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

SAILING ON GREENS

ANNUAL REPORT 2023

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CORPORATE PROFILE

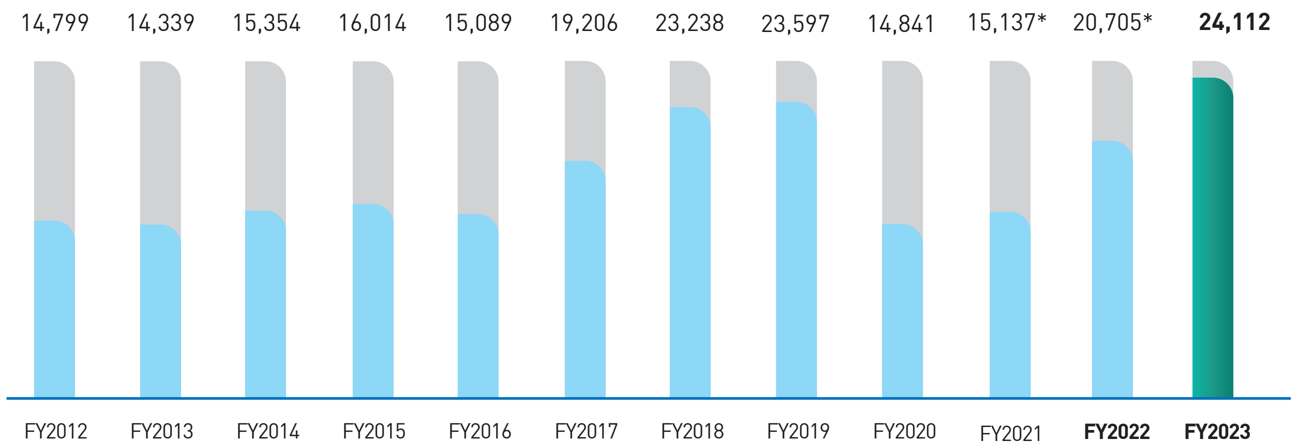
WE ARE ONE OF THE LARGEST NON-STATE-OWNED SHIPBUILDING COMPANIES IN CHINA; EN ROUTE TO WORLD-CLASS EXCELLENCE

We produce a broad range of commercial vessels such as containerships, oil tankers, bulk carriers, LNG vessels and other gas carriers, 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")

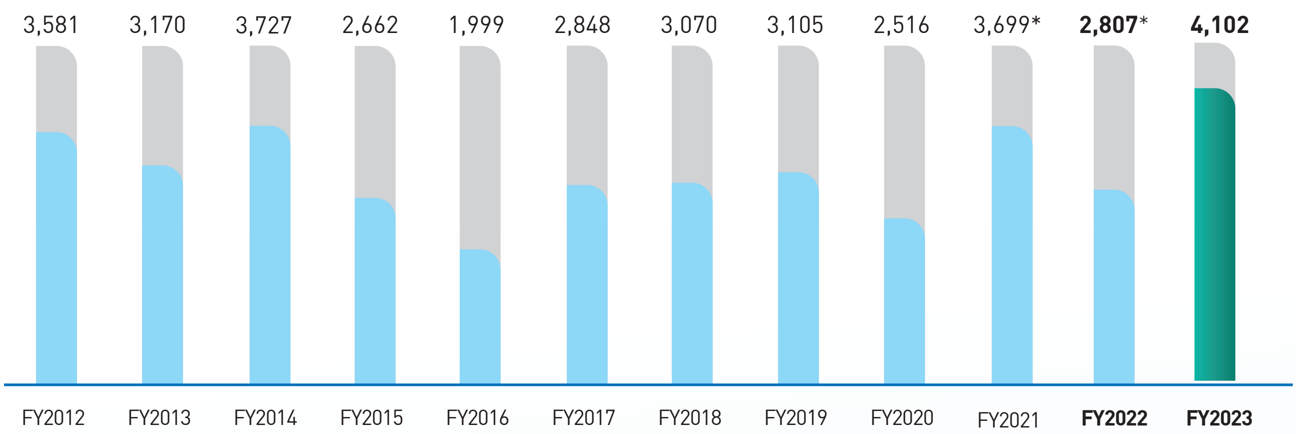
FINANCIAL **HIGHLIGHTS**

REVENUE (RMB'MILLION)



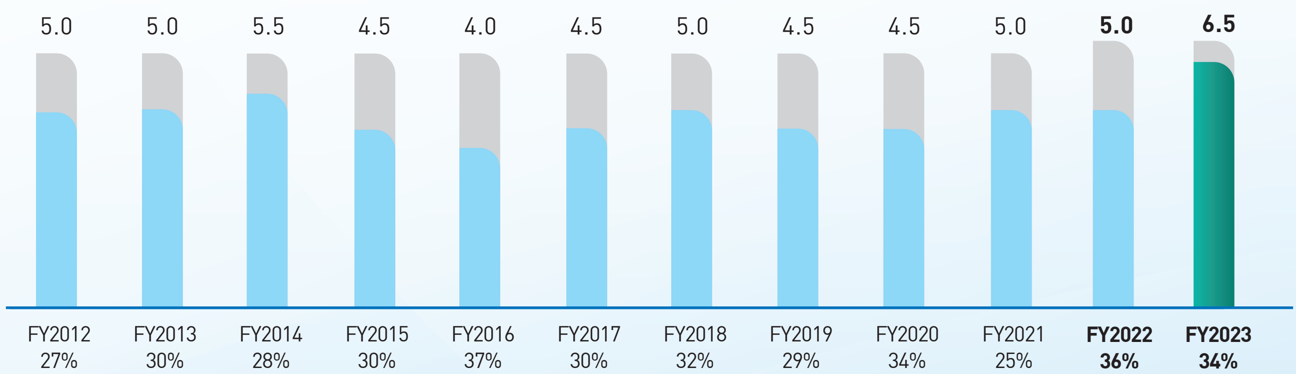
* Revenue for FY2021 and FY2022 relate to revenue from continuing operations only

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**

	2023 31 December RMB'000	2022 31 December RMB'000	2021 31 December RMB'000	2020 31 December RMB'000	2019 31 December RMB'000
RESULTS					
Revenue	**24,112,330**	20,705,076	15,137,154	14,841,266	23,597,175
Gross profit	**5,410,253**	3,197,198	2,084,327	4,222,147	4,328,554
Other income	**577,891**	454,626	436,344	478,850	441,788
Other (losses)/gains	**(328,184)**	233,110	958,719	(208,430)	125,948
Net profit from continuing operations	**4,101,548**	2,612,904	1,971,192	2,516,404	3,105,069
Net profit from discontinued operations	**–**	194,576	1,727,440	–	–
Net profit attributable to shareholders	**4,101,548**	2,807,480	3,698,632	2,516,404	3,105,069
Basic EPS (RMB cents)	**103.82**	71.25	95.79	64.39	78.88
FINANCIAL POSITION					
Total assets	**40,864,327**	32,967,103	51,612,264	44,910,661	45,756,122
Shareholders' Equity	**20,940,553**	17,573,131	35,923,416	32,342,355	31,095,631
Cash and cash Equivalents	**16,560,685**	10,778,393	12,363,193	6,633,416	10,183,019
Net asset value per ordinary shares (RMB cents)	**530.06**	444.82	915.62	839.51	793.51
MARKET CAPITALISATION AT PERIOD END					
Dividends (Singapore dollar)	**0.065**	0.05	0.05	0.045	0.045
Share price at Period End (Singapore dollar)	**1.49**	1.360	1.340	0.955	1.12
Payout ratio	**34%**	36%	25%	34%	29%
P/E	**7.72**	9.89	6.71	7.21	7.31
P/B	**1.51**	1.58	0.69	0.56	0.73
Dividend yield	**4.36%**	3.68%	3.73%	4.71%	4.02%
No. of shares ('000)	**3,950,589**	3,950,589	3,923,414	3,852,516	3,918,765

OVER 6 DECADES OF ESTABLISHED TRACK RECORD IN THE SHIPBUILDING INDUSTRY

Our steadfast focus on operational efficiency and ongoing technological advancements has strengthened our competitive position, enabling us to enter the high-end shipbuilding market successfully and provide sustainable returns to our shareholders. Today, we are recognized as a leading player in the construction of environmentally friendly vessels.

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 Shipbuilding**" or together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2023 ("**FY2023**").

A YEAR TO REMEMBER

FY2023 was an excellent year for us with the Group delivering its highest ever revenue and net profit. Our efforts in enhancing our shipyards' operational efficiencies and technical capabilities have enabled us to improve our overall mix of products, producing vessels with a higher market value.

As such, our revenue grew 16.5% year-on-year ("**yoy**") to RMB24.11 billion, driven by the delivery of higher value vessels and a favourable exchange rate. With steel costs stabilizing at a relatively lower level throughout 2023, and a higher revenue, our improved margins enabled us to deliver a net profit of RMB4.1 billion, a 57.0% increase from the previous year.

During FY2023, Yangzijiang Shipbuilding secured a total of 97 new orders worth USD 7.1 billion, of which 54% are alternative-fuelled vessels. This brings our total outstanding orderbook as of 31 December 2023 to USD14.5 billion for 182 vessels, which would give us earnings visibility up to 2027.

In November 2023, we were also privileged to win two awards at The Edge's Billion Dollar Club event. We were selected as the overall winner in the industrial conglomerates and goods sector + industrial goods, shipbuilding category. In addition, the Group also came in top for generating the highest returns to shareholders in the three financial years taken into consideration.

CHAIRMAN'S STATEMENT

SHIPBUILDING SEGMENT

Sector Overview

2023 was a good year for shipbuilders with global shipyard output increasing 10% yoy to 35m compensated gross tonnage ("**CGT**")[1]. In terms of market share, China yards built 50% of this output, followed by South Korea at 26% and Japan at 14%. Whilst Korean yards dominated the production of Liquified Natural Gas ("**LNG**") vessels, Chinese shipyards built the majority of containerships, bulkers and tankers.

Going forward, Clarksons research expects new-build demand for 2024 to continue improving with orders for alternative-fuelled vessels and tankers being the key catalysts. On the supply side, global shipyard capacity remains limited which could potentially drive prices higher.

Fleet Decarbonization to Drive Demand

The commercial shipbuilding market remains a pivotal component of the global maritime industry, playing a crucial role in facilitating international trade and economic development. These ships including containerships, bulk carriers, and tankers, ultimately handle over 90% of global trade, making it indispensable for connecting markets, supporting economies, and facilitating globalisation. As such, the need to decarbonise the shipping industry, within the required timeline, has sparked consistent demand for tier-1 shipbuilders, like ourselves.

1 **Clarksons research via Seatrade Maritime** https://www.seatrade-maritime.com/shipyards/china-hits-50-worldshipyard-output-2023

CHAIRMAN'S STATEMENT

We believe that regulatory factors will continue to drive new-build demand in the short- to mid-term. In July 2023, the International Maritime Organization added new and more stringent requirements[1] for its Green House Gas ("**GHG**") reduction strategy for global shipping. In summary, the industry has to reach net-zero emissions by 2050, IMO has set indicative checkpoints in 2030 and 2040, and lastly regulating a 5-10% uptake of alternative zero or near zero GHG fuels by international shipping by 2030.

In December 2023, the Government in China announced that it would establish a Green Shipbuilding Roadmap[2]. With China now taking 50% of the global market share[3] of shipbuilding, the country aims to see its green shipbuilding technology reach an advanced international level and lead in the global green shipbuilding market by 2030. This is on top of China's target to hit carbon neutrality by 2060.

Outlook - Raising Targets to Capture Demand

In 2024, we believe that demand will come mainly from dual-fuel and alternative-fuelled containerships, oil tankers and gas carriers. With the number of new build orders placed over the past three years, we estimate that containership demand will peak in 2024. Demand for oil tankers is expected to remain similar to 2023 levels, mainly driven by the ongoing fleet renewal. Notably, both crude oil tankers and product oil tankers are highly in demand. Gas carrier demand is expected to have a modest rise in 2024, driven by the increasing end-market demand. For the gas carriers, considering our current order delivery schedule, we will be targeting small to medium-sized LNG, Liquefied Petroleum Gas ("**LPG**") and Liquefied Ethylene Gas ("**LEG**") carriers.

