255**	**635,529**
2021					
As at 1 January	1,368,604	79,204	–	–	1,447,808
Charged to profit or loss	162,072	21,498	135,884	32,037	351,491
As at 31 December	1,530,676	100,702	135,884	32,037	1,799,299

33. SHARE CAPITAL

	Number of shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital RMB'000	Treasury shares RMB'000
The Group				
2022				
As at 1 January	**3,974,077**	**(50,663)**	**7,361,990**	**(269,582)**
Share buy back [Note(a)]	**–**	**(10,000)**	**–**	**(60,369)**
Treasury shares re-issued [Note(b)]	**–**	**37,175**	**–**	**202,198**
As at 31 December	**3,974,077**	**(23,488)**	**7,361,990**	**(127,753)**
2021				
As at 1 January	3,974,077	(121,561)	7,361,990	(560,443)
Share buy back [Note(a)]	–	(29,102)	–	(170,776)
Treasury shares re-issued [Note(c)]	–	100,000	–	461,637
As at 31 December	3,974,077	(50,663)	7,361,990	(269,582)
Company				
2022				
As at 1 January	**3,974,077**	**(50,663)**	**7,326,773**	**(269,582)**
Share buy back [Note(a)]	**–**	**(10,000)**	**–**	**(60,369)**
Treasury shares re-issued [Note(b)]	**–**	**37,175**	**–**	**202,198**
As at 31 December	**3,974,077**	**(23,488)**	**7,326,773**	**(127,753)**
2021				
As at 1 January	3,974,077	(121,561)	7,326,773	(560,443)
Share buy back [Note(a)]	–	(29,102)	–	(170,776)
Treasury shares re-issued [Note(c)]	–	100,000	–	461,637
As at 31 December	3,974,077	(50,663)	7,326,773	(269,582)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. SHARE CAPITAL (CONTINUED)

(a) The Company bought back 10,000,000 (2021: 29,102,000) shares of the Company by way of market acquisition, which are held as treasury shares.

(b) On 2 March 2022, the Company entered into separate subscription agreements (the "Convertible Bond Agreements") with 2 investors, pursuant to which each investor subscribed for a principal amount of SGD25 million of convertible bonds due 2023. On 19 April 2022, the Company re-issued 37,174,720 treasury shares to these investors pursuant to the terms of the Convertible Bond Agreements. The fair value of the treasury shares at the date of conversion was SGD50 million (RMB234.66 million), whilst the cost of such treasury shares reissued amounted to RMB202.2 million. Accordingly, a gain on re-issue of treasury shares of RMB32.46 million is recognised in the other reserve (Note 34).

(c) In 2021, the Company re-issued 100 million of treasury shares to acquire 20% of equity interest in Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd ("Xinfu"). The fair value of the treasury shares as at the date of acquisition was SGD130 million (RMB650 million), whilst the cost of such treasury shares re-issued amounted to RMB461.64 million. Accordingly, a gain on re-issue of treasury shares of RMB188.37 million is recognised in the other reserve (Note 34).

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

34. OTHER RESERVES

	Group		**Company**	
	2022 RMB'000	**2021 RMB'000**	**2022 RMB'000**	**2021 RMB'000**
Composition:				
Statutory reserves [Note (a)]	**4,624,921**	4,637,147	**–**	–
Hedging reserve [Note (b)]	**(235,103)**	–	**–**	–
Currency translation reserve [Note (c)]	**(30,359)**	(143,763)	**–**	–
Other reserve [Note (d)]	**(2,685,589)**	(2,477,682)	**180,637**	148,175
	1,673,870	2,015,702	**180,637**	148,175

(a) Statutory reserves

In accordance with the relevant rules and regulations, the Group's subsidiaries in the PRC are required to appropriate certain percentage of their profits to various reserve funds.

All subsidiaries which are considered as Wholly Owned Foreign Enterprise may discontinue the contribution to the reserve fund when the aggregate sum of the reserve fund is more than 50% of the registered capital in accordance with the "Law of the PRC on Enterprise Operated Exclusively with Foreign Capital".

During the financial year ended 31 December 2022, the Group's subsidiaries have appropriated RMB66,154,000 (2021: RMB92,546,000) from their profits to statutory reserves.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. OTHER RESERVES (CONTINUED)

(b) Hedging reserve

Movements in hedging reserve by risk category:

	The Group 2022 Foreign exchange risk RMB'000
Beginning of financial year	**–**
– Fair value losses	**584,324**
– Tax on fair value losses	**(87,648)**
	496,676
Reclassification to profit or loss, as hedged item has affected profit or loss	
– Other gains/(losses) – net (Note 6)	**(307,733)**
Tax on reclassification adjustments	**46,160**
	(261,573)
End of financial year	**235,103**

(c) Currency translation reserve

Currency translation reserve represents the currency translation differences resulting from the translation of the Group entities' financial statements that have a functional currency different from the Group's presentation currency.

(d) Other reserve

Other reserve represents capital investments and distributions relating to equity transactions with non-controlling shareholders and gain on re-issue of treasury shares. The movement in other reserve during the year relates to the gain on re-issue of treasury shares amounted to RMB32.46 million (Note 33) and the difference between the carrying amount of non-controlling interest and the consideration paid to the non-controlling shareholder to acquire the Group's remaining 45% equity interest in Jiangsu Yangzi Jiasheng Terminal Co., Ltd. amounted to RMB240.37 million (Note 13).

35. DIVIDENDS

	The Group	
	2022 RMB'000	**2021 RMB'000**
Ordinary dividends		
Final exempt dividend paid in respect of the previous financial year of SGD5.0 cents (2021: SGD4.5 cents) per share	**969,988**	836,856

In April 2022, the Company completed the spin-off and listing of YZJFH (Note 11). The Company distributed all the shares in YZJFH that are held by the Company, representing an aggregate share capital of approximately RMB20 billion, by way of a dividend specie.

A final exempt (one-tier) dividend of SGD5.0 cents per share amounting to approximately SGD197,529,000 (equivalent of RMB1,013,482,000) has been recommended for the shareholders' approval at the Annual General Meeting on 24 April 2023. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency swaps and forwards and foreign currency borrowings to manage or hedge certain financial risk exposures.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Group, including establishing operating guidelines governing the activities of the Group, such as risk identification and measurement, risk management, oversight responsibilities, authority levels and exposure limits.

(a) Market risk

(i) Currency risk

The Group is exposed to USD borrowings. The Group manages this risk by entering into currency swaps, as appropriate, in accordance with the Group's financial risk management policies.

The Group also has shipbuilding contracts with customers around the world and is exposed to currency risk mainly arising from USD. The Group manages this risk by entering into currency forwards for these highly probable forecast transactions denominated in USD.

On 1 January 2022, the Group applied hedge accounting on currency forwards which met all qualifying criteria for hedge accounting. The objective of the cash flow hedge accounting is to fairly present the management of volatility arising from the Group's foreign currency exposure from shipbuilding contracts denominated in USD. Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedged instrument.

The Group does not hedge 100% of the contract value of individual shipbuilding contracts and therefore, the hedged item is identified as a proportion of individual shipbuilding contract. The Group enters into currency forwards as disclosed in Note 15 with the same critical terms as the hedged item, such as currency pair, timing and notional amount. When all critical terms matched during the year, the economic relationship was assessed as 100% effective.

As the Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match with that of the hedging instrument, the Group assesses if an economic relationship continues to exist between the hedged item and instrument and computes hedge effectiveness, as appropriate. Hedge ineffectiveness may occur due to changes in critical terms such as difference in timing between the maturity period of the currency forward and the timing of USD receipts under the shipbuilding contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposure based on the information provided to key management is as follows:

	RMB RMB'000	USD RMB'000	EUR RMB'000	SGD RMB'000	Total RMB'000
The Group					
At 31 December 2022					
Financial assets					
Cash and cash equivalents	**7,800,977**	**2,646,260**	**316,357**	**14,799**	**10,778,393**
Restricted cash	**87**	**6,547**	**–**	**–**	**6,634**
Financial assets at fair value through profit or loss	**146,454**	**–**	**–**	**–**	**146,454**
Debt investments at amortised cost	**1,575,780**	**–**	**–**	**–**	**1,575,780**
Trade and other receivables excluding prepayment and value added tax recoverable	**1,172,863**	**1,774,783**	**6,056**	**178**	**2,953,880**
	10,696,161	**4,427,590**	**322,413**	**14,977**	**15,461,141**
Financial liabilities					
Trade and other payables	**(2,787,337)**	**(227,589)**	**–**	**–**	**(3,014,926)**
Borrowings	**(4,566,400)**	**–**	**–**	**(1,140)**	**(4,567,540)**
	(7,353,737)	**(227,589)**	**–**	**(1,140)**	**(7,582,466)**
Net financial assets/ (liabilities)	**3,342,424**	**4,200,001**	**322,413**	**13,837**	**7,878,675**
Less: Net financial assets denominated in the respective entities' functional currency	**(3,342,424)**	**(1,312,230)**	**–**	**–**	
Less: Forward foreign exchange contracts and foreign currency swaps	**–**	**(20,110,462)**	**–**	**–**	
Add: Contract assets	**–**	**4,952,174**	**–**	**–**	
Add: Highly probable forecasted transactions in foreign currencies	**–**	**49,010,579**	**–**	**–**	
Currency exposure	**–**	**36,740,062**	**322,413**	**13,837**	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) *Currency risk* (Continued)

	RMB RMB'000	**USD RMB'000**	**EUR RMB'000**	**SGD RMB'000**	**Total RMB'000**
The Group					
At 31 December 2021					
Financial assets					
Cash and cash equivalents	1,897,071	10,345,777	72,816	47,529	12,363,193
Restricted cash	10,087	7,220	–	–	17,307
Financial assets at fair value through profit or loss	2,384,551	–	–	–	2,384,551
Debt investments at amortised cost	16,581,505	–	–	–	16,581,505
Trade and other receivables excluding prepayment and value added tax recoverable	1,324,991	847,053	219,219	206,398	2,597,661
	22,198,205	11,200,050	292,035	253,927	33,944,217
Financial liabilities					
Trade and other payables	(2,512,516)	(134,198)	–	(5)	(2,646,719)
Borrowings	(2,784,799)	(1,671,482)	–	(312)	(4,456,593)
	(5,297,315)	(1,805,680)	–	(317)	(7,103,312)
Net financial assets/ (liabilities)	16,900,890	9,394,370	292,035	253,610	26,840,905
Less: Net financial assets denominated in the respective entities' functional currency	(16,900,890)	(1,288,341)	–	–	
Less: Forward foreign exchange contracts and foreign currency swaps	–	(26,181,372)	–	(254,767)	
Add: Contract assets	–	3,906,867	–	–	
Add: Highly probable forecasted transactions in foreign currencies	–	37,673,832	–	–	
Currency exposure	–	23,505,356	292,035	(1,157)	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) *Currency risk* (Continued)

	RMB RMB'000	USD RMB'000	SGD RMB'000	Total RMB'000
The Company				
At 31 December 2022				
Financial assets				
Cash and cash equivalents	**3,616**	**6,196**	**4,430**	**14,242**
Trade and other receivables	**10,248,932**	**6,470**	**160**	**10,255,562**
	10,252,548	**12,666**	**4,590**	**10,269,804**
Financial liabilities				
Other payables	**(2,641,516)**	**(20)**	**–**	**(2,641,536)**
Borrowings	**–**	**–**	**(1,140)**	**(1,140)**
	(2,641,516)	**(20)**	**(1,140)**	**(2,642,676)**
Net financial assets/(liabilities)	**7,611,032**	**12,646**	**3,450**	**7,627,128**
Less: Net financial assets denominated in the company's functional currency	**(7,611,032)**	**–**	**–**	
Currency exposure	**–**	**12,646**	**3,450**	
At 31 December 2021				
Financial assets				
Cash and cash equivalents	–	145,671	31,951	177,622
Trade and other receivables	8,946,629	6,434	205,923	9,158,986
	8,946,629	152,105	237,874	9,336,608
Financial liabilities				
Other payables	(2,467,948)	(20)	(69)	(2,468,037)
Borrowings	–	(841,592)	(312)	(841,904)
	(2,467,948)	(841,612)	(381)	(3,309,941)
Net financial assets/(liabilities)	6,478,681	(689,507)	237,493	6,026,667
Less: Net financial assets denominated in the company's functional currency	(6,478,681)	–	–	
Less: Forward foreign exchange contracts and foreign currency swaps	–	254,767	(254,767)	
Currency exposure	–	(434,740)	(17,274)	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) *Currency risk* (Continued)

If the USD, EUR and SGD change against the RMB by 10% (2021: 10%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) excluding equity instruments that are exposed to currency risk will be as follows:

	Increase/(decrease) Profit after tax	
	2022 RMB'000	**2021 RMB'000**
The Group		
USD against RMB:		
– strengthened	**2,920,282**	1,794,581
– weakened	**(2,920,282)**	(1,794,581)
EUR against RMB:		
– strengthened	**25,627**	22,296
– weakened	**(25,627)**	(22,296)
SGD against RMB:		
– strengthened	**1,100**	(88)
– weakened	**(1,100)**	88
The Company		
USD against RMB:		
– strengthened	**1,050**	(36,083)
– weakened	**(1,050)**	36,083
SGD against RMB:		
– strengthened	**286**	(1,434)
– weakened	**(286)**	1,434

(ii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risks arise primarily from its cash and cash equivalents, restricted cash, debt investments at amortised cost, loans to non-related parties – microfinance and borrowings from financial institutions. The Group's policy is to minimise exposure to variable interest rates of interest-bearing assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

As at balance sheet date, the Group's investments in debt investments at amortised cost and loans to non-related parties – microfinance were not exposed to cash flow interest rate risk as they were all fixed rated instruments. The Group's exposure to cash flow interest rate risk on borrowings at variable rates is immaterial.

(iii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as financial assets, at FVPL. To manage its price risk arising from these investments, the Group ensures that the investments are within authorised mandate based on its approved financial risk management and operating guidelines.

If prices for equity securities in PRC had increased/decreased by 10% (2021: 10%) with all other variables including tax rate being held constant, the net of tax effects on profit after tax ("PAT") would have been:

	Increase/(decrease)	
	2022	**2021**
	PAT	**PAT**
	RMB'000	**RMB'000**
The Group		
Increased by	**10,984**	178,841
Decreased by	**(10,984)**	(178,841)

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group.

Except as disclosed below, the maximum exposure to credit risk for those financial assets which the Group and the Company do not hold collaterals is the carrying amount of that class of financial instruments presented on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The Group's and the Company's credit risk exposure in relation to financial assets at amortised cost and contract assets under SFRS(I) 9 as at 31 December 2022 are set out in the as follows:

(i) Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash are considered to have low credit risk as the Group and the Company adopt the policy of dealing only with major banks of high credit standing throughout the world.

To mitigate credit risk, the Company adopts the policy of dealing only with financial institutions and other counterparties with high credit ratings.

(ii) Trade receivables and contract assets related to shipbuilding activities

In 2022, credit risk exposure relating to shipbuilding activities is RMB6,618,897,000 (2021: RMB4,776,866,000), which comprises of RMB1,023,222,000 (2021: RMB793,665,000) included in trade and other receivables and contract assets of RMB5,595,675,000 (2021: RMB3,983,201,000).

The Group adopts the policy of dealing with a group of customers of appropriate credit history and obtaining guaranteed letters of credit and advances from registered banks of the customers' home countries. In addition, the Group has contractual safeguards in place to minimise credit risk. The Group has the right over collateral (vessels) in the event of default in scheduled payment by customers.

The Group measures the lifetime expected credit loss allowance for trade receivables and contract assets related to shipbuilding activities. These are assessed on a customer-by-customer basis.

Credit risk of each customer is evaluated periodically with due consideration on historical loss rate, past payment patterns, compliance with milestone payments during the contract period and any publicly available information on the customer.

Trade receivables and contract assets as at balance sheet date are assessed to be subject to immaterial credit losses due to the Group's progressive collection on the schedule payments over the construction period. The remaining credit risk exposure will be covered by the collateral in the event of default in scheduled payment by customer.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(iii) Trade receivables related to trading activities

In 2022, credit risk exposure relating to trading activities is RMB3,581,000 (2021: RMB27,387,000).

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties.

Within the trading activities segment, the trade receivables comprise 1 debtor (2021: 1 debtor) that represented 99% (2021: 86%) of trade receivables related to trading activities.

The Group measures the lifetime expected credit loss allowance for trade receivables related to trading activities. The remaining receivables balance are substantially still within the credit term and are subject to immaterial credit losses.

(iv) Loans to non-related parties – microfinance

Loans to non-related parties – microfinance are related to the micro-credit provided to enterprises and individuals by a Group's subsidiary that formed part of the spin-off completed in April 2022 (Note 11). There is no microfinancing loan to non-related parties as at 31 December 2022.

All the loans to non-related parties – microfinance are secured by either single or a group of collaterals or by guarantees. The Group monitors the market value of these collaterals on a periodic basis and has contractual safeguards in place to minimise credit risk as they have the right to call for additional collateral if the value of the initial collateral is inadequate. The Group uses internal credit risk rating to determine the credit risk and determine the credit loss allowance.

The Group applies a general 3 stage approach to measure expected credit loss. In measuring expected credit loss, the Group considers the probability of default upon the initial recognition of the loan and assess whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

A significant increase in credit risk is presumed if there is a decline in internal credit risk grading. A default on a loan is when the counterparty fails to make contractual payments for a prolonged period when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(iv) Loans to non-related parties – microfinance (Continued)

The fair value of the collaterals is considered when providing for loss allowance. The carrying amounts of loans to non-related parties – microfinance before loss allowance presented by the type of collaterals held as at 31 December 2021 are as follows:

	The Group 2021 RMB'000
Collateralised by:	
– Listed shares in PRC	468
– Unlisted shares in PRC	10,155
– Properties and land use rights	99,648
– Guaranteed by non-related individuals	59,120
– Guaranteed by non-related corporations	6,250
	175,641

As at 31 December 2021, the Group measures loss allowance based on the following basis:

Basis of recognition of expected credit loss	**12-month expected credit losses RMB'000**	**Lifetime expected credit losses RMB'000**	**Total RMB'000**
31 December 2021	175,641	–	175,641

The movement in the allowance for impairment loss for the financial year ended 31 December 2021 are as follow:

	2021 RMB'000
The Group	
As at 1 January	17,333
Loss allowance recognised in profit or loss during the year on:	
– Assets acquired/originated	4,627
– Reversal of unutilised amounts	–
	4,627
As at 31 December	21,960

There is no material movement in the allowance for impairment loss up to the point of spin-off in 2022.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(v) Finance lease receivables, other receivables and other financial assets

Finance lease receivables of RMB1,692,805,000 (2021: RMB1,128,098,000) are subject to immaterial credit loss as the Group entered into lease arrangements of vessels with customers of appropriate credit history. The Group also has contractual safeguards in place to minimise credit risk where the Group has the right over collateral (vessels) in the event of default in scheduled payment by customers.

Other receivables and other financial assets are due substantially from counterparties with a good collection track record with the Group and subject to immaterial credit losses.

(vi) Debt investments at amortised cost

For each debt investment, the Group's credit risk management strategy is to obtain a principal collateral of higher liquidity, and additional collaterals on top of the principal collateral, where necessary.

The Group applies general 3 stage approach to measure expected credit loss. In measuring expected credit loss, the Group considers the probability of default upon initial recognition of investment and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group uses internal credit risk grading for its debt investments and these internal credit risk grading is established by reference to industry practice.

The summary of impairment assessment is presented as follows:

Category	**Performing (Stage 1)**	**Under-performing (Stage 2)**	**Non-performing (Stage 3)**	**Write-off**
Definition of category	Borrowers have a low risk of default or a strong capacity to meet contractual cash flows	Borrowers for which there is a significant increase in credit risk; significant increase in credit risk is presumed if there is a decline in internal credit risk grading (which could result from interest payments past due)	Principal payments past due; Borrowers facing litigations; or extension of principal repayment date due to financial difficulties or specific reason	No reasonable expectation of recovery
Basis of recognition of expected credit loss	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	Asset is written off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(vi) Debt investments at amortised cost (Continued)

Over the term of the investment, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward looking macroeconomic data. The forward looking macroeconomic data incorporates adjustments for weighted average economic scenario outcomes for Stage 1 and Stage 2 loans as at 31 December 2021, being 23% upside, 17% downside and 60% base case scenarios, and are derived using publicly available data and internal forecast. There are no Stage 1 and Stage 2 loans as at 31 December 2022. The Group provides for credit losses against debt investments as follows:

Category	**Performing RMB'000**	**Under-performing RMB'000**	**Non-performing RMB'000**	**Total RMB'000**
2022				
Expected credit loss rates	**–**	**–**	**NA***	
Gross carrying amount	**–**	**–**	**2,730,821**	**2,730,821**
Credit loss allowance	**–**	**–**	**(1,155,041)**	**(1,155,041)**
Net carrying amount	**–**	**–**	**1,575,780**	**1,575,780**
2021				
Expected credit loss rates	4.0%	4.7%	NA*	
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	14,300,747	554,745	1,726,013	16,581,505

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(vi) Debt investments at amortised cost (Continued)

The loss allowance for debt investments as at 31 December 2022 reconciles to the opening loss allowance for that provision as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
The Group				
2022				
Balance at 1 January 2022	**600,758**	**27,587**	**1,285,065**	**1,913,410**
Transfer to Stage 3	**(10,262)**	**–**	**10,262**	**–**
Loss allowance recognised in profit or loss during the year on:				
– Reversal of unutilised amount	**(54,718)**	**(390)**	**(262,600)**	**(317,708)**
– Changes in risk parameters**	**–**	**–**	**241,697**	**241,697**
	(54,718)	**(390)**	**(20,903)**	**(76,011)**
Utilisation	**–**	**–**	**(99,000)**	**(99,000)**
Spin-off	**(535,778)**	**(27,197)**	**(20,383)**	**(583,358)**
Balance at 31 December 2022	**–**	**–**	**1,155,041**	**1,155,041**
The Group				
2021				
Balance at 1 January 2021	897,702	32,922	1,075,198	2,005,822
Transfer to Stage 3	(28,474)	–	28,474	–
Transfer to Stage 2	(4,164)	4,164	–	–
Loss allowance recognised in profit or loss during the year on:				
– Asset acquired/originated*	500,170	–	80,000	580,170
– Reversal of unutilised amount	(667,662)	(518)	(154,595)	(822,775)
– Changes in risk parameters**	(96,814)	(8,981)	299,777	193,982
	(264,306)	(9,499)	225,182	(48,623)
Utilisation	–	–	(43,789)	(43,789)
Balance at 31 December 2021	600,758	27,587	1,285,065	1,913,410

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(vi) Debt investments at amortised cost (Continued)

* This relates to the loss allowance recorded in profit or loss on debt investments acquired/originated in the same year and for which the debt investment remains outstanding as at balance sheet date. These debt investments dropped to Stage 2 or 3 after origination and during the financial year.