With these tailwinds and a shift in product mix to higher value vessels, we are raising our 2024 order-win target by 50% to USD 4.5 billion. My team and I are confident that we will be able to achieve this challenging target. As at the time of writing this statement, the Group has recently secured new order wins for 12 vessels amounting to USD 1.35 billion. This order included 6 methanol dual-fuel 13,000TEU containerships.

From an operational perspective, our yards are expected to be at full capacity in 2024, with expectations to deliver 63 vessels. With raw materials remaining stable, and tier-1 shipyard capacity constraints, we are looking forward to an encouraging FY2024.

SHIPPING SEGMENT

Sector Overview

2023 was not a great year for shipping rates, characterised by the continued volatility in the Baltic Dry Index ("**BDI**"). In January 2023, the BDI was at a low of 685 but spiked to 3,346 in December 2023. Our strategy during this period has been to secure only short-term chartering contracts so that we can remain adaptable to this market. While margins reduced from 40.7% in FY2022 to 34.4% in FY2023, our nimbleness and our lower costs, should allow us to be in a better position versus our peers.

[1] https://www.imo.org/

[2] China's green development plan for its shipbuilding industry – https://english.www.gov.cn/news/202312/29/content_WS658e0238c6d0868f4e8e2944.html

[3] **Clarkson's research via SeatradeMaritime** – https://www.seatrade-maritime.com/shipyards/china-cementsposition-worlds-top-shipbuilder-2023

CHAIRMAN'S STATEMENT

Outlook – Exploring growth
Looking ahead, we expect further volatility in the BDI. As such we will continue with our strategy of signing both spot and charter contracts for our fleet, to remain agile in the dynamic market. Bulk carriers, which account for 25 out of the 30 vessels that we own, will continue to comprise the majority of our fleet. Furthermore, we have been dedicated to enhancing the operational efficiency of our fleet, and committed to transitioning towards a more sustainable fleet.

REWARDING OUR SHAREHOLDERS

As we continue to excel on the operational front, we are extremely grateful to our shareholders for their unwavering support. With our record net profit, the Board of Directors is recommending a dividend per share of S$0.065 for FY2023, up from S$0.05 in FY2022. This translates to a payout ratio of 33.7%.

APPRECIATION

I would like to extend my deep appreciation to Mr Chen Timothy Teck Leng who will retire from his role as Lead Independent Director and the Chairman of the Audit Committee in the forthcoming Annual General Meeting. Thank you for your invaluable contributions in the past decade and we wish you all the best in your future endeavours.

The Group's Nomination Committee is actively seeking a qualified candidate to take over as Chairman of the Audit and Risk Committee. An announcement regarding this appointment will be made in due course.

In conclusion, I would like to express my heartfelt gratitude to our Board of Directors and all our stakeholders, customers, suppliers, business associates, employees, and shareholders, for your part in the success of Yangzijiang Shipbuilding in FY2023. I am glad to have you with us as we strive to deliver more value to all our stakeholders.

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

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

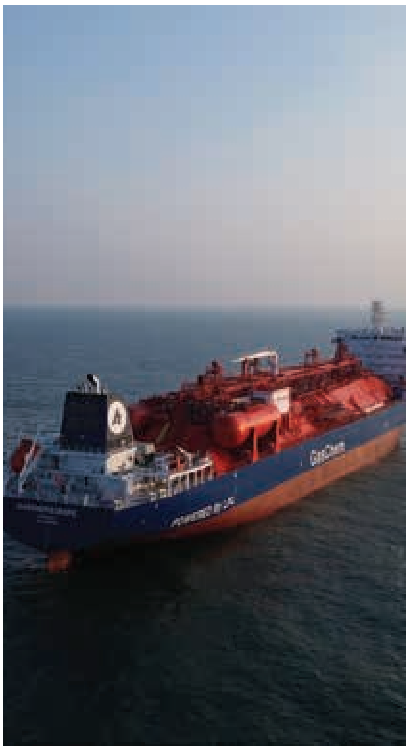
CORPORATE MILESTONES

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

2023

- Acquired additional 45% equity interest in Jiangsu Yangzi Jiasheng Terminal Co., Ltd., bringing total controlling stake to 100%.
- Commenced construction of LNG storage facilities adjacent to Jiasheng Terminal
- Acquired a landmark office building in 39 Robinson Road Pte. Ltd. to enhance its profile and deepen its roots in Singapore
- Delivered its first 40,000CBM LPG carriers with ammonia-ready technology
- Acquired additional 5% of equity interest in YAMIC Yard, boosting the Group's stake to 56%
- New Yangzi Yard, Yangzi Xinfu Yard, and YAMIC Yard were honoured "Green and Smart Factory" status
- Introduced 2030 sustainability checkpoint of achieving a 25% reduction in carbon intensity compared to 2023

RIDING REGULATORY TAILWINDS: A BOOST TO SHIPBUILDING DEMAND

Our orderbook composition, with clean energy vessels accounting for 58% of total value, reflects the successful market penetration. This positions us favourably to leverage the green megatrend, embarking on a multi-year growth journey.

BOARD OF DIRECTORS

REN LETIAN
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
Lead Independent Non-Executive Director
Chairman of Audit and Risk Committee

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.

YEE KEE SHIAN, LEON
Independent Non-Executive Director,
Chairman of Nominating And Remuneration Committees

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, OxPay Financial 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. He is also a Board member of the Gambling Regulatory Authority, a statutory board under the Ministry of Home Affairs.

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.

BOARD OF DIRECTORS

LIU HUA (刘华)
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
Independent Non-Executive Director

On 2 February 2023, Mr. Poh Boon Hu Raymond assumed the position of Independent, Non-Executive Director, showcasing his commitment to professionalism, ownership, and accountability. His distinguished career commenced at General Electric Aircraft Engines, where he held several leadership roles in production control, client services, information technology, regional sales, and various engineering disciplines. Transitioning to JPMorgan in Singapore and Hong Kong, he excelled as Head of Global Markets Cross-Asset Sales for corporate and financial institutional sectors across the region, demonstrating his adeptness in navigating diverse markets and delivering exceptional results.

During his tenure at General Electric and JPMorgan, Mr. Poh served as a Six Sigma Master Black Belt in both companies, emphasizing his commitment to excellence and operational efficiency. He played a pivotal role in developing and mentoring cross-functional teams, leading to significant revenue, productivity, and business achievements despite evolving economic landscapes.

In 2021, Mr. Poh's leadership was further recognized when he was appointed CEO of a Digital Securities platform regulated by the Monetary Authority of Singapore. Under his guidance, the company successfully established a digital securities exchange and restructured its operations to accommodate fractionalized digital securities investments, highlighting his strategic vision and ability to drive transformative organizational change.

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 also participated in the Asian Financial Leaders Programme sponsored by the Monetary Authority of Singapore and conducted by the Human Capital Leadership Institute, further enhancing his skills and knowledge to excel in global business environments.

SENIOR MANAGEMENT

ZHANG HONGFEI
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
Deputy General Manager

Mr. Song was appointed as the Deputy General Manager of the Group in 2013. He is now 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 after 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
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
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 of the Group 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
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.

UNWAVERING COMMITMENT TO BEST-IN-CLASS QUALITY AND TIMELY DELIVERY

We are committed to nurturing sustainability in our business development and promoting socially responsible practices.

FINANCIAL AND OPERATIONS REVIEW

FY2023 HIGHLIGHTS

2023 marked another excellent year for Yangzijiang Shipbuilding as we continued our growth momentum. Despite the volatile macroeconomic environment, the Group concluded the year on a high note with a record net profit from continuing operations, gross profit margin expansion, and robust order wins exceeding our full-year target.

Operationally, the Group strengthened its commitment to driving the green transition in the maritime industry. Despite a slight reduction, eco-friendly vessels continued to hold a significant majority share of the outstanding orderbook, accounting for approximately 58% of its value as of 31 December 2023, compared to 62% at the end of 2022. Moreover, all vessels delivered in 2023 met the International Maritime Organisation's ("**IMO**") latest Energy Efficiency Design Index ("**EEDI**") emission standards. This is a testament to the Group's ability to build ships that are fuel-efficient.

SEGMENTAL PERFORMANCE REVIEW

Shipbuilding

Shipbuilding demand in 2023 remained elevated, with global newbuild orders growing 5% year-on-year ("**yoy**") in terms of deadweight tonnes ("**DWT**")[1]. The increment was primarily driven by orders for regulatory-driven demand for alternative-fuelled ships and the fleet renewal cycle for tankers. These were consistent with the new orders secured by Yangzijiang Shipbuilding during the year.

In FY2023, total new orders amounted to US$7.1 billion for 97 vessels including 29 units of eco-friendly ships and 44 units of tankers. As of 31 December 2023, the Group's total outstanding orderbook stood at US$14.5 billion for 182 vessels, with the delivery timeframe spanning from 2024 to 2028.

Notably, Yangzijiang Shipbuilding made further inroads into the alternative-fuelled vessel space in 2023, securing its maiden methanol dual-fuel containership order.

[1] Hellenic Shipping News: Clarksons: 45% of all newbuild orders placed in 2023 alternative fuel capable, 4 January 2024

FINANCIAL AND OPERATIONS REVIEW

Furthermore, the Group acquired an additional 5% stake in Yangzi-Mitsui Shipbuilding Co., Ltd ("**YAMIC**") on 3 August 2023, boosting its equity interest to 56%. As a strategic arm targeting premium vessels, YAMIC is transitioning from producing bulk carriers to gas carriers. During the period under review, YAMIC secured contracts for one (1) liquefied ethylene gas ("**LEG**") carrier and eight (8) liquefied petroleum gas ("**LPG**").

The Group delivered a total of 57 vessels over the course of 2023, meeting the full-year target guided earlier. These deliveries were inclusive of one (1) vessel for its own fleet and the sale of one (1) mobile offshore jack-up rig.

Shipping

The global shipping market saw an overall decline in FY2023, partially offset by a temporary boost in November 2023 resulting from the Red Sea Crisis disrupting the supply chain. The trend reflected the broader economic challenges and the subsequent contraction in global trade volume[2]. As a result, the Baltic Exchange Dry Index ("**BDIY**") averaged 1,378 in FY2023, dropping from the FY2022 average of 1,934.

Over the past year, the Group has adopted a strategy combining spot charters with term leases for all available vessels for all available vessels. This ensures that our fleet is fully utilised throughout the year and gives us the flexibility to adjust to the volatility. In addition, our shipping segment repurposed four (4) domestic vessels for international operations in FY2023 amidst the stronger international shipping market to enhance profitability.

During the period under review, the Group also optimised its fleet composition with the disposal of two (2) ageing vessels and the addition of one (1) new vessel. As of 31 December 2023, it has a 30-vessel fleet with an average age of 7.7 years.

Other Businesses

The Group made meaningful progress in its diversification plan to expand to the LNG terminal business. In FY2023, Yangzijiang Shipbuilding commenced the construction work for the LNG storage tank facilities. While the LNG terminal conversion plan of converting the current chemical terminal into an LNG terminal is awaiting the local government's final approval. Once the final approval is obtained, it is anticipated that the capital expenditures ("**CAPEX**") for the LNG storage tank facilities and the terminal conversion will be approximately RMB1 billion each, with total CAPEX nearing RMB2 billion.

FINANCIAL PERFORMANCE REVIEW

The Group continued to deliver a strong set of results in FY2023, underpinned by progressive fulfilment of its strong outstanding orderbook and the delivery of relatively higher-value vessels during the period.

Revenue for FY2023 grew by 16.5% yoy to RMB24.1 billion, with the core shipbuilding business contributing 94.5% of total sales to reach RMB 22.8 billion, up 24% yoy.

Revenue from the shipping business declined by 26.1% yoy to RMB1.0 billion, mainly attributable to lower charter rates during the period.

Revenue contributed from other businesses, including terminal services, trading, ship design services, investment property and investments retained post-spin-off decreased from RMB950 million in FY2022 to RMB303 million in FY2023. This was mainly due to the lower volume of trading business and lower investment income.

In line with the revenue growth, gross profit increased by 69.2% yoy to RMB5.4 billion, with gross profit margin crossing the 20%-mark to reach 22.4%. The improvement was mainly driven by a favourable foreign exchange rate as the RMB depreciated against the USD, and the reduced raw material costs.

Consequently, the Group achieved a record net profit from continuing operations of RMB4.1 billion, up 55.0% yoy. Return on equity significantly improved by 4.7 percentage points ("**ppts**") to 19.6%.