** For the performing and under-performing debt investments, the change in the loss allowance is due to change in the probability of default used or estimated loss given default to calculate the expected credit losses.

For the non-performing debt investments, the change in the loss allowance is due to change in the estimated loss given default to calculate the lifetime expected credit loss.

The fair value of the collaterals is considered when providing for loss allowance. The carrying amounts of debt investments before loss allowance, presented by the type of collaterals held, are as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Collateralised by:		
– Listed shares in PRC	**506,318**	2,744,696
– Unlisted shares in PRC	**492,000**	3,456,250
– Properties and land use rights	**1,379,023**	6,845,228
– Guaranteed by government corporations and non-related corporations	**353,480**	5,448,741
	2,730,821	18,494,915

(vii) Loans to subsidiaries

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of RMB10,255,384,000 (2021: RMB8,952,588,000) and considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(viii) Financial guarantees

As at balance sheet date, the Company has issued corporate guarantees to banks for borrowings of its subsidiaries, refund guarantees issued by a bank to shipbuilding customers of a subsidiary and refund guarantees issued to customers of a subsidiary. These guarantees are subject to the impairment requirement of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capability to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees. The amount of these guarantees issued by the Company is as follows:

	The Company	
	2022	**2021**
	RMB'000	**RMB'000**
For borrowings incurred by subsidiaries	**–**	923,182
For refund guarantees* issued by a bank to customers of a subsidiary	**–**	492,740
For refund guarantees* issued to customers of a subsidiary	**908,880**	832,029

* Such refund guarantees are issued in relation to shipbuilding advances received from customers.

Without taking into consideration of the collaterals held directly or indirectly by the Company, the maximum exposure to credit risk of the above financial guarantees is the notional amount of the borrowings or guarantees as above.

(ix) Loan to an associated company

The Group has assessed that its associated company has strong financial capacity to meet the contractual obligation of RMB20,000,000 as at 31 December 2022 and is considered to have low credit risk. The loan is measured on 12-month expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and marketable securities to enable them to meet their normal operating commitments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The table below analyses the maturity profile of the Group's and Company's non-derivative financial liabilities into relevant maturity groupings on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Over 5 years RMB'000**
The Group				
As at 31 December 2022				
Trade and other payables	**(3,014,926)**	**–**	**–**	**–**
Lease liabilities	**(798)**	**(342)**	**–**	**–**
Bank borrowings	**(2,344,460)**	**(2,313,649)**	**–**	**–**
	(5,360,184)	**(2,313,991)**	**–**	**–**
As at 31 December 2021				
Trade and other payables	(2,646,719)	–	–	–
Lease liabilities	(314)	–	–	–
Bank borrowings	(2,561,269)	(1,351,778)	(662,332)	–
	(5,208,302)	(1,351,778)	(662,332)	–
Undrawn capital commitments	(1,303,590)	–	–	–
The Company				
As at 31 December 2022				
Trade and other payables	**(2,641,536)**	**–**	**–**	**–**
Lease liabilities	**(798)**	**(342)**	**–**	**–**
	(2,642,334)	**(342)**	**–**	**–**
Financial guarantees *	**(201,973)**	**(706,907)**	**–**	**–**
As at 31 December 2021				
Trade and other payables	(2,468,037)	–	–	–
Lease liabilities	(314)	–	–	–
Bank borrowings	(843,779)	–	–	–
	(3,312,130)	–	–	–
Financial guarantees *	(1,322,046)	(925,905)	–	–

* This represents the maximum exposure of the Company in relation to guarantees provided by the Company, without taking into consideration of the collaterals held. However, based on management's assessment, it is not probable that the counterparties to these financial guarantee contracts will claim under the contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Over 5 years RMB'000**
The Group				
As at 31 December 2022				
Gross-settled currency forwards – cash flow hedges				
– Receipts	**7,887,256**	**10,417,708**	**1,444,320**	**–**
– Payments	**(7,919,694)**	**(10,361,404)**	**(1,435,158)**	**–**
Gross-settled currency forwards – non-hedging				
– Receipts	**361,179**	**–**	**–**	**–**
– Payments	**(366,824)**	**–**	**–**	**–**
As at 31 December 2021				
Net settled currency swap – non-hedging				
– Net cash outflows	(792)	–	–	–
Gross-settled currency forwards – non-hedging				
– Receipts	8,313,865	6,928,399	8,940,356	–
– Payments	(8,108,229)	(6,698,055)	(8,693,591)	–
The Company				
As at 31 December 2021				
Net settled currency swap – non-hedging				
– Net cash outflows	(792)	–	–	–

The Group and the Company did not have any derivative held for hedging as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. The Group monitors capital on the basis of the total liabilities to total assets ratio.

The Group's strategy is to maintain a stable total liabilities to total assets ratio. The ratios at balance sheet date were as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Total liabilities	**15,262,343**	15,550,699
Total assets	**32,967,103**	51,612,264
Liability-to-asset ratio	**46.30%**	30.13%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2021.

(e) Fair value measurements

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).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (Continued)

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
The Group				
31 December 2022				
Assets				
Financial assets, at fair value through profit or loss	**100,860**	**–**	**45,594**	**146,454**
Derivative financial instruments held for hedging	**–**	**170,520**	**–**	**170,520**
Liabilities				
Derivative financial instruments held for hedging	**–**	**(137,492)**	**–**	**(137,492)**
Non-hedging derivatives	**–**	**(5,645)**	**–**	**(5,645)**
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)
The Company				
31 December 2021				
Liabilities				
Non-hedging derivatives	–	(792)	–	(792)

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 of the fair value hierarchy.

The fair values of unlisted equity securities, classified as financial assets at fair value through profit or loss have been determined by reference to the Company's share in attributable net assets in the investee companies. The investee companies have measured their own investments at fair value. The fair values are within level 3 of the fair value hierarchy.

The fair values of forward foreign exchange currency contracts have been determined using quoted forward currency rates at the balance sheet date. These instruments are included in Level 2 of the fair value hierarchy.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (Continued)

The following table presents the changes in Level 3 instruments:

	Unlisted equity securities RMB'000
The Group	
2022	
Beginning of the financial year	**2,027,115**
Disposal	**(15,274)**
Total losses for the period included in:	
– Profit and loss	**(137,454)**
Spin-off	**(1,828,793)**
End of financial year	**45,594**
Change in unrealised gains for the period included in profit or loss for financial assets held at the end of the financial year	**(137,454)**
2021	
Beginning of the financial year	2,501,389
Purchases	316,177
Disposal	(398,266)
Transferred from Level 1 to Level 3 instruments	37,692
Total losses for the period included in:	
– Profit and loss	(429,877)
End of financial year	2,027,115
Change in unrealised gains for the period included in profit or loss for financial assets held at the end of the financial year	(429,877)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15 to the financial statements, except for the following:

	The Group RMB'000	The Company RMB'000
31 December 2022		
Financial assets, at amortised cost	**15,314,687**	**10,269,804**
Financial liabilities, at amortised cost	**(7,582,466)**	**(2,642,676)**
31 December 2021		
Financial assets, at amortised cost	31,559,666	9,336,608
Financial liabilities, at amortised cost	(7,103,312)	(3,309,941)

37. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, at terms agreed between the parties:

(a) Related party transactions

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

	The Group	
	2022 RMB'000	2021 RMB'000
Sales of goods to a joint venture	**145,597**	232,252
Sales of goods to an associated company	**23,635**	111,364
Provision of ship design services to a joint venture	**29,042**	6,527
Loan to an associated company	**20,000**	–
Repayment of loan from a joint venture	**–**	(247,000)
Rental income from an associated company and a joint venture	**85,045**	46,414
Purchase of materials from an associated company	**220,185**	77,122
Purchase of materials from other related parties	**28,888**	66,670
Professional services received from a related party	**81**	–

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

Other outstanding balances with related parties as at balance sheet date are disclosed in Notes 18, 20 and 29 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	The Group	
	2022	**2021**
	RMB'000	**RMB'000**
Directors		
Basic salaries	**294**	325
Directors' fees	**1,505**	771
Contributions to defined contribution plans	**90**	114
Discretionary bonuses	**–**	194
Senior management		
Basic salaries	**662**	1,877
Contributions to defined contribution plans	**288**	246
Discretionary bonuses	**855**	923
	3,694	4,450

38. SEGMENT 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.

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

The results and balances relating to micro-financing, debt investments at amortised cost and other investments were previously presented under the "investments" reportable segment of Group. Following the spin-off of this segment in 2022 (Note 11), the results from this segment, net of investments retained by the Group, are presented as "Discontinued operations" in the consolidated statement of comprehensive income.

Other segments include trading, ship design services and investments retained by the Group subsequent to the spin-off. 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".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Management Team for the reportable segments for the years ended 31 December 2022 and 2021 are as follows:

	Shipbuilding RMB'000	Shipping RMB'000	Others RMB'000	Total for continuing operations RMB'000
The Group				
For the financial year ended 31 December 2022				
Segment revenue	**18,372,103**	**1,382,659**	**950,314**	**20,705,076**
Segment result	**1,872,610**	**667,194**	**214,708**	**2,754,512**
Included within segment result:				
Finance expenses	**(74,658)**	**(18,864)**	**(3,416)**	**(96,938)**
Fair value loss on				
• Derivatives financial instruments	**(70,246)**	**–**	**–**	**(70,246)**
• Financial assets, at fair value through profit or loss	**–**	**–**	**(59,069)**	**(59,069)**
Reversal of impairment loss on:				
• Debt investments at amortised cost	**–**	**–**	**59,896**	**59,896**
• Reversal of provision for onerous contracts – net	**218,041**	**–**	**–**	**218,041**
Depreciation of property, plant and equipment	**(317,672)**	**(127,969)**	**(6,426)**	**(452,067)**
Dividend income	**–**	**–**	**592**	**592**
Share of profits of associated companies	**5,287**	**–**	**–**	**5,287**
Share of profits of joint venture	**7,770**	**–**	**–**	**7,770**
Sales of bunker stock	**–**	**25,457**	**–**	**25,457**
Bad debt recovery/(written off)	**20,817**	**–**	**(1,828)**	**18,989**
(Loss)/gain on disposal of:				
• Property, plant and equipment	**(438)**	**202**	**–**	**(236)**
Business tax on interest income from debt investments at amortised cost	**–**	**–**	**(10,667)**	**(10,667)**
Interest income – finance lease	**–**	**134,456**	**–**	**134,456**
Income from forfeiture of advances received	**36,487**	**–**	**–**	**36,487**
Inventories write-down, net of reversal	**(184,636)**	**–**	**–**	**(184,636)**
Segment assets	**24,459,131**	**5,472,944**	**2,673,056**	**32,605,131**
Segment assets includes:				
Investment in associated companies	**41,509**	**–**	**5,915**	**47,424**
Investments in joint ventures	**453,886**	**–**	**–**	**453,886**
Additions to property, plant and equipment	**115,222**	**1,029,154**	**170,047**	**1,314,423**
Segment liabilities	**(13,568,900)**	**(164,478)**	**(111,165)**	**(13,844,543)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (CONTINUED)

	Shipbuilding RMB'000	Shipping RMB'000	Others RMB'000	Total for continuing operations RMB'000
The Group				
For the financial year ended 31 December 2021				
Segment revenue	13,198,473	959,638	979,043	15,137,154
Segment result	1,952,074	481,350	(162,106)	2,271,318
Included within segment result:				
Finance expenses	(59,655)	(7,874)	(2,372)	(69,901)
Fair value gain on				
• Derivatives financial instruments	624,517	–	–	624,517
• Financial assets, at fair value through profit or loss	–	–	108,682	108,682
(Impairment loss)/reversal of impairment loss on:				
• Debt investments at amortised cost	–	–	(450,891)	(450,891)
• Reversal of provision for onerous contracts – net	256,081	–	–	256,081
Depreciation of property, plant and equipment	(383,973)	(98,484)	(9,324)	(491,781)
Dividend income	–	–	5,604	5,604
Share of profits/(loss) of associated companies	4,820	–	(12)	4,808
Share of profits of joint venture	91,382	–	–	91,382
Sales of bunker stock	–	24,112	–	24,112
Bad debt recovery	63,614	–	–	63,614
Gain/(loss) on disposal of:				
• Property, plant and equipment	752	71,079	(15)	71,816
Business tax on interest income from debt investments at amortised cost	–	–	(6,297)	(6,297)
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	4,136,890	4,387,907	33,445,907
Segment assets includes:				
Investment in associated companies	33,692	–	–	33,692
Investments in joint ventures	522,679	–	–	522,679
Additions to property, plant and equipment	128,965	614,201	2,625	745,611
Segment liabilities	(10,945,233)	(582,619)	(1,195,430)	(12,723,282)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (CONTINUED)

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:

	2022 RMB'000	2021 RMB'000
Segment results for reportable segments	**2,539,804**	2,433,424
Segment results for other segments	**214,708**	(162,106)
Unallocated:		
Other income	**257,634**	275,015
Other gains – net	**362,661**	153,704
Administrative expenses	**(62,475)**	(78,077)
Finance expenses	**(9,838)**	–
Profit before tax and discontinued operations	**3,302,494**	2,621,960

(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 assets associated with discontinued operations and deferred income tax assets.

	2022 RMB'000	2021 RMB'000
Segment assets for reportable segments	**29,932,075**	29,058,000
Other segment assets	**2,673,056**	4,387,907
Unallocated:		
Assets associated with discontinued operations excluding income tax assets	**–**	17,519,486
Deferred income tax assets	**361,972**	646,871
Total assets	**32,967,103**	51,612,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliation (Continued)

(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 liabilities associated with discontinued operations, current income tax liabilities and deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	2022 **RMB'000**	**2021** **RMB'000**
Segment liabilities for reportable segments	**(13,733,378)**	(11,527,852)
Other segment liabilities	**(111,165)**	(1,195,430)
Unallocated:		
Liabilities associated with discontinued operations excluding income tax liabilities	**–**	(13,022)
Current income tax liabilities	**(782,271)**	(1,015,096)
Deferred income tax liabilities	**(635,529)**	(1,799,299)
Total liabilities	**(15,262,343)**	(15,550,699)

(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 products.

Breakdown of the revenue by major product types is as follows:

	2022 **RMB'000**	**2021** **RMB'000**
Construction of container ships	**17,113,141**	7,660,087
Construction of multiple purpose cargo ships	**435,150**	2,938,065
Construction of chemical tanker	**109,883**	573,076
Construction of LNG vessels	**173,294**	635,628
Sales of other completed vessels	**540,635**	1,391,617
Interest income from debt investments at amortised cost	**177,274**	111,247
Charter hire income	**1,382,659**	959,638
Rendering of ship design services	**14,002**	6,527
Sales of metal products	**700,754**	801,750
Others	**58,284**	59,519
Revenue from continuing operations	**20,705,076**	15,137,154

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

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

	2022 RMB'000	2021 RMB'000
Greater China	**10,582,235**	7,734,125
Canada	**6,769,705**	4,533,139
Japan	**1,779,286**	399,936
Bulgaria	**263,774**	553,218
Other European countries	**189,294**	1,227,031
Other Asian countries	**1,120,782**	689,705
Revenue from continuing operations	**20,705,076**	15,137,154

Revenues of approximately RMB11,387,660,000 (2021: RMB4,994,030,000) are derived from three (2021: three) major customers. These revenues are attributable to the shipbuilding segment.

The Group's non-current assets located in the PRC amount to RMB5,327,913,000 (2021: RMB11,222,535,000).

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. The Group does not expect any significant impact arising from applying these amendments.

40. PRIOR YEAR ADJUSTMENTS

A prior year restatement and a presentation change were made to the balance sheets of the Group as at 31 December 2021 and 1 January 2021. The changes to comparative financial statements presentation are summarised below:

	As previously reported RMB'000	**Restatement Note (i) RMB'000**	**Presentation change Note (ii) RMB'000**	**As restated RMB'000**
The Group – Balance Sheet				
As at 1 January 2021				
Lease prepayments	952,487	252,982	(1,205,469)	–
Property, plant and equipment	5,226,004	–	1,205,469	6,431,473
Goodwill	258,979	(252,982)	–	5,997*
As at 31 December 2021				
Lease prepayments	930,575	252,982	(1,183,557)	–
Property, plant and equipment	5,151,788	–	1,183,557	6,335,345
Goodwill	258,979	(252,982)	–	5,997*

* Presented under intangible assets.

i) Restatement

In 2022, the Group re-assessed the nature of the premium paid of RMB252.982 million for the acquisition of Yangzijiang Terminals China Holding Pte. Ltd. and its subsidiary, Jiangsu Yangzi Jiasheng Terminal Co., Ltd. in 2019. A restatement of this premium from goodwill to lease prepayment is to reflect the firm plan to convert the terminal to a LNG terminal related facility at point of acquisition. The asset continues to be appropriately classified under the "Others" business segment and there is no impairment recorded on this asset since 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

40. PRIOR YEAR ADJUSTMENTS (CONTINUED)

ii) Presentation change – change in accounting policy

Before 1 January 2022, the Group presented ROU assets (land use rights) separately on the balance sheet under lease prepayments.

From 1 January 2022, the Group elected to present ROU assets acquired under leasing arrangements together with owned assets of the same class under property, plant and equipment, to better reflect the nature and intended use of such assets.

This is determined to provide more relevant information about the Group's financial position and the Group has applied the new accounting policy retrospectively.

The restatement and presentation change had an immaterial impact on the consolidated statement of comprehensive income, the consolidated statement of cash flows and the cumulative retained earnings of the Group for the prior financial years.

41. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 2 February 2023, the Group incorporated an entity, Yangzijiang Realty Pte. Ltd. ("YZJR"). As at the date of these financial statements, the Group owns 81% of YZJR, with the remaining interests owned by two third party investors. On 29 March 2023, YZJR entered into a conditional agreement ("Agreement") to purchase a property in Singapore. The consideration for the acquisition is cash of approximately S$401 million, with balance payment due on completion of conditions in the Agreement.

42. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Yangzijiang Shipbuilding (Holdings) Ltd. passed on 31 March 2023.

43. LISTING OF SIGNIFICANT SUBSIDIARIES IN THE GROUP

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Jiangsu New Yangzi Shipbuilding Co., Ltd.[1]	Shipbuilding, ship repairing, production and processing of large-scale steel structures	PRC	**48.9**	48.9	**100**	100	**–**	–
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.[1]	Shipbuilding, ship repairing, production and processing of large-scale steel structures	PRC	**55.1**	32.5	**100**	100	**–**	–
Jiangsu Yangzijiang Shipbuilding Co., Ltd.[2]	Shipbuilding, ship repairing, production and processing of large-scale steel structures	PRC	**100**	100	**100**	100	**–**	–
Jiangsu Yangzijiang Offshore Engineering Co., Ltd.[1]	Shipbuilding, production and processing of large-scale steel structures	PRC	**–**	–	**79.6**	79.6	**20.4**	20.4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

43. LISTING OF SIGNIFICANT SUBSIDIARIES IN THE GROUP (CONTINUED)

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Jiangsu Tianchen Marine Import and Export Co., Ltd.[1]	Facilitating the sale and export of ships for the ship builder and trading of ship related equipment	PRC	**–**	–	**100**	100	**–**	–
Jiangsu Yanghong Marine Import and Export Co., Ltd.[1]	Facilitating the sale and export of ships for the ship builder and trading of ship related equipment	PRC	**96.8**	96.8	**100**	100	**–**	–
Jiangsu Tianhong Marine Import and Export Co., Ltd.[1]	Facilitating the sale and export of ships for the ship builder and trading of ship related equipment	PRC	**88.5**	–	**100**	100	**–**	–
Yangzijiang International Trading Pte. Ltd.[3]	Trading of shipbuilding related materials/ supplies	Singapore	**100**	100	**100**	100	**–**	–
Jiangsu Yangzi Zhuoneng Industrial Co., Ltd.[1]	Trading of raw materials, sales and research and development of mechanical equipment.	PRC	**–**	–	**100**	100	**–**	–
Shanghai Huayuan Shipping Co., Ltd.[1]	Domestic cargo transportation, cargo storage and offshore, aeronautical and highway international cargo transportation agency services.	PRC	**–**	–	**100**	100	**–**	–
Shanghai Econovo Marine Engineering Co., Ltd.[2]	Naval architecture and marine engineering field	PRC	**–**	–	**51**	51	**49**	49
Jiangsu Yangzi Jiasheng Terminal Co., Ltd.[2][5]	Owns and operates a tank terminal	PRC	**–**	–	**100**	55	**–**	45
Jiangsu Jiasheng Gas Co., Ltd.[1]	Tank related services	PRC	**–**	–	**100**	–	**–**	–

(1) These subsidiaries are audited by Jiangyin Tian Cheng CPAs Co. Limited for local statutory purpose.

(2) These subsidiaries are audited by other accounting firms for local statutory purpose.

(3) The Company and these subsidiaries are audited by PricewaterhouseCoopers LLP, Singapore for local statutory purpose.

(4) In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

(5) Formerly known as Yangzijiang Garson Terminals (Jiangsu) Company Ltd.