[2] United Nations: Global Trade Update, October 2023

FINANCIAL AND OPERATIONS REVIEW

Yangzijiang Shipbuilding maintained its strong balance sheet position with cash and cash equivalents amounting to RMB16.6 billion as of 31 December 2023. The Group also reported total borrowings of RMB5.6 billion and total equity of RMB21.1 billion, translating to a healthy gross gearing ratio of 26.5% and a net cash position of RMB11.0 billion at the end of 2023.

OUTLOOK AND STRATEGY

Looking ahead, the outlook for the shipbuilding industry remains promising on the back of accelerating environmental regulatory reforms. Clarksons projected a steady growth in new-build demand for 2024 primarily driven by orders for alternative-fuelled vessels and tankers[3].

As Yangzijiang Shipbuilding's shipyard capacity expected to be at full capacity in 2024, it will continue to be selective on new orders by prioritising large-batch orders or premium value orders to maximise profitability. Meanwhile, the Group is ramping up its technical capabilities to secure market share for next-generation products in the future.

Despite the BDIY rising to over 2,000 in March 2024, Yangzijiang Shipbuilding remains cautious due to the volatility and uncertainty in the shipping market. As such, the Group will continue its strategic chartering approach as it waits for clearer signs of industry recovery.

The FY2023 performance and growing shipbuilding capabilities affirm the Group's commitment to sustainable growth, operational excellence, and its ability to navigate a dynamic market environment. In addition, the robust outstanding orderbook of US$14.5 billion has set a solid foundation for continued success in the years ahead. As such, the Group will remain agile and strive to secure a greater market share in the expanding clean energy vessel sector.

[3] Eworldship: Clarkson Research - Shipbuilding Industry Review and Outlook, 23 January 2024

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

01 ABOUT THE REPORT

The Sustainability Report is a comprehensive overview of Yangzijiang Shipbuilding (Holdings) Limited's ("**Yangzijiang**", or together with its subsidiaries, the "**Group**") performance and progress in the Environment, Social and Governance ("**ESG**") sector. We hope to provide transparent and accurate disclosure of our performance and highlight our efforts in sustainable development.

Reporting Standards and Frameworks

This report is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards and adheres to the requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rule, including rules 711A and 711B on Sustainability Report and relevant SGX Practice Notes on Sustainability Reporting Guide.

In addition, this report follows the reporting criteria and frameworks set forth by the International Sustainability Standards Board ("**ISSB**").

The Group supports United Nations Sustainable Development Goals ("**UN SDGs**") and is committed to 8 core principles. This report serves as a supplementary material to additional material to showcase our strategy and progress.

Reporting Period and Scope

The 2023 report focuses on key sustainability aspects (ESG) of our subsidiaries in China and our Singapore office from 1st January 2023 to 31st December 2023 ("**FY2023**"), unless stated otherwise. Our reporting is prepared annually.

Assurance

This report has not adopted external assurance. However, the information disclosed has undergone rigorous review by the Group. The integrity of this report has been approved by the Board of Directors ("**Board**") and the ESG Committee.

Feedback

We value your opinions and feedback on our sustainability practices and reporting. Please don't hesitate to share your questions and suggestions with us at esg@yzjship.com.

SUSTAINABILITY REPORT

02 2023 SUSTAINABLE PRACTICES AT A GLANCE

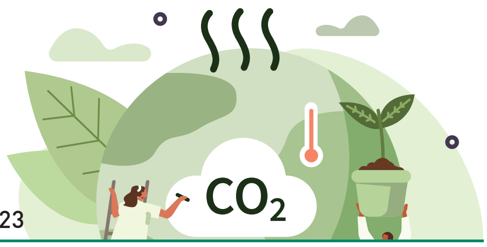
FY2023 ESG ACHIEVEMENTS AT A GLANCE

Set for ESG Target

Reduce carbon intensity (covering scope 1 and scope 2 emissions) by

25% by **2030**

Compared to baseline 2023



Economic Value Generated for Stakeholders

Record Revenue	Record PATMI	FY2023 Dividend	Return on Equity
RMB24.1 billion	RMB4.1 billion	6.5 Singapore Cents	19.6%

Key ESG Performance

Use of Renewable Energy

11.42%

In FY2023

R&D Expenditure to Revenue Ratio

3.9%

In FY2023

Average Employee Training Hour

40 hours

In FY2023

Environmental Impact Audit Coverage

100%

In FY2023

Social Investments

> RMB5 million

In FY2023

Fatality

ZERO

In FY2023

SUSTAINABILITY **REPORT**

REN LETIAN
Executive Chairman and Chief Executive Officer,
Chairman of ESG Committee

03 CHAIRMAN STATEMENT

Dear Stakeholders,

On behalf of the Board and the ESG Committee, I am pleased to present Yangzijiang's Sustainability Report for the Financial Year Ended 31 December 2023.

Introducing Two Key 2030 Targets to Combat Climate Change

In 2023, guided by the ESG Committee, the Group has introduced a target of achieving a 25% reduction in carbon intensity (covering scope 1 and scope 2 emissions) by 2030 from 2023 baseline of 75.56 tonnes of CO_2 equivalent per million US Dollar of sales ("**tCO2e/USD'mln sales**").

The target is aligning with China's decarbonisation roadmap, guiding the Group in formulating an appropriate long-term strategy tailored to our unique context.

Regulatory Tailwinds on Energy Transition

The year 2023 marked substantial advancements in environmental regulations to conform with the Paris Agreement[1].

The United Nations Climate Change Conference ("**COP28**") has reached a UAE Consensus to phase out fossil fuels[2]. For the maritime industry, the IMO accelerated decarbonisation targets for the shipping industry, by introducing two indicative checkpoints: achieving a 20-30% reduction by 2030 and a 70-80% reduction by 2024, compared to 2008 levels[3].

In response to the global decarbonisation agenda, on 28 December 2023, China announced its ambition to capture half of the world's eco-friendly vessel orders by 2025. Furthermore, it aims to complete an overhaul in sustainable practices and technologies by 2030, positioning itself to become a global leader in green shipbuilding and shipping[4].

1 https://unfccc.int/process-and-meetings/the-paris-agreement
2 https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era
3 https://www.imo.org/en/OurWork/Environment/Pages/2023-IMO-Strategy-on-Reduction-of-GHG-Emissions-from-Ships.aspx
4 https://wap.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2023/art_3c718652a49b4c0dbf8f2079567cb742.html

SUSTAINABILITY REPORT

Dual-engine Green Strategy Bearing Fruits in 2023

We launched a dual-engine green strategy on green vessels and green shipyards in 2021. For the former, the Group is strengthening its technical know-how and progressively making inroads into the clean energy vessel market. For the latter, the Group has been transforming its shipyards into smart and green facilities by integrating industrial automation and increasing the use of renewable energy.

In 2023, we achieved a significant milestone in our sustainable development:

Green Vessel Strategy

The Group delivered a total of 57 vessels in 2023, all of which comply with the latest Energy Efficiency Design Index ("**EEDI**") requirements mandated by the IMO. Majority of these vessels were designed with higher operational efficiency and advanced fuel pre-filter technologies, which are expected to play a significant role in facilitating green transition in the maritime industry.

Our annual R&D investments have consistently exceeded 3.5% of our total revenue, with approximately 90% dedicated to enhancing shipbuilding techniques aimed at boosting productivity, improving vessel efficiency and ensuring compliance with environmental regulations.

Our commitment to R&D has enabled our major shipyards to attain the High and New-Technology Enterprise ("**HNTE**") status. Notably, our subsidiaries New Yangzi Yard and Xinfu Yard have maintained this status for over a decade, while our joint venture YAMIC Yard has been awarded for three consecutive years in 2021.

With growing capabilities, we clinched contract-wins of six 9,000TEU methanol dual-fuel containerships from A.P. Moller - Maersk ("**Maersk**") and another six 13,000TEU methanol dual-fuel containerships from Ocean Network Express Pte Ltd ("**ONE**"). Additionally, we secured an order for three fuel-efficient CABU III vessels with wind-assisted propulsion from Klaveness Combination Carriers ASA ("**KCC**").

Notably, as of 31 December 2023, more than half of our outstanding orderbook comprised eco-friendly vessels, accounting for 58%.

Green Shipyard Strategy

The Group also made meaningful progress in its green shipyard initiatives. Our New Yangzi Yard was awarded municipal recognition as a Four-star Green Factory, and our other two shipyards, Xinfu Yard and YAMIC Yard, received provincial acknowledgement as Green Factories as well.

The selection was based on meticulous assessments of sustainable practices within their manufacturing processes and overall operations, as well as their future sustainability roadmap. For instance, our Xinfu Yard is among the top 5% in the industry for carbon emission/compensated gross tonnage ("**CGT**") and pollutant emission/CGT, while the New Yangzi Yard achieves over 10% of its energy consumption generated from renewable sources.

Ongoing Efforts Towards Sustainability

Reducing Toxic Emissions and Waste Management Strategies

Besides our focus in clean technology, we also prioritise the management and reduction of toxic emissions and employ a robust waste management strategy. We have hired a third-party agency for the quarterly evaluation of toxic emissions level and integrated an environmental impact assessment into our internal audit process across all shipyards. Some of our strategies include replacing hazardous materials with safer and more environmentally friendly alternatives and the use of clean energy and eco-friendly materials.

SUSTAINABILITY REPORT

Strengthening Corporate Governance

At Yangzijiang, we are committed to improving our corporate governance standards. In 2023, an internal review on the sustainability reporting process was performed.

Moreover, the Group incorporated additional sustainability principles into its ESG disclosures, including the ISSB standards and the UN SDGs. The extended scope of sustainability reporting is expected to enhance our transparency and accountability to be in line with the global decarbonisation agenda.

Furthermore, our ESG Committee meeting convenes quarterly to maintain a timely review of sustainable initiatives and make necessary adjustments to the near-term work plan.

Health and Safety Always

Employees are the lifeblood of our organisation. We are dedicated to building a safe and harmonious environment for our employees.

To reinforce safety awareness among on-site workers, we conduct weekly workplace safety training sessions, ensuring comprehensive understanding and commitment from our workforce. The achievement of three consecutive years with less than 1% injury rates in our shipyards underscore our efforts to safeguarding our employees' well-being.

The Group also initiated a series of technical and managerial skills training programs to help our people advance their career paths. Rotated across all departments and spanning a minimum of 6 months, these bespoke training camps aim to upskill our people with new industry requirements and establish effective communication channels between the senior management team and on-site workers.

Road To A Sustainable Future

While we reached milestones in our sustainability journey, the pursuit of our decarbonisation goals will continue. I would like take this opportunity to extend my sincere appreciation to all stakeholders for their support in driving Yangzijiang towards sustainability thus far and into the future. We hope to receive more recommendations from you and look forward to more frequent engagements in the coming future!

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

SUSTAINABILITY REPORT

04 ESG MANAGEMENT SYSTEM

4.1 ESG Committee

In October 2022, The Group established an ESG committee to drive the creation and implementation of a systematic ESG framework. As a sub-committee of the Board, they provide advice on ESG targets, latest policies, Group strategies and guide the progress of the Group's ESG strategy.

The ESG committee is led by the Group's Executive Chairman and CEO Mr Ren Letian and committee members include the Group's Non-independent and Non-Executive Director Ms Liu Hua, the Group's Deputy General Manager Mr Zhang Hongfei, and an external advisor Ms Kathy Zhang Chengshuang.

Chairman of the ESG Committee

REN LETIAN
Executive Chairman and Chief Executive Officer

Mr. Ren Letian ("**Mr Ren**") 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.

Notably, Mr. Ren Letian spearheaded the development of a cutting-edge green and smart factory, marking a new era of management excellence. This visionary initiative underscores his commitment to sustainable practices and technological innovation, positioning the Group as a pioneer in environmental stewardship within the industry.

Under his leadership, the Group clinched their major order-win of six (6) 9,000TEU methanol dual-fuel containerships in 2023. Strong demand for clean energy vessels drove the Group's orderbook momentum in 2023 – accounting for 58% of the total contract value. Operationally, the Group's three key shipyards attained "Green Factory" status in 2023, highlighting his dedication to sustainability in both business and operations.

Members of the ESG Committee

ZHANG HONGFEI
Deputy General Manager

Zhang Hongfei, ("**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. He has also played a pivotal role in implementing the Group's ESG strategy. Since his appointment in 2021, and previously as Assistant General Manager since 2010, he has demonstrated unwavering commitment to advancing the Group's sustainability initiatives.

SUSTAINABILITY **REPORT**

LIU HUA
Non-independent and Non-Executive Director

Liu Hua, ("**Ms Liu**"), was appointed as Non-Independent Non-Executive Director of the Group on 4 August 2022. Ms. Liu joined the Group as the financial controller in November 2007 and was promoted to the Chief Financial Officer of the Group in June 2008, and was appointed as CFO and COO of Yangzijiang Financial Holding Ltd. ("**YZJFH**") since 19 April 2022 at the point of spin-off of YZJFH from the Group.

As the first ever female board member of the Group, Ms. Liu brings a diverse perspective to the ESG committee, enriching discussions and fostering inclusivity within the group. Her unique viewpoint and dedication to promoting ESG development have been instrumental in driving positive change within the organization. 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.

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

Kathy Zhang, ("**Ms Zhang**") was appointed as the external advisor of the ESG Committee in 2022. She received her Doctorate in Business Administration with dissertation thesis on ESG measurement from Singapore Management University ("**SMU**") in 2023. Ms Zhang is also an adjunct faculty in the Lee Kong Chian School of Business at SMU.

Ms Zhang has over 20 years of experience in corporate management and investor relations. She co-founded Financial PR Pte Ltd. ("**FPR**") in Singapore in 2001 and is the Non-Executive Director of FPR. From 2016 to 2021, Ms Zhang 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 16th globally in the Global Top 250 PR Agency Ranking 2023 by Provoke Media.

4.1.1 Responsibilities of the ESG Committee

The primary aim of the ESG Committee is to integrate a sustainability framework into the Group's business strategies, focusing especially on corporate governance and operational aspects. The committee convenes at least once every quarter to oversee the progress of ESG strategy implementation and to establish direction and objectives for the upcoming quarter. Meeting minutes are documented by the ESG Implementation Team and endorsed by the chairman of the ESG Committee, Mr Ren Letian. Following the meeting, the ESG Committee directly reports to the Board regarding progress made and forthcoming plans once every quarter.

4.1.2 Focus of the ESG Committee

- Setting ESG-related objectives in accordance with internationally recognized frameworks
- Supervise the execution of ESG strategies within the Group and suggest measures to accomplish defined goals
- Monitor the ESG trends, such as the latest ESG policies and ESG rating standards and update the Board of Directors in a timely manner
- Oversee and support stakeholder engagement plans on ESG matters
- Ensuring the accuracy and adequacy of ESG-related disclosures
- Conducting an annual review and assessment of the Group's ESG initiatives, proposing necessary adjustments to the Board for approval

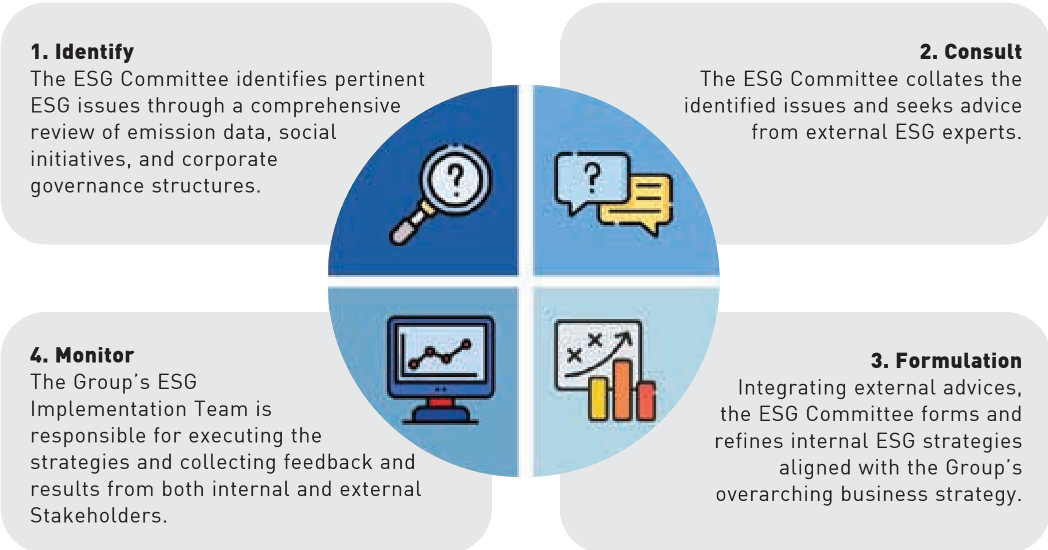
4.1.3 Execution Process of the ESG Committee:

Identify ESG Issues: The ESG Committee identifies pertinent ESG issues through a comprehensive review of emission data, social initiatives, and corporate governance structures.

Seek Consultation: Once identified, the committee consolidates these issues and seeks guidance from external ESG experts to gain insights and perspectives.

Formulate and Revise ESG Strategies: Integrating external advice, the ESG Committee deliberates internally to formulate or refine ESG strategies that align with the Group's overarching 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.



4.2 ESG Commitment

The Group is continuously evolving its ESG initiatives to seamlessly integrate environmental, social, and governance considerations into our day-to-day operations, reflecting our enduring dedication to our stakeholders. Our perspective on sustainability transcends mere Group-level practices, extending to fostering ESG awareness among our workforce. To this end, our ESG commitments are structured around five core pillars pertinent to our business:

DECARBONISATION

Contributing to global climate ambitions, including:

- **The Paris Agreement:** Endeavouring to limit the global average temperature increase to 1.5°C above pre-industrial levels.
- **China:** Aiming for peak carbon emissions by 2030 and carbon neutrality by 2060.
- **IMO:** Committing to net-zero emission by 2050.

TRANSPARENT COMMUNICATION

Cultivate strong relationships with stakeholders grounded in trust and mutual benefits.

SAFETY AND FUTURE-READY WORKFORCE

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

EMPOWERING THE LOCAL COMMUNITY

To support and care for the local community for common prosperity.

EQUALITY AND DISCIPLINE

Encourage equality and partnerships for all employees regardless of age, gender and race.

SUSTAINABILITY **REPORT**

4.3 Stakeholder Engagement

To institutionalise stakeholder engagement as a regular practice, the ESG Committee is developing a robust stakeholder engagement model. This model is anticipated to enable the Group to comprehend and address legitimate stakeholder concerns effectively. Additionally, it will tailor engagement activities based on the unique characteristics of each stakeholder group.

Yangzijiang enhances its ESG strategies and evaluates its ESG initiatives through consistent and transparent communication with various stakeholders. The Group has identified seven key stakeholder groups:

Stakeholder Group	Stakeholder Concerns	Engagement Channels
Customers	• 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 • Quality control and timely delivery • Product and technology innovation • Quality products and after-sales service • Customer satisfaction	• Regular business dialogues • Collection of informal and formal feedback from customers upon vessel delivery • Frequent customer engagement during vessel construction process
Employees	• Safe working environment • Protection from toxic emissions and waste • Work satisfaction • Fair workplace policies – performance evaluation, compensation and employee benefits • Work progression and development opportunities • Sense of belonging	• Labour union • Regular training programs • Performance-based compensation • Regular teambuilding activities • Annual performance evaluation • Transparent and fair career advancement opportunities
Shareholders, Investors and Analysts	• Financial and operational performance • Accretion of shareholders' value • Disclosure transparency • Risk management • Board composition	• Regular engagement with investors and analysts – Annual General Meeting, investor briefings, corporate roadshows, and one-on-one meetings, yard tours • Transparent and timely communication – financial results announcements and corporate announcements • Proactive investor relations
Suppliers & Other Vendors	• Responsible business practices • Regulatory compliance • Long-term partnership	• Regular visits to suppliers • Regular review sessions • Technical training for the workers in the shipyards
Authorities (Including Chinese government and SGX)	• 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 regulator • Yard inspection visits by authorities • Worker training opportunities conducted by the government • Management sharing sessions at government-led events
Media	• Financial and operational performance • Key business breakthroughs • Crisis management • Updates on business strategies	• Press Releases • C-suite interviews • Communication channels – corporate website, WeChat official account, and LinkedIn • Corporate networking events
Local Community	• Care and contributions to the local community • Social volunteer activities • Support for local employment	• Company CSR initiatives • Philanthropic donations

4.4 2023 Materiality Assessment

The Group conducts a materiality assessment once every two years. In FY2023, the Group redefined its material issues and created a Materiality Assessment survey, which was distributed to a selected group of the Group's employees, suppliers, and customer. A total of ten topics were identified in the survey, revolving around three significant sustainability aspects – Environment, Social, and Governance.

4.4.1 Materiality Issue Selection Procedures

The ten topics were selected based on the following five categories:

- Based on reporting criteria and frameworks set by the ISSB.
- Benchmarking against peers regarding ESG practices.
- Proactively addressing ESG challenges prevalent in the maritime industry.
- Evaluating the implications of macroeconomic conditions on the supply chain.
- Updating suppliers' Code of Conduct to align with stakeholders' expectations and requirements.

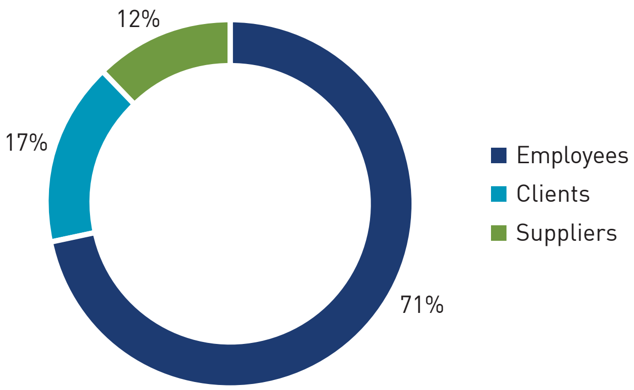
Based on our analysis on GRI, ISSB frameworks, MSCI ESG and S&P CSA rating reports, industry benchmarking, and internal sources, the Group has put across 10 key issues in the survey to capture the perspectives of key stakeholders both domestically and internationally.

Respondents were asked to rank the ten Material ESG topics from least important to most important (least important, less important, neutral, important, most important). Upon formation of the survey, the survey was reviewed and approved by the ESG Committee before distribution.

The objective of the survey was to determine the perceived ESG priority of the Group's stakeholders. The ESG Committee will utilise the information to refine the Group's ESG policies.

4.4.2 Materiality Survey Results

There was a total of 147 respondents in this survey:



- The Group's employees totalled 105 respondents (71%).
- The Group's clients totalled 24 respondents (17%)
- The Group's suppliers totalled 18 respondents (12%)

SUSTAINABILITY REPORT

Overall Rank (Blended Results of Internal and External Shareholders)

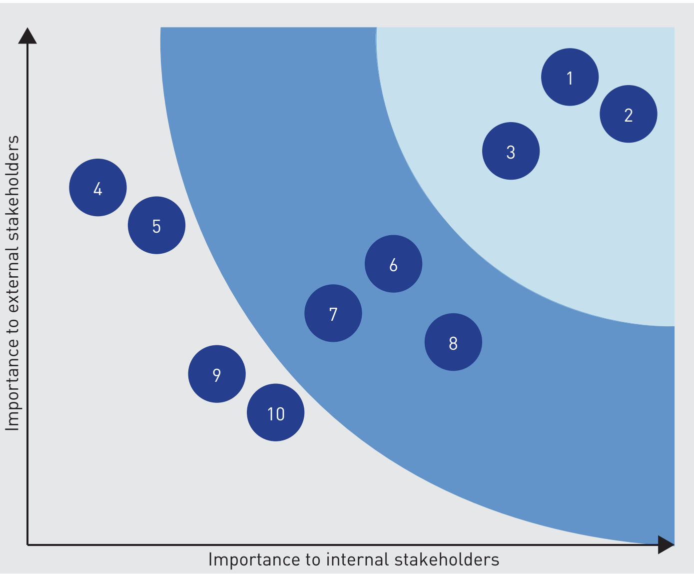
Yangzijiang adopted a five-point scale – ranging from "lowest importance, minor importance, normal, significant importance, and highest importance" – to identify stakeholder concerns regarding the ten material ESG topics.

As stakeholder's feedback is a valuable reference for materiality analysis, the Group employed a weighted average approach to prioritise issues, ensuring equal weights were assigned to each stakeholder group to prevent any biased outcomes due to different sample sizes.