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2023

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	20	0.10	220	0.00
100 – 1,000	1,947	10.03	1,699,498	0.04
1,001 – 10,000	11,601	59.74	67,588,268	1.71
10,001 – 1,000,000	5,816	29.95	249,801,456	6.33
1,000,001 AND ABOVE	35	0.18	3,631,499,778	91.92
TOTAL	**19,419**	**100.00**	**3,950,589,220**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	1,114,621,507	28.21
2	CITIBANK NOMINEES SINGAPORE PTE LTD	1,109,347,387	28.08
3	DBSN SERVICES PTE. LTD.	623,136,876	15.77
4	RAFFLES NOMINEES (PTE.) LIMITED	278,537,460	7.05
5	ABN AMRO CLEARING BANK N.V.	130,250,800	3.30
6	DBS NOMINEES (PRIVATE) LIMITED	125,474,311	3.18
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	28,172,460	0.71
8	OCBC SECURITIES PRIVATE LIMITED	26,271,300	0.66
9	EDB INVESTMENTS PTE LTD	18,587,360	0.47
10	PHILLIP SECURITIES PTE LTD	18,209,731	0.46
11	UOB KAY HIAN PRIVATE LIMITED	17,953,500	0.45
12	MAYBANK SECURITIES PTE. LTD.	17,057,500	0.43
13	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	16,608,375	0.42
14	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	16,294,300	0.41
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	11,465,075	0.29
16	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,367,815	0.29
17	TJENDRI ANASTASIA	11,229,500	0.28
18	IFAST FINANCIAL PTE. LTD.	8,492,373	0.21
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	7,528,541	0.19
20	MERRILL LYNCH (SINGAPORE) PTE. LTD.	5,962,433	0.15
	TOTAL	**3,596,568,604**	**91.01**

STATISTICS OF SHAREHOLDINGS

AS AT 23 MARCH 2023

Substantial Shareholders

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Ren Yuanlin[1]	–	–	852,845,825	21.6	852,845,825	21.6
Yangzi International Holdings Limited	852,845,825	21.6	–	–	852,845,825	21.6
Julius Baer Trust Company (Singapore) Limited as trustee of YZJ Settlement	–	–	852,845,825	21.6	852,845,825	21.6
Lido Point Investments Ltd	394,134,000	10.0	–	–	394,134,000	10.0
Sapphire Skye Limited as nominee of Zedra Trust Company (Singapore) Limited, which is in turn the trustee of The Lido Trust[2]	–	–	394,134,000	10.0	394,134,000	10.0
T. Rowe Price Associates, Inc.	–	–	275,361,200	7.0	275,361,200	7.0

(1) Ren Yuanlin (as Settlor of the YZJ Settlement) is deemed to be interested in the shares held through his interest in Yangzi International Holdings Limited, which is wholly-owned by Julius Baer Trust Company (Singapore) Limited as trustee of the YZJ Settlement, by virtue of Section 7 of the Companies Act, Cap. 50.

(2) Zedra Trust Company (Singapore) Limited is the professional trustee of The Lido Trust, an irrevocable employee benefit trust set up for the purpose of rewarding employees of the Group. As announced by the Company on 24 December 2021, Mr. Wang Dong, as 100% shareholder of Lido Point Investments Ltd, which held 394,134,000 shares of the Company, transferred all the shares of Lido Point Investments Ltd to the employee benefit trust. The employee benefit trust will be managed and administered by Zedra Trust Company (Singapore) Limited as professional trustees, alongside an employee council comprising of persons selected by the labour union of the Group from time to time. Mr. Wang Dong, Executive Chairman and Group CEO Mr. Ren Letian, and their respective families are not included in the potential beneficiary pool nor will they form part of the aforementioned employee council.

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 53.47% of the shareholding of the Company is held in the hands of the public as at 23 March 2023 and Rule 723 of the Listing Manual is complied with.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held by way of electronic means on Monday, 24 April 2023 at 3.00 p.m. to transact the following business:–

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statements and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of S$0.05 per ordinary share in respect of the financial year ended 31 December 2022. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$290,333 for the financial year ended 31 December 2022. (2021: S$163,333) **(Resolution 3)**

4. To re-elect Mr Yee Kee Shian, Leon, who is retiring by rotation pursuant to Regulation 76 of the Company's Constitution. *[See Explanatory Note (a)]* **(Resolution 4)**

5. To re-elect Ms Liu Hua, who is retiring by rotation pursuant to Regulation 76 of the Company's Constitution. *[See Explanatory Note (b)]* **(Resolution 5)**

6. To re-elect Mr Poh Boon Hu Raymond, who is retiring by rotation pursuant to Regulation 76 of the Company's Constitution. *[See Explanatory Note (c)]* **(Resolution 6)**

7. To re-elect Mr Ren Letian, who is retiring by rotation pursuant to Regulation 94(2) of the Company's Constitution. *[See Explanatory Note (d)]* **(Resolution 7)**

8. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:

9. **AUTHORITY TO ALLOT AND ISSUE SHARES**

THAT pursuant to Section 161 of the Companies Act 1967 and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) issue Shares in pursuance of any Instruments made or granted by the Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares shall be based on the issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities or the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(b) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (e)] **(Resolution 9)**

10. **RENEWAL OF SHARE PURCHASE MANDATE**

THAT:

(a) the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST ("**Market Purchase**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act ("**Off-Market Purchase**");

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**"),

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held; or

(ii) the date by which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which the purchases or acquisitions of the Shares pursuant to Share Purchase Mandate are carried out to the full extent mandated.

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Ordinary Shares representing 10% of the total number of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding the Ordinary Shares held in treasury and subsidiary holdings as at that date);

"**Maximum Price**", in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed: –

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 120% of Average Closing Price (as defined hereinafter), pursuant to an equal access scheme;

"**Average Closing Price**" means the average of the closing market prices of a Share for the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five (5) Market Days;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.
[See Explanatory Note (f)] **(Resolution 10)**

11. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Lee Wei Hsiung
Company Secretary
5 April 2023
Singapore

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Detailed information on Mr Yee Kee Shian, Leon, who is seeking re-election as a Director of the Company, is under "Board of Directors" section on page 15 and "Disclosure of information on seeking re-election pursuant to Rule 720(6) of the Listing Rules of the SGX-ST" on pages 61 to 65 of the Annual Report.

Mr Yee Kee Shian, Leon will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration and Nominating Committee and a member of the Audit and Risk Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual. There are no relationships (including immediate family relationships) between Mr Yee Kee Shian, Leon and the other Directors, or the Company, or its substantial shareholders.

(b) Detailed information on Ms Liu Hua, who is seeking re-election as a Director of the Company, is under "Board of Directors" section on page 15 and "Disclosure of information on seeking re-election pursuant to Rule 720(6) of the Listing Rules of the SGX-ST" on pages 66 to 70 of the Annual Report.

Ms Liu Hua will, upon re-election as a Director of the Company, remain as the Member of the Remuneration, Nominating and Audit and Risk Committee and will be considered non-independent for the purpose of Rule 704(8) of the Listing Manual. There are no relationships (including immediate family relationships) between Ms Liu Hua and the other Directors, or the Company, or its substantial shareholders.

(c) Detailed information on Mr Poh Boon Hu Raymond, who is seeking re-election as a Director of the Company, is under "Board of Directors" section on page 15 and "Disclosure of information on seeking re-election pursuant to Rule 720(6) of the Listing Rules of the SGX-ST" on pages 71 to 74 of the Annual Report.

Mr Poh Boon Hu Raymond will, upon re-election as a Director of the Company, remain as the Member of the Remuneration, Nominating and Audit and Risk Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual. There are no relationships (including immediate family relationships) between Mr Poh Boon Hu Raymond and the other Directors, or the Company, or its substantial shareholders.

(d) Detailed information on Mr Ren Letian, who is seeking re-election as a Director of the Company, is under "Board of Directors" section on page 14 and "Disclosure of information on seeking re-election pursuant to Rule 720(6) of the Listing Rules of the SGX-ST" on pages 75 to 78 of the Annual Report. Mr Ren Letian is the Executive Chairman of the Company and the Chief Executive Officer of the Group.

(e) The proposed ordinary resolution 9, if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company with a sub-limit of 20% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(f) The proposed ordinary resolution 10, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting of the Company to purchase or acquire up to 10% of the issued ordinary share capital (excluding the shares held in treasury and subsidiary holdings) of the Company as at the date of the passing of this Resolution. Details of the proposed Share Purchase Mandate are set out in the Appendix to the Annual Report which is available online for information.

  (i) As at the date of this Notice of the AGM, the Company has, since the date of the last annual general meeting, purchased a total of 10,000,000 shares by way of market purchase at an aggregate consideration of S$12,820,000.

  (ii) The amount of financing required for the Company to further purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of the AGM as this will depend on the number of the shares purchased or acquired and the price at which such shares were purchased or acquired.

  (iii) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Purchase Mandate on the Group's audited financial statements for the financial year ended 31 December 2022 are set out in the Appendix to the Annual Report and are for illustration only.

NOTES:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, this Annual General Meeting of the Company ("**AGM**") will be conducted solely by way of electronic means. Any reference to a time of day is made by reference to Singapore time. Accordingly, this Notice of AGM and Proxy Form are made available to members via publication on the SGX website at https://www.sgx.com/securities/company-announcements and on the Company's website at www.yzjship.com.

   Please note that printed copies of the AGM Documents will NOT be sent to members of the Company.

   Alternative arrangements have been put in place to allow shareholders to participate at the AGM by:

   (a) attending and/or listening to the AGM proceedings via the live audio-visual webcast and live audio-only stream (Live Webcast);

   (b) submitting questions relating to the resolutions to be tabled at the AGM, to the Chairman of the AGM in advance of, or live at, the AGM;

   (c) voting at the AGM (i) live by the Shareholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the Shareholder's behalf at the AGM.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

2. Pre-registration for the AGM

Shareholders, proxyholders and persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, 1967 of Singapore), including Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors will be able to attend the AGM proceedings through the Live Webcast via their mobile phones, tablets or computers.

All shareholders, CPF and SRS investors who wish to attend the AGM can pre-register themselves or, where applicable, their appointed proxy(ies), for the AGM via the pre-registration website at https://go.lumiengage.com/yzjship-agm2023 for verification purposes by 3.00 p.m. on 21 April 2023, being 72 hours before the time fixed for the AGM.

Following verification by the Company, authenticated shareholders, proxies and CPF and SRS investors who have pre-registered for the AGM will by 3.00 p.m. on Sunday, 23 April 2023 receive a confirmation email for the Virtual Meeting via the e-mail address provided during pre-registration or as indicated in the Proxy Form to attend the Virtual Meeting (the "**Confirmation Email for Virtual Meeting**").

Shareholders, including appointed proxy(ies), CPF and SRS investors who have pre-registered by 3.00 p.m. on Friday, 21 April 2023 but have not received the Confirmation Email for Virtual Meeting by 3.00 p.m. on Sunday, 23 April 2023 should immediately contact yangzijiang.sg@yzjship.com.

3. Question and answer

Shareholders, proxyholders, CPF and SRS investors attending the AGM via the Live Webcast will be able to ask the Chairman of the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, by typing in and submitting their questions through the live chat function via the audio-visual webcast platform.

Investors holding shares through relevant intermediaries (other than CPF/SRS investors) should approach their respective relevant intermediaries through which they hold shares as soon as possible in order for the necessary arrangements to be made for them to submit questions in advance of the AGM or ask questions during the AGM via the Live Webcast.

Shareholders, including CPF and SRS investors are also encouraged to submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM in the following manner no later than seven (7) working days in advance of the AGM (i.e. by 3.00 p.m. on 12 April 2023):

(a) By e-mail to kamal@financialpr.com.sg/zhouyan@financialpr.com.sg; or

(b) If submitted by post, to be deposited at the: 4 Robinson Rd, #04-01 The House of Eden, Singapore 048543.

Shareholders who submit questions via email or by post to the Company must provide the following information:

(i) the Shareholder's full name;

(ii) the Shareholder's address; and

(iii) the manner in which the Shareholder holds shares in the Company (e.g. via CDP, CPF or SRS).

The Board of Directors of the Company ("**Board**") will endeavour to address, during the AGM, substantial and relevant questions (as determined by the Board in its sole opinion) submitted by Participating Members. However, there may not be sufficient time to address all such questions.

4. The form of an instrument appointing a proxy ("**Proxy Form**"), which may be used to vote at the AGM, is released together with this Notice of AGM.

5. Voting

Live voting will be conducted during the AGM for shareholders and proxyholders attending the AGM via the Live Webcast. It is important for shareholders and proxyholders to have their own web-browser enabled devices ready for voting during the AGM.

Shareholders and proxyholders will be required to log-in via the link in the Confirmation Email and enter the user ID and password to attend and participate in the Live Webcast of the AGM.

(a) Live voting: Shareholders, including CPF/SRS investors and proxyholders attending the AGM may cast their votes in real time for each resolution to be tabled at the AGM via the Live Webcast. Shareholders and proxyholders will have the opportunity to cast their votes via the Live Voting feature on the live Webcast platform. Shareholders, including CPF/SRS investors and proxyholders must have a web-browser enabled device in order to cast their vote.

(b) Voting via appointing proxy(ies) or the Chairman of the AGM as proxy: As an alternative to the above, shareholders may also vote at the AGM by appointing proxy(ies) or the Chairman of the AGM as proxy to vote on their behalf. Please refer to paragraph 6 below for information on the submission of Proxy Forms.

(c) Voting via appointing the proxy(ies) (other than the Chairman of the Meeting) of the AGM as Proxy: Members who wish to appoint a proxy(ies) (other than the Chairman of the Meeting) must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register their appointed proxy(ies) at the pre-registration website at https://go.lumiengage.com/yzjship-agm2023.

A shareholder, who has submitted a Proxy Form, but wishes to attend and participate in the Live Voting during the AGM instead, must inform the Company's Singapore Share Registrar and Share Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5335 (during office hours) or at yzjship-agm2023@boardroomlimited.com by 3.00 p.m. on 21 April 2023. Alternatively, kindly log-in prior to the commencement of the AGM as proxy revocation is not allowed after proxy form cut-off date/time.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

6. Appointment of Proxies

   Shareholders who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies and Shareholders who is a relevant intermediary is entitled to appoint more than two proxies. Shareholders who wish to vote at the AGM via a proxy(ies) must submit the Proxy Form, which is released together with this Notice of AGM, to appoint the proxy(ies) or the Chairman of the AGM as their proxy to cast votes on their behalf. Shareholders are requested to complete, sign and return the Proxy Form in accordance with the instructions printed thereon not less than seventy-two (72) hours before the time appointed for the AGM (i.e. by 3.00 p.m. on 21 April 2023) ("**proxy form cut-off date/time**") in the following manner:

   (a) By Post: To be deposited at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898; or

   (b) By e-mail: To be emailed to yangzijiang.sg@yzjship.com (Attn: Yangzijiang Team).

   A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and submitting it by email to the email address provided above.

7. Persons who hold shares through relevant intermediaries

   (a) Persons who hold shares through relevant intermediaries (as defined in Section 181(6) of the Companies Act 1967, other than those investors who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**"), and who wish to participate in the AGM by (i) attending and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (ii) submitting questions in advance of, or live at the AGM; and/or (iii) voting at the AGM, (a) live via electronic means by being appointed as proxy by their relevant intermediary; or (b) by appointing the Chairman of the Meeting, as proxy to attend and vote on their behalf at the AGM, should contact the relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

   (b) CPF Investors or SRS Investors (i) may vote live via electronic at the AGM if they are pre-register via the pre-registration website and appointed as proxies by their respective CPF/SRS Operators, and should contact their respective CPF/SRS Operators if they have any queries regarding their appointment as proxies, or (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 3.00 p.m. on 12 April 2023.

   (c) The Proxy Form is not valid for use by CPF Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

8. The proxy/proxies need not be a member of the Company.

9. The Proxy Form shall be under the hand of the member or by his/her attorney duly authorised in writing, or if the member is a corporation, under seal or under the hand of its attorney duly authorised in writing. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), shall be attached to the instrument of proxy.

10. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

11. In the event if there would be (including new guidance or requirements for the holding or conduct of meetings) to deal with the evolving COVID-19 situation in Singapore, the Company may have to change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNet at https://www.sgx.com/securities/company-announcements. Members are advised to check the SGXNet and the Company's website at www.yzjship.com regularly for updates on the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits (a) an application to pre-register to participate in the AGM via live webcast, (b) questions relating to the resolutions to be tabled for approval at the AGM, and/or (c) an instrument appointing a proxy to vote at the AGM and/or any adjournment thereof, the member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purposes of (a) processing the member's application to pre-register to participate in the AGM via live webcast and providing the member with any technical assistance where possible, (b) addressing any selected questions submitted by the member and following up with the member where necessary, (c) the processing and administration by the Company (or its agents) of the proxy appointed for the AGM (including any adjournment thereof), and (d) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines, and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's action or omission.

APPENDIX

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. Introduction

1.1 Yangzijiang Shipbuilding (Holdings) Ltd. (the "**Company**") proposes to seek the approval of shareholders of the Company (the "**Shareholders**") at the Seventeenth Annual General Meeting of the Company (the "**17th AGM**") to be held on Monday, 24 April 2023 at 3.00 p.m. via electronic means for the proposed renewal of the share purchase mandate to authorise the Company's directors (the "**Directors**") from time to time to purchase shares (whether by market purchases and/or off-market purchases in accordance with an equal access scheme) up to 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of proposed ordinary resolution 9 at the 17th AGM, at the price of up to but not exceeding the Maximum Price (as defined below), subject to the constitution of the Company (the "**Constitution**") and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as set out in the SGX-ST Listing Manual (the "**Listing Manual**") (the "**Share Purchase Mandate**").

1.2 The Companies Act 1967 of Singapore (the "**Companies Act**") allows a Singapore incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's constitution. Any purchase or acquisition of Shares (as defined in paragraph 2.1 below) by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution for the time being and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on the Mainboard of the SGX-ST, it is also required to comply with Part XIII of Chapter 8 of the Listing Manual, which relates to the purchase or acquisition by an issuer of its own shares. Regulation 50(2) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued shares.

1.3 It is a requirement under the Companies Act and the Listing Manual for a company that wishes to purchase or otherwise acquire its own shares to obtain the approval of its shareholders.

1.4 The Shareholders had at the extraordinary general meeting of the Company ("**EGM**") held on 25 April 2008, approved the Share Purchase Mandate (the "**2008 Mandate**") for the Directors to exercise all the powers of the Company to purchase or acquire up to 10% of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) on the terms of that mandate. The Share Purchase Mandate was renewed at the last AGM held on 18 April 2022 with such mandate taking effect until the conclusion of the forthcoming 17th AGM.

1.5 If the proposed ordinary resolution 9 under the heading of "Special Business" in the Notice of the 17th AGM for the renewal of the Share Purchase Mandate is approved at the 17th AGM (the "**Share Purchase Mandate Renewal Resolution**"), the mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next annual general meeting ("**AGM**") of the Company is held or is required by law to be held, whichever is earlier.

1.6 The purpose of this appendix ("**this Appendix**") is to provide information relating to and explain the rationale for the proposed renewal of the Share Purchase Mandate.

1.7 Shareholders who are in doubt as to the course of action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers at the earliest opportunity.

1.8 Duane Morris & Selvam LLP is the legal adviser to the Company in relation to the proposed renewal of the Share Purchase Mandate.

APPENDIX

2. Rationale for the Proposed Renewal of the Share Purchase Mandate

2.1 The proposed renewal of the Share Purchase Mandate authorising the Company to purchase or acquire ordinary shares in the issued and paid-up share capital of the Company (the "**Shares**") will continue to give the Directors the flexibility to undertake share purchases or acquisitions up to the 10% limit described in paragraph 3.1 below at any time during the period when the Share Purchase Mandate is in force.

2.2 The rationale for the Company to undertake the purchase or acquisition of its issued Shares, as previously stated in its circular to Shareholders dated 9 April 2008, is as follows:

(a) In managing the business of the Company and its subsidiaries (the "**Group**"), the Management will strive to increase Shareholders' value by improving, *inter alia*, the Return on Equity ("**ROE**") of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced.

(b) In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds, which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.

(c) Share purchase programmes help to buffer short-term share price volatility.

(d) The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the duration referred to in paragraph 3.2 below, Shareholders should note that the Share Purchase Mandate may not be exercised to the full extent authorised. Purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

3. Authority and Limits on the Share Purchase Mandate

The authority and limitations placed on share purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, are similar in terms to those previously approved by Shareholders, and are summarised below:

3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be repurchased by the Company. In accordance with Rule 882 of the Listing Manual, the total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) ascertained as at the date of the 17th AGM at which the Share Purchase Mandate Renewal Resolution is passed (the

APPENDIX

"**Approval Date**") (unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined below), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered.

"**Relevant Period**" means the period commencing from the Approval Date and expiring on the date the next AGM is held or required by law to be held, whichever is the earlier, after the date the Share Purchase Mandate Renewal Resolution is passed.

As at 23 March 2023 (the "**Latest Practicable Date**"), the Company holds 23,487,780 Shares in treasury and does not have subsidiary holdings.

For illustrative purposes only, on the basis of 3,950,589,000 Shares in issue as at the Latest Practicable Date (excluding treasury shares and subsidiary holdings), and assuming on or prior to the 17th AGM:

(a) no further Shares are issued and the Company does not reduce its share capital;

(b) no Shares are held as subsidiary holdings; and

(c) no further Shares are purchased or acquired by the Company, or held as treasury shares,

not more than 395,058,900 Shares, representing 10% of the total number of Shares (excluding treasury shares and subsidiary holdings) as at that date, may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the Relevant Period.

3.2 Duration of Authority

Purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the 17th AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the date on which the next AGM of the Company is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at the next AGM (after the 17th AGM) or an EGM to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

APPENDIX

3.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchase(s) ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Pursuant to the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase or acquisition of Shares;

(d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Singapore Code on Take-over and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(e) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any purchase or acquisition of Shares made by the Company in the previous 12 months (whether through Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

APPENDIX

3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Manual for any corporate action which occurs during the relevant period of five (5) Market Days and the day on which the Market Purchase is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

3.5 Status of Purchased Shares

Under Section 76B of the Companies Act, Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

3.6 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act and the Listing Manual are summarised below:

3.6.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. In the event that the Company holds more than 10% of the total number of its issued

APPENDIX

Shares as treasury shares, the Company shall dispose of or cancel the excess treasury shares in the manner set out under paragraph 3.6.3 of this Appendix below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Accounting and Corporate Regulatory Authority ("**ACRA**") may allow.