Core Issues Ranked (1 being most important)	Weightage (2 d.p)	Material Topic
1	4.74	Research and Development ("**R&D**") in Clean Technology
2	4.73	Toxic Emissions and Waste Management Strategy
3	4.67	Corporate Governance
4	4.65	Sustainable Supply Chain Management
5	4.64	Labour Management Policy
6	4.63	Greenhouse Gas ("**GHG**") Emissions
7	4.59	Digital Transformation
8	4.59	Occupational Health and Safety
9	4.58	Business Ethics
10	4.58	Diversity, Equality and Care

Analysing the Internal and External Stakeholders

The Group also analysed the priorities of internal and external stakeholders. The graph below showcases this.



1: Toxic Emissions and Waste Management Strategy
2: R&D in Clean Technology
3: Occupational Health and Safety
4: GHG Emissions
5: Sustainable Supply Chain management
6: Corporate Governance
7: Business Ethics
8: Digital Transformation
9: Diversity, Equality and Care
10: Labour Management Policy

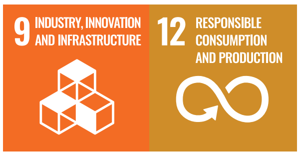
Top 3 Material Issues by Stakeholder Group

Internal Stakeholders	External Stakeholders
1. Research and Development in Clean Technology 2. Toxic Emissions and Waste Management Strategy 3. Occupational Health and Safety	1. Toxic Emissions and Waste Management Strategy 2. Research and Development in Clean Technology 3. Occupational Health and Safety

4.5 Material Issues and Yangzijiang's Approach

After careful consideration of the 2023 Materiality Assessment and our Group's ESG targets, we have identified ten material issues, of which we will prioritise Research and Development in Clean Technology, Toxic Emissions and Waste Management Strategy, and Corporate Governance. The Group has set out its strategies to address the risks and opportunities associated with each issue.

Moreover, the Group is dedicated to aligning its ESG practices with international sustainability agenda, emphasising both disclosure transparency and seamless ESG integration into our daily operations. Notably, the Group has incorporated the UN SDGs into its sustainability reporting framework in FY2023, employing them as one of the guidelines to address all material issues.

Rank	Material Issues	Yangzijiang's Responses	Ref Page
1	**Research and Development in Clean Technology**  	**Current Initiatives:** • Establishment of an in-house R&D centre for technology innovation • Recruitment of technical experts to strengthen the company's knowledge base and innovative capabilities • Introduction of high-efficiency production techniques to enhance productivity and operational efficiency • Introduction of environmentally friendly painting materials to minimise toxic emissions • Penetration into alternative fuel-capable vessel sectors for business growth **Yangzijiang's Strategies:** • Capability enhancement for further penetration into clean energy vessel market • Introduction of low-carbon production process • Adjustment of product mix to secure orders for high-tech/high-value vessels with favourable profitability • Introduction of high-efficiency shipbuilding infrastructure to streamline operations and reduce costs	40-43

SUSTAINABILITY REPORT

Rank	Material Issues	Yangzijiang's Responses	Ref Page
2	**Toxic Emission and Waste Management Strategy**	**Current Initiatives:** • Integration of environmental impact assessment into internal audit process across all shipyards • Engagement with a third-party agency for the quarterly evaluation of toxic emissions levels **Yangzijiang's Strategies:** • Replace hazardous materials with safer, environmentally friendly alternatives • Introduction of waste management guidelines including partnering with a specialised third-party for waste treatment • Use of clean energy and eco-friendly materials aiming to minimise toxic waste production • Facility upgrades to prevent waste leakage risks	47-48
3	**Corporate Governance**	**Current Initiatives:** • Transparent corporate disclosures to ensure accountability and foster trust among stakeholders • Comprehensive corporate management principles to guide strategic decision-making • Experienced Board of Directors and management team bring expertise and leadership to the company's operations **Yangzijiang's Strategies:** • Commitment to disclosure transparency • Capability improvement programs for the Board of Directors to enhance governance and strategic oversight • Commitment to risk management and compliance	61-63
4	**Sustainable Supply Chain Management**	**Current Initiatives:** • Supplier sustainability assessment **Yangzijiang's Strategies:** • Engagement with supply chain players regarding their ESG strategy and implementation progress • Provision of support for supply chain players regarding ESG management • Collaboration for sustainable industry practices	55

SUSTAINABILITY REPORT

Rank	Material Issues	Yangzijiang's Responses	Ref Page
5	**Labour Management Policy**	**Current Initiatives:** • Variable incentives for on-site workers, such as best team performance, leadership excellence, and outstanding cost-saving efforts • Provision for all employees includes the mandatory "Five Insurance and One Housing Fund" along with supplementary medical insurance • Comprehensive principles covering human resources, labour management, employee training, employee attendance and vacation management, employee salary and welfare management, and subcontractor management • Direct communication channel facilitates interaction between employees and the senior management team **Yangzijiang's Strategies:** • Commitment to uploading a high-standard employee management and incentive system • Regular reviews and updates of the employee management policies	51-52
6	**GHG Emission**	**Current Initiatives:** • Disclosure of scope 1 and scope 2 emission data for 2020 – 2023 • Setting climate change management targets **Yangzijiang's Strategies:** • Development of scope 3 emission calculation methodology • Calculation of scope 3 emission • Development of Yangzijiang's ESG management roadmap	45-46
7	**Digital Transformation**	**Current Initiatives:** • Ongoing digital transformation for shipyard facilities • Advancements in smart shipyards • Launch of bespoke vessel design software to minimise design time and costs **Yangzijiang's Strategies:** • Digitalisation of vessel design and modelling • Adoption of a one-stop data storage and management system • Digitalisation of production management • Adoption of a comprehensive Enterprise Resources Planning system	44-45

SUSTAINABILITY REPORT

Rank	Material Issues	Yangzijiang's Responses	Ref Page
8	**Occupational Health and Safety**	**Current Initiatives:** • Establishment of Workplace Safety Committee • Establishment of a top-down workplace safety management system and a reward and penalty scheme for motivation • Monthly Workplace Safety Committee meeting to evaluate safety performance and a system to monitor the implementation of the safety strategy • Weekly safety training for all on-site workers **Yangzijiang's Strategies:** • Ongoing review and optimisation in safety guidelines	51
9	**Business Ethics**	**Current Initiatives:** • Establishment of a clear code of ethics • Ethics training and education • Introduction of ethical reporting system **Yangzijiang's Strategies:** • Fostering an ethical culture and integrity • Regular review and update ethical practices	63
10	**Diversity, Equality, and Care**	**Current Initiatives:** • Comprehensive training for all employees to foster understanding, respect, and appreciation for diverse backgrounds and perspectives • Development of fair hiring principles to ensure fair treatment of all candidates **Yangzijiang's Strategies:** • Comfortable accommodation provided for employees enhances their living conditions • Employee welfare enhancement ensures a supportive and nurturing work environment • Employee Benefit Fund setup aids those in need, demonstrating company solidarity • Birthday celebrations, as a gesture of care, foster a sense of community and belonging among employees	52-54

5 United Nations Climate Change: COP28 Agreement Signals "Beginning of the End" of the Fossil Fuel Era, 13 Dec 2023
6 International Maritime Organisation: 2023 IMO Strategy on Reduction of GHG Emissions from Ships, July 2023
7 European Commission: Reducing emissions from the shipping sector, Jan 2024
8 MYKN: China sets out strategy to dominate green shipbuilding, 5 Jan 2024

05 ENVIRONMENT PERFORMANCE

5.1 Strong Regulatory Tailwinds for Sustainable Solutions

2023 saw significant progress in the global decarbonisation efforts, with various authorities and Non-governmental Organisations ("**NGO**") pledging to net-zero targets and putting forward environmental regulations to combat climate change and global warming.

- **The United Nations Climate Change Conference ("COP28")** highlighted the importance of GHG emission reduction and the phase-down of reliance on fossil fuels[5].
- **The International Maritime Organisation ("IMO")** reinforced its commitments to GHG emission reduction by introducing two indicative checkpoints: achieving a 20-30% reduction by 2030 and a 70-80% reduction by 2040, compared to 2008 levels[6].
- **The European Union ("EU")** extended the scope of the EU Emissions Trading System in January 2024 to include maritime emissions, mandating ship operators to purchase and surrender emission allowances. Any non-compliance could result in fines, refusal of port calls, and potential detention of the ship[7].
- **China**, in 2020, pledged to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. Building on this, China set out green shipbuilding roadmap in the past year, aiming for significant progress in developing low- and zero-carbon fuelled vessels. Specifically, China targets over 50% of the green shipbuilding market by 2025 and completes overhaul in sustainable practices and technologies to become a global leader in green shipbuilding and shipping[8].

A detailed 2015 – 2060 global decarbonisation roadmap was presented below:

GLOBAL DECARBONISATION ROADMAP

		2015	2020	2025	2030	2035	2040	2045	2050	2055	2060
International Regulations Broad-based guidance for all enterprises to integrate sustainability into their business strategies, affecting nearly every aspect of their operations.											
The Paris Agreement (2015)	**Targets**	To limit global warming to well below 2°C above pre-industrial levels, and pursue efforts to limit the temperature increase even further to 1.5°C									
European Union ("EU") Regulations Europe stands for a major market for the Group, where strong regulatory push is likely to drive the renewal for eco-friendly fleet, thereby boosting the Group's orderbook growth.											
EU's Pathway to Net Zero by 2050 (2018)	**Targets**				To reduce GHG emission by at least 55%, compared to 1990 levels				Net Zero		
					To increase the share of renewable energy in the EU's energy mix and improve energy efficiency across all sectors by 2030 and beyond						
	Regulations	**2019 European Green Deal:** a set of policies to facilitate 2030 target	**2021 European Climate Law:** legally bind EU to achieve 2030 and 2050 targets **2021 Fit for 55 Package:** a legislative package to align EU policies with 2030 target **2022 RePowerEU Plan:** plan to reduce dependency on fossil fuels and accelerate the green transition								
EU Emissions Trading System (2005) *A cap-and-trade system aims to combat climate change and reduce industrial greenhouse gas emissions cost-effectively.*	**Regulations**		**2024 Update:** included maritime emission into the system								
China Regulations All of the Group's shipbuilding operations are based in its headquarter, China, Jiangsu Province.											

SUSTAINABILITY **REPORT**

China's Pathway to Carbon Neutrality (2020)	**Targets**				Carbon Peak						Carbon Neutrality
				Green Shipbuilding Roadmap							
				To target over 50% of the green shipbuilding market	To complete overhaul in sustainable practices and technologies to become a global leader in green shipbuilding and shipping						
Sector-specific Regulation: International Maritime Organisation ("IMO") Regulations Direct impact on newbuild demand for eco-friendly vessels.											
Revised IMO's GHG Strategy (2023)	**Targets**				**First checkpoint:** 20% reduction compared to 2008 levels		**Second checkpoint:** 70% reduction compared to 2008 levels		Net-zero		
	Regulations	Energy Efficiency Design Index ("EEDI") phase 1	**2020:** EEDI phase 2 **2022:** EEDI phase 3 for certain ship types **2023:** (1) Energy Efficiency Existing Ship Index ("EEXI") survey; (2) Collection of carbon intensity data ("CII") for existing ships **2025:** EEDI phase 3 for remaining ship types								

Source: United Nations Climate Change, European Commission, IMO website, The Maritime Executive

These targets and regulations are crucial components of a world-wide strategy to limit global temperature rise to below 2°C, preferable to 1.5°C, compared to pre-industrial levels, as proposed in the Paris Agreement[9].

The maritime industry is also advancing its commitment to producing and delivering fuel-efficient and eco-friendly vessels, facilitating the industry's green transition. This shift was evident by the rising share of alternative fuel-capable ships in global annual newbuild orders. In 2023, such vessels accounted for approximately 45%[11] of ordered deadweight tonnes ("**DWT**"), a notable increase from 30% in 2022[10] and just 8% in 2016[11].

As one of the largest shipbuilders in the industry, the Group is dedicated to driving this broad-based sustainable transition. Guided by the ESG Committee, the Group has conducted an in-depth review of its operational activities and upgraded its "Two-carbon Strategy", aligning it with China's national decarbonisation agenda and the Group's distinct characteristics.

9 United Nations Climate Change: The Paris Agreement
10 Ship & Bunker: 30% of 2022 Newbuild Tonnage opts for alternative bunker fuels, 4 Jan 2023
11 RIVIERA News: Clarksons: 45% of newbuilds ordered in 2023 alternative fuel capable, 8 Jan 2024

5.2 Yangzijiang's Dual-engine ESG Strategy

In 2023, the Group refined its "Two-carbon Strategy" by integrating sustainability targets and strategy implementation frameworks into both pillars. The revised approach aims to position the Group as a leading force in the clean energy vessel market while reinforcing its commitment to becoming a socially responsible enterprise in China.