3.6.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.6.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

3.6.4 Reporting obligation under the Listing Manual

Under Rule 704(28) of the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares if they are used for a sale, transfer, or cancelled.

4. Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

APPENDIX

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of shares cancelled, the number of Shares held as treasury shares, the Company's total number of issued Shares before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

The Company is required under Rule 886 of the Listing Manual to notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its Shares, and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchase or acquisition of Shares to the SGX-ST shall be in the form of Appendix 8.3.1 to the Listing Manual and shall comprise such details as the SGX-ST may prescribe, including, *inter alia*, details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest prices paid for such Shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued Shares excluding treasury shares and subsidiary holdings after the purchase, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

5. Source of Funds

The Company may only apply funds for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits, so long as the Company is solvent. Under the Companies Act, it is an offence for a director or chief executive officer of a company to approve or authorise the purchase or acquisition of shares, knowing that the company is not solvent.

APPENDIX

For this purpose, pursuant to the Companies Act, a company is solvent:

(a) if there is no ground on which the company could be found to be unable to pay its debts;

(b) if:

   (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

   (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) if the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

6. Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total number of issued Shares will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The net tangible assets ("**NTA**") of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be affected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view of enhancing the earnings per share (the "**EPS**") and/or the NTA value per Share.

APPENDIX

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial statements of the Group for the financial year ended 31 December 2022 are based on the assumptions set out below:

(a) based on 3,950,589,000 Shares in issue as at the Latest Practicable Date (excluding treasury shares and subsidiary holdings), and assuming that no further Shares are issued and that the Company does not reduce its share capital on or prior to the 17th AGM, not more than 395,058,900 Shares, representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 17th AGM, may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 395,058,900 Shares at the Maximum Price of S$1.268 for one (1) Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 395,058,900 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately RMB2,596,394,567; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 395,058,900 Shares at the Maximum Price of S$1.450 for one (1) Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 395,058,900 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately RMB2,969,063,188.

For illustrative purposes only and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed solely by internal sources of funds; (ii) the Share Purchase Mandate had been effective on 31 December 2022; and (iii) the Company had on 31 December 2022 purchased or acquired 395,058,900 Shares, representing 10% of its total number of issued Shares at the Latest Practicable Date (excluding treasury shares and subsidiary holdings), the financial effects of the purchase or acquisition of 395,058,900 Shares by the Company pursuant to the Share Purchase Mandate:

(1) by way of purchases made entirely out of capital and held as treasury shares; and

(2) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Company and the Group for the financial year ended 31 December 2022 are set out below:

APPENDIX

(1) Purchases made entirely out of capital and held as treasury shares

(A) Market Purchases

	Group		Company	
	Before Share Purchase RMB'000	**After Share Purchase RMB'000**	**Before Share Purchase RMB'000**	**After Share Purchase RMB'000**
As at 31 December 2022				
Issued capital and reserves	17,700,884	17,597,028	15,383,728	15,279,872
Treasury shares	(127,753)	(2,724,148)	(127,753)	(2,724,148)
Total shareholders' equity	17,573,131	14,872,881	15,255,975	12,555,725
NTA (excl. non-controlling interests)	17,573,131	14,872,881	15,255,975	12,555,725
Profit after taxation and minority interest	2,807,480	2,703,624	23,529,165	23,425,309
Net debt	Net Cash	Net Cash	Net Cash	2,583,293
Number of Shares (excluding treasury shares) ('000)	3,950,589	3,555,530	3,950,589	3,555,530
Treasury shares ('000)	23,488	418,547	23,488	418,547
Financial Ratios				
NTA per share (cents)	444.82	418.30	386.17	353.13
Gross debt gearing (%)	25.99	48.17	0.01	20.69
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	20.57
Current ratio (times)	1.88	1.54	2.54	1.26
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	38.79	19.67	2,524.35	218.41
Basic EPS (cents)				
(before exceptional items)	66.31	70.77	597.15	660.76
(after exceptional items)	71.25	76.26	597.15	660.76
Return on equity (%)	15.98	18.18	154.23	186.57

APPENDIX

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase RMB'000	**After Share Purchase RMB'000**	**Before Share Purchase RMB'000**	**After Share Purchase RMB'000**
As at 31 December 2022				
Issued capital and reserves	17,700,884	17,582,121	15,383,728	15,264,965
Treasury shares	(127,753)	(3,096,816)	(127,753)	(3,096,816)
Total shareholders' equity	17,573,131	14,485,305	15,255,975	12,168,149
NTA (excl. non-controlling interests)	17,573,131	14,485,305	15,255,975	12,168,149
Profit after taxation and minority interest	2,807,480	2,688,717	23,529,165	23,410,402
Net debt	Net Cash	Net Cash	Net Cash	2,955,961
Number of Shares (excluding treasury shares) ('000)	3,950,589	3,555,530	3,950,589	3,555,530
Treasury shares ('000)	23,488	418,547	23,488	418,547
Financial Ratios				
NTA per share (cents)	444.82	407.40	386.17	342.23
Gross debt gearing (%)	25.99	52.03	0.01	24.41
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	24.29
Current ratio (times)	1.88	1.50	2.54	1.18
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	38.79	18.37	2,524.35	193.09
Basic EPS (cents)				
(before exceptional items)	66.31	70.35	613.29	660.34
(after exceptional items)	71.25	75.84	613.29	660.34
Return on equity (%)	15.98	18.56	154.23	192.39

APPENDIX

(2) Purchases made entirely out of capital and cancelled

(A) Market Purchases

	Group		Company	
	Before Share Purchase RMB'000	**After Share Purchase RMB'000**	**Before Share Purchase RMB'000**	**After Share Purchase RMB'000**
As at 31 December 2022				
Issued capital and reserves/Total shareholders' equity	17,573,131	14,872,881	15,255,975	12,555,725
NTA (excl. non-controlling interests)	17,573,131	14,872,881	15,255,975	12,555,725
Profit after taxation and minority interest	2,807,480	2,703,624	23,529,165	23,425,309
Net debt	Net Cash	Net Cash	Net Cash	2,583,293
Number of Shares ('000)	3,950,589	3,555,530	3,950,589	3,555,530
Treasury shares ('000)	23,488	418,547	23,488	418,547
Financial Ratios				
NTA per share (cents)	444.82	418.30	386.17	353.13
Gross debt gearing (%)	25.99	48.17	0.01	20.69
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	20.57
Current ratio (times)	1.88	1.54	2.54	1.26
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	38.79	19.67	2,524.35	218.41
Basic EPS (cents)				
(before exceptional items)	66.31	70.77	597.15	660.76
(after exceptional items)	71.25	76.26	597.15	660.76
Return on equity (%)	15.98	18.18	154.23	186.57

APPENDIX

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase RMB'000	**After Share Purchase RMB'000**	**Before Share Purchase RMB'000**	**After Share Purchase RMB'000**
As at 31 December 2022				
Issued capital and reserves/Total shareholders' equity	17,573,131	14,485,305	15,255,975	12,168,149
NTA (excl. non-controlling interests)	17,573,131	14,485,305	15,255,975	12,168,149
Profit after taxation and minority interest	2,807,480	2,688,717	23,529,165	23,410,402
Net debt	Net Cash	Net Cash	Net Cash	2,955,961
Number of Shares (excluding treasury shares) ('000)	3,950,589	3,555,530	3,950,589	3,555,530
Treasury shares ('000)	23,488	418,547	23,488	418,547
Financial Ratios				
NTA per share (cents)	444.82	407.40	386.17	342.23
Gross debt gearing (%)	25.99	52.03	0.01	24.41
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	24.29
Current ratio (times)	1.88	1.50	2.54	1.18
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	38.79	18.37	2,524.35	193.09
Basic EPS (cents)				
(before exceptional items)	66.31	70.35	597.15	660.34
(after exceptional items)	71.25	75.84	597.15	660.34
Return on equity (%)	15.98	18.56	154.23	192.39

Shareholders should note that the financial effects set out above are purely for illustrative purposes only and are based on the assumptions set out above. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares (excluding Shares held in treasury and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers at the earliest opportunity.

APPENDIX

7. Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

7.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and person(s) acting in concert with him increases to 30% or more, or, if the Shareholder and person(s) acting in concert with him holds between 30% and 50% of the Company's voting capital, would increase by more than 1% in any six (6) months' period, such Shareholder or group of Shareholders acting in concert would be obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

7.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of such company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert with each other:

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any companies whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

APPENDIX

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Takeover Code.

7.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

(a) the voting rights of such Directors and their concert parties would increase to 30% or more; or

(b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares and subsidiary holdings shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the Share Purchase Mandate Renewal Resolution.

Based solely on the interests of the Substantial Shareholders (as defined in Paragraph 8 below) as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the Substantial Shareholders would be obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

8. Listing Rules

While the Listing Manual does not expressly prohibit purchase or acquisition of shares by a listed company during any particular time or times, the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of consideration and/or a decision of the Board of Directors until such time as the price-sensitive information has been publicly announced. In particular, in line with the Principles of Best Practice for Handling

APPENDIX

of Confidential Information and Dealings in Securities issued by SGX-ST in December 2017 and in order to comply with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcements of the Company's full year financial statements (if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise); and

(b) one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements), as the case may be, and ending on the date of announcement of the relevant results.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares (excluding Shares held in treasury and subsidiary holdings) are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the Directors, chief executive officer, substantial shareholders (as defined in the Securities and Futures Act 2001 of Singapore) (the "**Substantial Shareholders**") or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 2,112,450,605 Shares, representing approximately 53.47% of the issued Shares (excluding Shares held in treasury and subsidiary holdings), are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to approximately 1,717,391,705 Shares, representing approximately 48.30% of the total number of issued Shares (excluding Shares held in treasury and subsidiary holdings). Accordingly, the Company is of the view that there is a sufficient number of issued Shares (excluding Shares held in treasury and subsidiary holdings) held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

9. Shares Purchased During The Previous 12 Months

The details of the share purchases made by the Company in the previous 12 months prior to the Latest Practicable Date are as follows:–

(a) the total number of Shares purchased was 10,000,000. All such Shares were acquired by way of Market Purchases;

(b) the highest and lowest price paid for such Shares purchases were S$1.30 and S$1.27 respectively; and

(c) the total consideration paid by the Company for such Share purchases was S$12,820,402.04.

APPENDIX

10. Directors' and Substantial Shareholders' Interests

10.1 Directors' Interests

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

	Number of Shares	
Director	**Direct Interest**	**Deemed Interest**
Ren Letian[1]	–	165,797,370
Chen Timothy Teck Leng	–	–
Yee Kee Shian, Leon	–	–
Liu Hua	–	–
Poh Boon Hu Raymond	–	–

10.2 Substantial Shareholders' Interests

The interests of the Substantial Shareholders of the Company in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Number of Shares		**Total Percentage**
Substantial Shareholders	**Direct Interest**	**Deemed Interest**	**Interest (%)[2]**
Ren Yuanlin[3]	–	852,845,825	21.6
Yangzi International Holdings Limited	852,845,825	–	21.6
Julius Baer Trust Company (Singapore) Limited as trustee of YZJ Settlement[4]	–	852,845,825	21.6
Lido Point Investments Ltd	394,134,000	–	10.0
Sapphire Skye Limited as nominee of Zedra Trust Company (Singapore) Limited, which is in turn the trustee of the Lido Trust[5]	394,134,000	10.0	
T. Rowe Price Associates, Inc.	–	275,361,200	7.0

Notes:

(1) Ren Letian is deemed to be interested in a total of 165,797,370 ordinary shares of Yangzijiang Shipbuilding (Holdings) Ltd. held by Hengyuan Asset Investment Limited ("**Hengyuan**") (163,697,370 ordinary shares) and Vela Wealth Limited ("**Vela**") (2,100,000 ordinary shares) through his interests in Hengyuan and Vela by virtue of Section 7 of the Companies Act.