5.2.1 Green Vessel Strategy – Ongoing R&D Efforts in Clean Technology

The clean vessel strategy is central to the Group's business growth. Its R&D efforts are dedicated not only to the development of green vessels but also to upgrading production techniques. These simultaneous endeavours ensure the Group maintains its market leadership and constantly strengthens its production efficiency, achieving cost-effectiveness, optimising production capacity, and enhancing profitability.

Going forward, the Group will continue to focus on R&D to improve its technical know-how, being well-positioned to capture larger market share in the emerging clean energy vessel market.

	IMPLEMENTATION TEAM	VESSEL DEVELOPMENT	TECHNIQUE UPGRADE
GROWTH FOCUS	• In-house R&D Centre	• Fuel efficiency improvement • Low-carbon technology development • Methanol fuelled containerships, tankers, and bulk carriers • Ammonia fuelled vessels and ammonia carriers • Wind-assisted propulsion system • Carbon capture and storage technology	• Technology upgrade in coating • Emission reduction of volatile organic compounds ("**VOC**") • Raw material usage optimization • Reduction in pollutant emissions, hazardous waste, and harmful environmental impact

These R&D initiatives are strongly backed by the Group, with its annual R&D expenditure accounting for more than 3% of its total revenue. In addition, proportion of R&D expenditure on clean tech grew steadily year by year, demonstrating the Group's commitment to building greener ships.

	2021	2022	2023
R&D to Revenue Ratio	3.4%	3.3%	**3.9%**
Percentage of R&D Expenditure in Clean Technology (%)	9.0%	13.0%	**17.5%**

SUSTAINABILITY **REPORT**

Key Milestones

››› HIGHLIGHTS

CLEAN ENERGY VESSELS ACCOUNTED FOR ~58% OF OUTSTANDING ORDERBOOK VALUE AS OF 31 DECEMBER 2023

Order-wins

››› MAJOR CONTRACT-WIN

Secured major contract-wins for large size methanol dual-fuel containerships, including six (6) methanol dual-fuel containerships from Maersk in June 2023 and another six (6) methanol dual-fuel containerships from ONE in January 2024.

Figure 1 Signing ceremony with Maersk for the six 9,000TEU methanol dual-fuel containerships

Figure 2 Signing ceremony with ONE for the six 13,000TEU methanol dual-fuel containerships

››› MAJOR CONTRACT-WIN

Secured a total of ten (10) 24,000TEU LNG dual-fuel containerships in 2023

Figure 3 Signing ceremony with CMA CGM for ten 24,000TEU LNG dual-fuel containerships

››› MAJOR CONTRACT-WIN

Secured repeat orders from KCC for three (3) fuel-efficient CABU vessels with wind-assisted propulsion system

Figure 4 Signing ceremony with KCC for the three 83,300DWT CABU carriers

››› HIGHLIGHTS

ALL VESSELS DELIVERED IN FY2023 MET THE LATEST IMO EEDI STANDARDS.

Vessel Delivery

››› CASE STUDY 1

3,500 TEU CONTAINERSHIP

- Capable of carrying both ISO standard and pallet standard containers, providing shipowners with flexibility in fleet allocation
- Fuel efficiency enhancement
- Optimisation in ship equipment setup, reducing future maintenance costs for shipowners.
- Operational safety enhancement
- Mitigation of fuel leakage risks
- Achieving EEDI score of 11.3g-CO_2/ton mile, outperforming the Tier III requirement of 13.86g-CO_2/ton mile

Figure 5 3,500TEU containership

››› CASE STUDY 2

15,000 TEU CONTAINERSHIP

- Propulsion efficiency enhancement
- Equipped with hybrid desulphurisation tower and selective catalytic reduction ("**SCR**") nitrogen oxides removal system
- Operational safety enhancement
- Achieving EEDI score of 7.54g-CO_2/ton mile, outperforming the Tier III requirement of 13.86g-CO_2/ton mile

Figure 6 15,000TEU containership

››› CASE STUDY 3

40,000 CBM LIQUEFIED PETROLEUM GAS ("LPG") CARRIER

- Maiden use of VL4-4 low-temperature carbon manganese steel for the liquid tank, achieving up to 60% shipbuilding cost-savings
- Capable of carrying ammonia fuel
- Optimising hull capacity by 10%
- Adopting low-carbon fuel technologies – an advanced Tier III dual-fuel LPG main engine
- In compliance with IMO EEDI Tier III emission standards

Figure 7 40,000 CBM LPG Carrier

SUSTAINABILITY **REPORT**

5.2.2 Green Factory Strategy – Transitioning to a Smart Shipyard

An efficient and safe working environment is crucial for the Group's operations. Over the years, the Group has taken initiatives to upgrade its production facilities to improve shipbuilding efficiency and installed a comprehensive enterprise resource planning system to enhance operational flows, data management, and data storage across the company.

In the past year, the Group further advanced its strategy over green factory development by formulating action plans for building a smart shipyard.

This strategy aligns with China's green shipbuilding guidelines issued in December 2023, focusing on digital transformation in ship production, resource planning and management, quality and safety management, and renewable energy adoption.

IMPLEMENTATION FRAMEWORK

Digital Transformation	Resource Planning and Management
• Digitalising ship design process and incorporating design modelling software • Introducing product statistics management system to enhance project management efficiency • Deploying an intelligent production planning system • Integrating industrial automation into the prefabrication process	• Implementing raw material monitoring and GPS navigation systems • Establishing a systematic process for monitoring the inflow and outflow of raw materials
Quality and Safety Management	**Energy Management and Renewable Energy Adoption**
• Deploying a one-stop quality management platform • Enhancing data collection and storage capabilities • Introducing a safety management software, with focuses on safety statistics collection, production site management, on-site worker management, and security patrol management	• Introducing an energy management software, mainly for timely and accurately monitoring the usage of electricity and gas • Ongoing efforts to build solar power facilities • Planning the construction of wind power facilities, awaiting government approval • Introducing electric forklift trucks to replace those powered by conventional fuels.

Key Achievements

Smart Shipyards	**Award-wins**	• Xinfu Yard and YAMIC Yard were granted **"Provincial Green Factory"** Award 2023 • New Yangzi Yard was honored **"Municipal Four-star Green Factory"** Award 2023
Digital Transformation	**Major Achievements**	• Shorten the average vessel design lead time to **11 months** from 13 months • Improve design efficiency by **15.4%** • Lower the intermediate good defect rate to **4.3%** from 7.0% through the use of industrial automation
Quality and Safety Management	**Certifications**	• **ISO 9001** *Quality Management Certification by the China Classification Society* • **ISO 14001** *Environmental Management Certification* • **ISO 45001** *Occupational Health and Safety Management Certification* • **CSQA** *Certification in Software Quality Analyst* • The Group's 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**")
Energy Management and Renewable Energy Adoption	**Certifications**	• **GB/T23331** China Energy Management System Certification • **ISO 50001** International Energy Management System Certification
	Major Achievements	• Decreased energy consumption per unit production per 10,000 compensated gross tonnage ("**CGT**") by **3.48%** • Average annual solar power generation: **40,929.30 megawatt-hour ("MWh")** • Energy Storage Facility Capacity: **24 MWh** • Total installed solar power capacity: **57.99 MWh**

5.3 Climate Change Management

The Group has taken proactive initiatives to identify risks and opportunities arising from the climate change and establish a comprehensive management system to address them systematically. This climate management system involves a multi-faceted approach that addresses emission reduction, improves energy efficiency, achieves operational cost-effectiveness, and pinpoints growth catalysts.

The Group developed a Group-wide GHG emission measurement system in accordance with GHG Protocol and ISO 14064-1:2018. This baseline assessment starts with formulating a data collection process for each shipyard and subsequently, by training relevant departments to monitor and update energy consumption in the internal system. Afterwhich, the Group's ESG Implementation Team verifies the accuracy and completeness of the raw data, estimating Scope 1, Scope 2, and Scope 3 emissions accordingly.

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The ESG Committee supervises the implementation of the GHG emission measurement system, while internal audits verify compliance and transparency.

This year, the Group outlined a future implementation framework to enhance its climate change management system and progressively decrease GHG emissions.

TARGET

Achieve **A 25% REDUCTION IN CARBON INTENSITY BY 2030**
(covering scope 1 and scope 2 emissions), compared to baseline 2023.

IMPLEMENTATION FRAMEWORK

Systematic Carbon Footprint Management	Scope 3 Measurement
• Adopt a GHG measurement software to streamline data collection process and automatically calculate emission results, eliminating manual tasks for improved accuracy and management efficiency.	• Define the boundaries for scope 3 emission reporting. • Partner with supply chain stakeholders for efficient data collection. • Calculate the Group's Scope 3 emissions estimates.
Decarbonisation Roadmap	**Climate Change Management Disclosures**
• Propose decarbonisation roadmap and periodical checkpoints.	• Disclose climate change and water management information on the CDP platform. • Prepare to implement the TCFD framework.

Key Initiatives

Second-year participation in Carbon Disclosure Project ("CDP") reporting	Climate Change 2023 score: Improved from "Not scored" to "C" C C-
Compliance with GRI principles	Page 64-66
Compliance with SGX Sustainability Reporting Guide	Page 67-70
Compliance with Sustainability Accounting Standards Board ("SASB") Standards	Page 71
Compliance with UN SDGs	Page 35-38

5.4 Water Management System

Water is a precious resource in the world. Although the Group's shipbuilding activities have limited impact on water emissions, it has set up a proper water management system, aiming to reduce water consumption, enhance water efficiency, ensure sustainable water use, and ultimately achieve operational cost-effectiveness.

The Group conducts regular assessments to measure current water use across all operations, identifying key areas of consumption and waste.

Based on the assessments results, the Group formulated its water management system and summarised into three pillars.

Process Optimisation	Equipment Upgrades	Leakage Detection and Maintenance
• Implementing metering for water usage and reinforcing compliance with regulations set out by the municipal water conservation authorities • Closely managing the direct water drainage in the production process • Conducting training programs to raise awareness among employees about water conservation practices and involve them in identifying opportunities for water savings • Providing incentives and awards for those who showcase outstanding conservation efforts	• Using high-quality water-saving equipment for appliances • Installing water-saving valves in tanks for sanitation equipment	• 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

The Group is working towards quantifying its impact on water emissions and will prepare to set corresponding targets in the future.

The above water management system is not only about reducing water use, but also about contributing to the sustainability of the water resources on which the Group and its local community rely.

Notably, all municipal water released by the Group in FY2023 was properly treated and met local government requirements.

5.5 Toxic Emissions and Waste Management System

Managing toxic emissions and waste is an essential component of achieving responsible business operations. The Group is dedicated to aligning with government regulations and striving to minimise health risks to employees and local community as well as reduce environmental impact. This commitment not only helps in identifying cost-saving opportunities and gaining competitive advantages but also positions the Group as a frontrunner in environmental stewardship and sustainable practices.

The Group's toxic emissions and waste management system comprises identifying all toxic emissions sources and hazardous waste types produced, classifying them according to government standards, quantifying their volumes, and developing mitigation plans.

The Group has set out a clear and achievable goals for FY2024 for reducing toxic emissions and hazardous waste, based on its internal forecasts and aligned with regulatory requirements and industry best practices.

SUSTAINABILITY REPORT

FY2024 Toxic Emissions and Waste Management Reduction Targets

No	Type of toxic emissions and waste management	Forecasted volume	Reduction targets
1	Water-containing waste oil	200 tonnes	1 tonne
2	Waste oil tanks	54 tonnes	2 tonnes
3	Waste paint sludge	350 tonnes	2 tonnes
4	Waste chemical liquid	800 tonnes	2 tonnes
5	Waste charcoal	50 tonnes	2 tonnes
6	Waste paint barrels	1,250 tonnes	2 tonnes

To achieve above targets, the Group has set out a series of implementation plans for this year.