(2) Based on 3,950,589,000 Shares in issue as at the Latest Practicable Date, excluding subsidiary holdings and 23,487,780 treasury shares as at the Latest Practicable Date.

(3) Ren Yuanlin is the settlor and sole beneficiary of the YZJ Settlement ("**YZJ Trust**"), which is revocable by the settlor and established as a "purpose trust". Under the terms of the YZJ Trust, Ren Yuanlin has the powers, as settlor, to direct Julius Baer Trust Company (Singapore) Limited, as trustee, as to the investment in the Shares which form the assets of the YZJ Trust. Such powers include decisions relating to any purchase, sale, exchange, letting or retention and exercising of any voting and other rights in relation to the Shares. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the YZJ Trust. Accordingly, Ren Yuanlin is deemed to be interested in the 852,845,825 Shares held by Yangzi International Holdings Limited, by virtue of Section 4 of the Securities and Futures Act 2001 of Singapore ("**SFA**").

(4) Julius Baer Trust Company (Singapore) Limited is the trustee of the YZJ Trust. Julius Baer Trust Company (Singapore) Limited wholly owns Yangzi International Holdings Limited, which holds 852,845,825 Shares as assets of the YZJ Trust. For further details on the YZJ Trust, please refer to note 1. By virtue of Section 4 of the SFA, Julius Baer Trust Company (Singapore) Limited is deemed to have an interest in the 852,845,825 Shares held by Yangzi International Holdings Limited.

(5) Sapphire Skye Limited is wholly-owned by Zedra Trust Company (Singapore) Limited which is the trustee of an employee benefit trust set up for the purpose of rewarding employees of the Group ("Lido Trust"). Under the terms of Lido Trust, Zedra Trust Company (Singapore) Limited manages 394,134,000 Shares held by Lido Point Investments Ltd. By virtue of Section 4 of the SFA, Sapphire Skye Limited (as nominee of Zedra Trust Company (Singapore) Limited) is deemed interested in the 394,134,000 Shares held by Lido Point Investments Ltd.

APPENDIX

11. Directors' Recommendations

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interest of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Share Purchase Mandate Renewal Resolution as set out in the Notice of the 17th AGM.

12. Annual General Meeting

The 17th AGM, notice of which is set out on pages 197 to 202 of the Notice of 17th AGM attached to the Annual Report 2022 of the Company, will be held on Monday, 24 April 2023 at 3.00 p.m. via electronic means for the purpose of, *inter alia*, considering and, if thought fit, passing the Share Purchase Mandate Renewal Resolution as set out in the Notice of the 17th AGM.

13. Action To Be Taken By Shareholders

Shareholders' approval for the proposed renewal of the Share Purchase Mandate is sought at the AGM. The resolution relating to the proposed renewal of the Share Purchase Mandate is contained in the Notice of AGM as ordinary resolution 9.

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on its behalf, that Shareholder should complete, sign and return the Proxy Form attached to the Annual Report in accordance with the instructions printed thereon.

The completion and lodgement of a Proxy Form by a Shareholder does not preclude that Shareholder from attending and voting in person at the AGM if it so wishes.

14. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

15. SGX-ST's Disclaimer

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinion expressed in this Appendix.

APPENDIX

16. Documents Available for Inspection

The following documents may be inspected at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours from the date hereof up to and including the date of the 17th AGM:

(a) the Constitution; and

(b) the audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

Yours faithfully,
For and on behalf of the Board of Directors of
YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

Ren Letian
Executive Chairman and Chief Executive Officer

This page has been intentionally left blank

Proxy Form

Yangzijiang Shipbuilding (Holdings) Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200517636Z)

IMPORTANT:
1. The Annual General Meeting ("**AGM**") will be conducted solely by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Accordingly, this Proxy Form is made available to members on SGXNet at https://www.sgx.com/securities/company-announcements and on the Company's website at www.yzjship.com. For convenience, the Annual Report 2022 and the Notice of Annual General Meeting are made available on these two websites together with this Proxy Form.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-video webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by the Shareholder or his/her/its duly appointed proxy(ies) or by appointing the Chairman of the AGM as proxy to vote on the Shareholder's behalf, are set out in the Notice of AGM dated 5 April 2023.
3. This Proxy Form is not valid for use by CPF investors and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors (i) may vote live via electronic at the AGM if they are pre-register via the pre-registration website and appointed as proxies by their respective CPF/SRS Operators, and should contact their respective CPF/SRS Operators if they have any queries regarding their appointment as proxies, or (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators by 3.00 p.m. on 12 April 2023 to submit their votes.
4. **Please read the important notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend and vote on his/her/its behalf at the AGM.**

I/We ______________________________ (name) ______________ (NRIC/Passport No.)

of ____ (address)

being a member/members of Yangzijiang Shipbuilding (Holdings) Ltd. (the "**Company**"), hereby appoint

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address****		

* and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address	**Email Address****		

or the Chairman of the Meeting, as *my/our proxy to attend and to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held by way of electronic means on Monday, **24 April 2023** at **3.00 p.m.** and at any adjournment thereof. *I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	**Resolutions**	**For****	**Against****	**Abstain****
ORDINARY BUSINESS				
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statement and Auditors' Report thereon.			
2.	To declare a tax exempt (one-tier) final dividend of S$0.05 per ordinary shares in respect of the financial year ended 31 December 2022.			
3.	To approve the payment of Directors' fees of S$290,333 for the financial year ended 31 December 2022.			
4.	To re-elect Mr Yee Kee Shian, Leon as Director.			
5.	To re-elect Ms Liu Hua as Director.			
6.	To re-elect Mr Poh Boon Hu, Raymond as Director.			
7.	To re-elect Mr Ren Letian as Director.			
8.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
9.	To authorise Directors to allot and issue shares.			
10.	To renew the Share Purchase Mandate.			

* *Please delete accordingly*
** *Compulsory for registration purposes. Only provided email address in the submitted Proxy Form will receive Confirmation Email for the Physical Meeting or Virtual Meeting. Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes for or against or abstain from voting in respect of all your Shares the above Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish your proxy/proxies to exercise some and not all of your votes for or against and/or abstain from voting for the Resolution and/or if you wish your proxy/proxies to abstain from voting in respect of the Resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the Resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deems fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.*

Dated this ________ day of ________________ 2023

Total Number of Shares Held in:	
(a) Depository Register	
(b) Register of Members	

____
Signature of Shareholder(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

IMPORTANT NOTES

1. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the Ordinary Shares held by you.
2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, this Annual General Meeting of the Company ("AGM") will be conducted solely by way of electronic means. This Proxy Form is made available to members on SGXNet at https://www.sgx.com/securities/company-announcements and on the Company's website at www.yzjship.com. Printed copies of the AGM Documents, including this proxy form will NOT be despatched to members.
3. A member entitled to attend, speak and vote at the AGM, who is not a relevant intermediary (as defined in Section 181(6) of the Companies Act 1967), is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. Where such member appoints more than one proxy, the appointments shall be invalid unless he/ she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the Proxy Form.
4. A member who is a relevant intermediary entitled to attend, speak and vote at the AGM is entitled to appoint more than two proxies to attend, speak and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share in the company ("Share") or Shares held by such member. Where such member appoints more than one proxy, it should annex to the instrument appointing a proxy(ies) (the "Proxy Form") the list of proxies, setting out, in respect of each proxy, the name, address, email address, NRIC/Passport number and proportion of shareholding (expressed in number of Shares and as a percentage of the whole) in relation to which each proxy has been appointed. The appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed in the Proxy Form. For the avoidance of doubt, an CPF/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   Together with the instrument appointing a proxy, the relevant intermediaries shall provide to the Company a list of attendees who would like to attend the AGM with such information that may be requested by the Company.
5. A proxy/proxies need not be a member of the Company.
6. A member who wishes to submit an instrument of proxy must complete and sign the Proxy Form, before submitting to the Company in the following manner:
   (a) By Post: To be deposited at the registered office of the Company at 80 Robinson Road #02-00, Singapore 068898; or
   (b) By e-mail: To be emailed to yangzijiang.sg@yzjship.com (Attn: Yangzijiang Team); or

   Given the restriction orders and elevated safe distancing measures to deal with the COVID-19 situation in Singapore, members are strongly encouraged to submit the duly completed and signed Proxy Form via email.
7. CPF Investors or SRS Investors:
   (i) may vote live via electronic at the AGM if they are pre-register via the pre-registration website and appointed as proxies by their respective CPF/SRS Operators, and should contact their respective CPF/SRS Operators if they have any queries regarding their appointment as proxies, or
   (ii) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes by 3.00 p.m. on 12 April 2023.
8. This Proxy Form must be executed under the hand of the appointer or by his/her attorney duly authorised in writing or, where it is executed by a corporation, be executed under its common seal or signed on its behalf by an attorney or duly authorised officer of the corporation. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.
9. The Company shall be entitled to reject this Proxy Form, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member whose Ordinary Shares are entered against his/her/its name in the Depository Register, the Company may reject this Proxy Form if the member, being the appointor, is not shown to have Ordinary Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to vote at the AGM unless his/her/its name appears on the Depository Register 72 hours before the time set for the AGM.

AFFIX
POSTAGE
STAMP

The Company Secretary

Yangzijiang Shipbuilding (Holdings) Ltd.

80 Robinson Road

#02-00

Singapore 068898

CORPORATE INFORMATION

DIRECTORS

REN LETIAN
Executive Chairman and Chief Executive Officer
CHEN TIMOTHY TECK LENG
Lead Independent Director
YEE KEE SHIAN, LEON
Independent, Non-executive director
POH BOON HU RAYMOND
Independent, Non-executive director
LIU HUA
Non-Independent, Non-executive director

JOINT COMPANY SECRETARIES

PAN MI KEAY
LEE WEI HSIUNG

COMPANY REGISTRATION NUMBER

200517636Z

REGISTERED OFFICE

80 Robinson Road #02-00
Singapore 068898

MAIN BUSINESS ADDRESSES

1# Lianyi Road, Jiangyin-Jingjiang Industry Zone,
Jingjiang City, Jiangsu,
People's Republic of China 214532

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

BOARDROOM CORPORATE &
ADVISORY SERVICES PTE. LTD.
1 Harbourfront Avenue, Keppel Bay Tower,
#14-03/07,
Singapore 098632

AUDITOR

PRICEWATERHOUSECOOPERS LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

Partner-in-charge:
DANIEL KHOO
(Appointed since Financial Year ended
31 December 2022)

Yangzijiang Shipbuilding (Holdings) Ltd.

扬子江船业（控股）有限公司

9 RAFFLES PLACE
#54-01, REPUBLIC PLAZA
SINGAPORE 048619