Substitution of Materials	Equipment Upgrades	Process Optimisation	Leakage Detection and Maintenance
• Replace hazardous materials with safer, environmentally friendly alternatives	• Adopt advanced technology that reduces emissions and waste	• Modify and optimise production processes to reduce the generation of toxic emissions and waste • Partner with qualified third-party agency to treat the waste	• Implement rain protection, sun protection, and leakage prevention for hazardous waste warehouse • Adopt anti-leakage equipment and packaging materials to prevent potential leaks

5.6 Environment Factbook

GHG Emission (2021-2023)

Unit: tCO_2e GHG Emission	2021	2022	2023
Scope 1	50,448.69	63,791.51	**75,665.29**
Scope 2	145,043.49	161,972.79	**180,952.61**
Total (Scope 1 + Scope 2)	**195,492.18**	**225,764.30**	**256,617.90**

* *The difference between the 2022 sustainability report data and the above figures is due to the GHG emission reassessment conducted after the 2022 report's publication.*

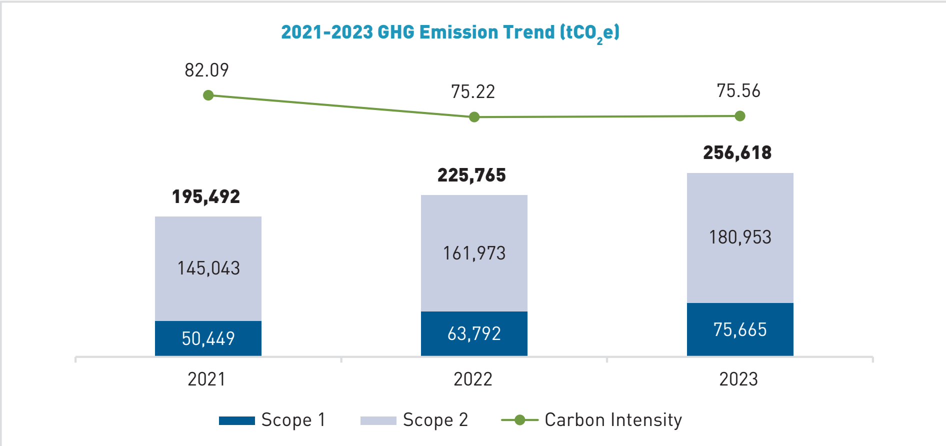
Carbon Intensity (2021-2023)

Unit: tCO_2e/capita	2021	2022	2023
GHG Emission Per Capita	27.54	28.87	**35.12**

Unit: tCO_2e/USD'mln sales	2021	2022	2023
Carbon Intensity	82.09	75.22	**75.56**

* *The difference between the 2022 sustainability report data and the above figures is due to the GHG emission reassessment conducted after the 2022 report's publication.*

* *he Group's reporting currency is Renminbi. The CNY/USD used for 2021, 2022, and 2023 was 6.36, 6.90, and 7.10 respectively. These exchange rates, sourced from Bloomberg, were as of 31 December each year.*



Toxic Emissions and Waste (2021-2023)

Unit: kg			
Category	**2021**	**2022**	**2023**
Particles	5,072.54	8,180.93	**6,904.20**
Hazardous waste	563,662.00	1,115,423.30	**3,228,900.00***
Total	**568,734.54**	**1,123,604.23**	**3,235,804.20**
Toxic emissions and waste intensity (kg/USD'mln sales)	238.81	374.37	**952.80**

* *Hazardous waste volume increased by 189% in 2023, largely due to the reclassification and standardisation of the waste categories to align with the most recent local government regulations*

R&D Expenditure (2021-2023)

Unit: RMB'mln	**2021**	**2022**	**2023**
R&D Expenditure	515.86	676.0	**949.83**

R&D Expenditure in Clean Technology (2021-2023)

Unit: RMB'mln	**2021**	**2022**	**2023**
R&D Expenditure in Clean Technology	46.58	87.59	**166.22**
Percentage of R&D Expenditure in Clean Technology (%)	9.03%	12.96%	**17.50%**

Water Consumption (2021-2023)

Unit: Tonne			
Category	**2021**	**2022**	**2023**
Produced water	2,308,512	2,326,562	**3,649,769***
Municipal water	124,780	115,520	**434,159**
Total water consumption	**2,433,292**	**2,442,082**	**4,083,928**
Water intensity (tonne/USD'mln sales)	1,022	814	**1,203**

* *Produced water consumption increased by 57% in 2023, primarily attributable to the increased usage for the construction of a new office building in the New Yangzi Yard*

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Energy Consumption (2021-2023)

Energy Consumption	2021	2022	2023
Natural gas (Gigajoules)	18.9×10^{13}	20.8×10^{13}	**26.0×10^{13}**
Solar power (Megawatt-hour)	20,590,821	27,198,160	**40,938,097**
Electricity (Megawatt-hour)	245,485,536	268,333,019	**257,218,728**

* *The discrepancy between FY2023 and FY2022 reporting was mainly due to the recalculation of the energy consumption data using a more structured approach*

Waste Disposal (2021-2023)

Unit: Tonne Category	2021	2022	2023
Recycled waste	12,262.77	15,211.05	**23,633.38***
Externally incinerated waste	7,237.48	7,282.94	**7,921.54**
Total waste treatment	**19,500.25**	**22,493.99**	**31,554.92**

* *The recycled waste increased by 55%, mainly due to the standardisation of the waste disposal procedures to align with the most recent local government regulations*

Environmental Awareness Training (2021-2023)

Category	Type of employee	2021	2022	2023
Total training hours	Employee	33,886	36,714	**49,128**
	Subcontractors	100,432	110,100	**134,720**
Number of participants	Employee	6,096	6,847	**7,257**
	Subcontractors	18,409	19,984	**20,630**
Average training hours per person	Employee	5.56	5.36	**6.77**
	Subcontractors	5.46	5.51	**6.53**

Environmental Certification Coverage (2021-2023)

Unit: % Environmental Certification Coverage	2021	2022	2023
ISO 14001	100%	100%	**100%**
ISO 50001	100%	100%	**100%**

* *The coverage spans all the Group's shipyards: New Yangzi Yard, Xinfu Yard, YAMIC Yard, and Changbo Yard.*

06 SOCIAL PERFORMANCE

6.1 Employee management strategy

Creating an effective employee management strategy is crucial for the Group to improve productivity, morale, and ultimately, profitability. Hence, the Group developed comprehensive employee management strategies covering various aspects of human resources, operations, and corporate culture.

The Group believes that a successful employee management strategy is dynamic and requires ongoing assessment and adaptation to changing circumstances and workforce needs. Therefore, our team regularly solicits employee feedback and stays informed on industry trends, which help ensure that the Group's strategy remains effective and relevant.

6.1.1 Employee Benefits

The Group acknowledges that the happiness and satisfaction of our employees is vital to the sustainable development of our Group. Therefore, we are committed to providing our employees with a comprehensive welfare package. The Group provides "Five Insurance and One Housing Fund" along with supplementary medical insurance for each employee. During festivals, the Group organises celebrations and provides gifts and allowances to our employees.

Moreover, our welfare policy extends to supporting employees in times of distress. We actively provide assistance to employees and their families facing difficulties. Employees can apply for financial assistance through the Group's labour union. We firmly believe that by caring and supporting our employees, we can build a cohesive working environment and enhance the connection between our employees and the management team.

6.1.2 Incentives

We value and acknowledge the contributions of our employees through various recognition awards, such as awards for outstanding performance, providing valuable suggestions, and good performance in attendance.

6.1.3 Effective Communication

To foster employee engagement and maintain effective communication, the Group regularly organises employee conferences and conducts satisfaction surveys. We encourage open dialogue and feedback from our employees to break down information barriers and create a positive working environment. Our commitment lies in nurturing an open and transparent workplace culture.

6.2 Health and Safety

6.2.1 Workplace Safety

Given the high-risk nature of the shipbuilding industry, the Group prioritises the well-being and safety of its workforce above all else. The Group has crafted a robust safety policy meticulously aligned with both legal mandates and stringent industry standards, underscoring our unwavering commitment to ensuring the highest standards of safety across all operations. Furthermore, we established a Workplace Safety Committee tasked with identifying and addressing potential hazards, conducting regular safety assessments, and holding safety meetings.

6.2.2 Annual Health Check-up

The Group cares about the health of its employees. The Group provides periodic health check-ups for all employees. We will continue to strengthen our health management efforts to create a safe and healthy working environment for our employees.

6.3 Human Capital Development

Our employees are our greatest assets. The Group has adopted a comprehensive human resource management system focusing on attracting, developing, and retaining talents.

6.3.1 Online Talent Management System

The Group has deployed an advanced online HR system to improve the efficiency of the recruitment process and career management. With our online system, employees can easily access and update their personal information, apply for leave, and view payroll details. Meanwhile, our transparent appraisal and promotion mechanism provide employees with a well-defined career path, enabling them to efficiently plan for and achieve their career objectives.

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6.3.2 Employees Training and Education

The Group conducts monthly work-oriented training sessions covering subjects of safety, quality, and technology, ensuring our employees stay updated with industry developments.

Moreover, the Group upholds its commitment to providing equal and high-quality education opportunities for each employee. We actively cooperate with universities to support our employees to upgrade their knowledge base. Notably, partnerships have been established with prestigious institutions such as Jiangsu University of Science and Technology, Jiangsu Ocean University and several other esteemed academic institutions.

Additionally, should the children of our employees decide to pursue higher education in fields related to shipbuilding, we are committed to offering financial support as a form of encouragement. This is a testament to the Group's dedication to fostering education and introducing new talent into the industry.

6.3.3 Technical Upskilling

To encourage technical upskilling and cultivate a culture of fair competition, the Group regularly organises internal technical competitions and encourage participation in city-wide contests. Outstanding performers are recognised with awards and promotion opportunities, thereby igniting their enthusiasm and creativity.

6.4 Diversity, Equality and Care

Diversity and equality are fundamental values embedded in our culture. The Group strongly upholds these principles in our workplace and is committed to creating an inclusive and equitable working environment.

At Yangzijiang, child labor and forced labor are strictly prohibited. During the period under review, the Group reported zero incidents of either case across all operational shipyards.

6.4.1 Promoting Gender Equality

Although the shipbuilding industry has long been regarded as male-dominated, we recognise the importance of gender equality and have taken proactive steps to increase the proportion of female employees. We remain dedicated to fostering opportunities and providing support for female employees, aiming to promote equality and fairness across our Group.

In FY2023, the Group reported zero cases of discrimination across all subsidiaries.

6.4.2 Highlights of Employee Care Initiatives in 2023

The Group has focused efforts in employee care, trying to create a warm working environment for our employees. Here's a glimpse of our heartfelt efforts throughout 2023:

During the Chinese New Year, we reached out to employees who faced challenges and provided essentials like cooking oil, rice, and other necessities, easing their daily burdens and spreading warmth throughout our community.

Figure 9 2023 Chinese New Year – employee engagement activity

On International Women's Day, we celebrated the invaluable contributions of our female colleagues by organising an enriching visit to the National Nature Park for nearly 150 female employees. We also arranged caring health talks with hospital experts, showcasing our deep care and respect for their wellbeing.

Figure 10 2023 Women's Day

In 2023, the Group launched an on-site nursery, offering comprehensive childcare services for the young children of our employees. This initiative aims to assist our employees in achieving a better work-life balance, thereby boosting their overall productivity and job satisfaction. Additionally, during the school summer break, the Group organised a visit to the shipyard for employees' children, giving them a firsthand look at their parents' roles in shipbuilding and igniting their interest in this field.

Figure 11 Educational tour for the children of our employees

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Figure 12 Childcare services in Yangzijiang Shipyard

In December 2023, the Group's canteen underwent a successful digital upgrade and expansion. The revamped canteen now features a wider array of healthy food options and is equipped with an intelligent payment system, offering employees a more streamlined and convenient dining experience.

Figure 13 Our newly upgraded Yangzi Restaurant

Through these endeavours, we aim to cultivate a familial atmosphere where every employee will feel valued, supported, and truly part of the team.

6.5 Product Safety and Quality Control

Ensuring product safety and quality has always been one of the top priorities in the Group's operations. To uphold these standards, the Group has implemented a series of internal management strategies.

6.5.1 Internal Management

The Group has set up an independent quality inspection department responsible for product inspection to ensure high-quality standards. Moreover, the Group has adopted a digital shipbuilding management platform to record and analyse inspection activities across the production chain. This approach allows for the rapid identification and resolution of any issues, underscoring our rigorous standards and relentless commitment to quality.

6.5.2 Supplier Management

The Group conducts thorough evaluations of our suppliers' products to ensure these raw materials meet our stringent requirements. Our focus is on establishing long-term partnerships with outstanding suppliers. The Group is committed to constantly improve our product quality control processes, aiming to provide our customers with safe and reliable products.

6.6 Privacy and Data Security

To safeguard data privacy and information security, the Group implements an IT Management System and deploys a network firewall to mitigate risks such as hacking, data leakage, and computer viruses. Regular checks of the network server system are scheduled to maintain system integrity and security.

6.7 Supply Chain Management

The Group enforces a stringent bidding procedure for material procurement to guarantee an open and equitable process. Our dedication to fairness and transparency in the supply chain serves as a strong foundation for the Group's sustainable growth.

The Group establishes joint research with key suppliers to develop innovative materials. The Group is dedicated to maintaining close cooperation with its suppliers to achieve mutual benefits and advancements.

6.8 Local Community Engagement

Throughout 2023, the Group actively engaged in various public welfare and charitable activities, contributing more than RMB5 million towards urban development, sport events, and support for local communities.

Figure 14 Sponsorship for high-speed rail development

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Figure 15 Employee engagement activity: basketball tournament

Figure 16 Employee engagement activity: marathon race

These initiatives reflect our ongoing commitment to the communities we serve.

6.9 Economic Contribution

Yangzijiang continued its growth and delivered a record result for FY2023. The Group's net profit attributable to equity holders of the Company from continuing operations jumped by 57% to RMB4.1 billion.

In 2023, The Group secured new order-wins valued at US$7.1 billion for 97 vessels, more than double the initial target of US$3.00 billion. This brought the Group's total outstanding orderbook to US$14.5 billion for 182 vessels as of 31 December 2023. During the reporting period, the Group delivered a total of 57 vessels, fulfilling 100% of its 2023 target. These delivered vessels included one bulk carrier built for its own fleet and one jackup rig.

To reward our shareholders for their long-term support, the Group proposed a final dividend of 6.5 Singapore cents per ordinary share, which is subject to shareholders' approval at the forthcoming annual general meeting ("**AGM**"). This translated to a dividend payout ratio of 33.7%.

Employment Contribution to Society

The Group remains dedicated to fostering local employment by generating new job opportunities. During the reporting period, the Group hired a total of 1,439 new employees. Newly hired college students were provided with additional living and internship allowances.

Tax Contribution

The Group is committed to the principle of integrity, conscientiously fulfilling its tax obligations. In 2023, the Group paid a total of RMB0.73 billion in income taxes, securing the 9th spot among the top 10 corporate tax contributors in Wuxi, Jiangsu.

Tax Benefits from High-and-New Technology Enterprise Status

In 2023, our New Yangzi Yard, Yangzi Xinfu Yard, and YAMIC were recognised as High-and-New Technology Enterprises by the Ministry of Science and Technology. This prestigious recognition allows these three shipyards to enjoy a preferential corporate tax rate of 15%, compared to the standard tax rate of 25%.

6.10 Social Factbook

Economic Contribution (2021-2023)

RMB' million	2021	2022	2023
Economic Value Generated			
Revenue (from continuing operations)	15,137.2	20,705.1	**24,112.3**
Economic Value Distributed			
Operating cost (from continuing operations)	13,936.5	17,996.6	**19,333.4**
Employee wages and benefits	274.4	310.7	**380.9**
Of which: employer's contribution to defined contribution plans	65.8	70.4	**65.0**
Payments to Providers of Capital			
Dividend paid	836.9	970.0	**1,024.4**
Interest on bank borrowings	108.7	106.8	**96.1**
Payments to Government			
China and Singapore (Tax)	698.4	723.5	**731.2**
Financial Assistance			
Effect of preferential tax rate	273.1	300.7	**457.0**

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Gender Diversity (2021-2023)

Gender Diversity	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Board of Directors	4	0	3	1	**4**	**1**
Senior management	10	1	10	0	**13**	**0**
Middle management	1,299	223	1,408	235	**1,644**	**319**
Professionals	1,486	152	1,553	186	**710**	**169**
All other employees	2,766	1,157	3,159	1,264	**3,407**	**1,039**
Total number of employees	**5,565**	**1,533**	**6,134**	**1,686**	**5,778**	**1,528**

Age Diversity (2021-2023)

Age Diversity	2021			2022			2023		
	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
Board of Directors	0	1	3	0	3	1	**0**	**3**	**2**
Senior management	0	6	5	0	6	4	**0**	**4**	**6**
Middle management	394	1,011	219	399	1,017	227	**381**	**1,390**	**192**
Professionals	479	962	101	559	1,069	111	**370**	**480**	**29**
All other employees	1,469	2,016	432	1,594	2,352	477	**553**	**3,161**	**735**
Total number of employees	**2,342**	**3,996**	**760**	**2,552**	**4,445**	**823**	**1,304**	**5,039**	**963**

Talent Acquisition and Training (2021 – 2023)

Training Hours by Gender	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total no. of training hours	178,080	49,056	196,288	53,952	**231,120**	**61,120**
Total number of employees	5,565	1,533	6,134	1,686	**5,778**	**1,528**
Average training hours	**32**	**32**	**32**	**32**	**40**	**40**

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Training Hours by Employee Category	2021				2022				2023			
	Total Training Hours	Head Count	Average Training Hours	Average Training Days	Total Training Hours	Head Count	Average Training Hours	Average Training Days	Total Training Hours	Head Count	Average Training Hours	Average Training Days
Board of directors	800	4	200	25	800	4	200	25	**1,040**	**5**	**208**	**26**
Senior management	2,200	11	200	25	2,200	11	200	25	**2,704**	**13**	**208**	**26**
Middle management	81,200	1,624	50	6	82,150	1,643	50	6	**109,928**	**1,963**	**56**	**7**
Professionals	46,260	1,542	30	4	52,170	1,739	30	4	**35,160**	**879**	**40**	**5**
All other employees	97,925	3,917	25	3	110,575	4,423	25	3	**142,272**	**4,446**	**32**	**4**
All employees	228,385	7,098	32	4	247,895	7,820	32	4	**292,240**	**7,306**	**40**	**5**
Subcontractors	717,080	17,927	40	5	821,040	20,526	40	5	**1,047,936**	**21,832**	**48**	**6**

New Hires and Turnover	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
New Employee Hires	835	303	1,499	353	**1,225**	**214**
Resignations	549	153	817	183	**966**	**180**
Total turnover	**1,384**	**456**	**2,316**	**536**	**2,191**	**394**

New Hires and Turnover	2021			2022			2023		
	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old	Under 30 years old	30-50 years old	Over 50 years old
New Employee Hires	423	679	36	752	1,059	41	**658**	**767**	**14**
Resignations	257	419	26	389	563	48	**452**	**622**	**72**
Total Turnover	**680**	**1,098**	**62**	**1,141**	**1,622**	**89**	**1,110**	**1,389**	**86**

Workplace Safety (2021 – 2023)

Safety Training Hours for On-site Workers (by gender)		2021		2022		2023	
		Male	Female	Male	Female	Male	Female
Employees	Total no. of safety training hours	66,780	18,396	79,742	21,918	**80,892**	**21,392**
	Total number of on-site employees	5,565	1,533	6,134	1,686	**5,778**	**1,528**
	Average safety training hours	12	12	13	13	**14**	**14**
Subcontractors	Total no. of safety training hours	174,278	58,773	213,906	73,458	**244,395**	**83,085**
	Total number of on-site subcontractors	13,406	4,521	15,279	5,247	**16,293**	**5,539**
	Average safety training hours	13	13	14	14	**15**	**15**

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Occupational Health and Safety		2021	2022	2023
Employees	Total number of employees	7,098	7,820	**7,306**
	Number of injured	51	44	**63**
	Injury rate	0.719%	0.563%	**0.862%**
	Fatality	0	0	**0**
	Fatality rate	0	0	**0**
	Lost time injury frequency rate	3.49	2.73	**4.18**
Subcontractors	Total number of Subcontractors	17,927	20,526	**21,832**
	Number of injured	87	113	**76**
	Injury rate	0.485%	0.551%	**0.348%**
	Fatality	1	5	**0**
	Fatality rate	0.006%	0.024%	**0.000%**
	Lost time injury frequency rate	1.98	2.24	**1.42**

Contribution to Community (2021 – 2023)

Category	2021	2022	2023
Total hours of volunteering activities (Unit: hour)	4,000	4,800	**5,600**
Total amount of donations (Unit: RMB)	2,203,100	2,253,766	**5,011,798**

Quality Control (2021 – 2023)

Quality Control Certification Coverage (unit: %)	2021	2022	2023
ISO 9001 (Quality Management System)	100%	100%	**100%**

Information Security (2021-2023)

Information Security Certification Coverage (unit: %)	2021	2022	2023
ISO 27001 (Information security, cybersecurity and privacy protection)	100%	100%	**100%**
ISO 27701 (Privacy Information Management)	100%	100%	**100%**

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07 GOVERNANCE PERFORMANCE

7.1 Corporate Governance

The Group is committed to establishing a robust and sustainable corporate governance framework aimed at enhancing the long-term value for all stakeholders. Central to this commitment is the formation of a capable leadership team led by our Board of Directors, who bring extensive experience and expertise spanning various business domains within the Group.

Under the guidance of the Board, the Group integrates sustainability practices into its operations, seizes growth prospects, and consistently surpasses industry benchmarks. To maintain a well-balanced Board composition, the Group conducts annual reviews of its structure and re-election processes. The Nominating Committee ("**NC**") plays a pivotal role in recommending re-elections and appointments, as well as assessing the independence of Directors. Furthermore, the Committee ensures board vitality by periodically reassessing its structure and appointing new members.

The Board predominantly comprises Non-Executive and Independent Directors, who hold key positions such as chairing the Audit and Risk Committee ("**ARC**"), Nominating Committee, and Remuneration Committee. This ensures a fair distribution of authority across the Group, fostering transparency and accountability in decision-making processes.

In order to uphold adherence to accounting standards in the Group's financial reporting, PricewaterhouseCoopers Singapore ("**PwC**"), an external auditor, has been engaged to conduct an impartial and independent examination to ascertain the accuracy and fairness of the financial statements.

Both PwC and its team of auditors operate without any ties, obligations, or vested interests in the Group, the Board of Directors, or the management team.

7.2 Compliance

The Group has implemented compliance control standards across all management activities to ensure adherence to legal regulations and minimise the risk of legal violations. The aim is to enhance employees' awareness of compliance and effectively manage the risks of legal violations. To practice compliance management, we educate and consult staff on trade-related matters. Our aim is to cultivate a culture of compliance management within the organization, where each individual is empowered to uphold regulatory standards and contribute to a culture of ethical conduct.

7.3 Risk Management

In its pursuit of sustainable business practices and risk mitigation, the Group has instituted a comprehensive risk management framework that addresses various facets of its operations.

Recognising the importance of maintaining and safeguarding its diversified customer base, which includes contributions from markets such as Greater China, Japan, Canada, Bulgaria, and various European countries, the Group has identified several key operational risks that require attention and proactive management.

Business Risk

The Group aims to secure fair contracts and ensure reliable execution throughout the construction period. Throughout contract negotiations, the Group meticulously negotiates shipbuilding contract terms and conditions to safeguard against unjustifiable cancellations by customers.

The Group engages the shipowners proactively to gain better insights on the charter demand outlook and to pre-empt customer needs and work out innovative solutions. This includes determining all specifications of the vessel to the finest detail during negotiation stage. Combined, these initiatives, reduce the risk of contract termination, especially with the Group's customers base comprising of top tier shipping liners.

During exceptionally challenging market conditions, the Group will renegotiate, when necessary, delivery schedules or change in vessel types within the yard's capacity. Ultimately, if the customer fails to fulfil their financial obligations under the contract, the Group will declare contract termination, resulting in the forfeiture of the received downpayment.

The company stands ready to provide assistance to customers in cases where they encounter challenges obtaining bank financing or guarantees for contracts, where feasible.

Foreign Exchange Risk

The Group also utilises financial instruments to reduce its risk exposure with respect to foreign exchange rate risks. It implements a comprehensive hedging strategy, incorporating natural hedging, forward contracts, and spot exchange transactions to manage FX risks effectively, particularly since a substantial portion of its contract awards are denominated in USD.

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Raw Material Risk

Given the impact of raw material price changes, supply and quality on the Group's business operations, the Group has determined that effective management of raw material risks is a crucial aspect of the company's sustainable management. To this end, the Group employs an established supplier qualifying system to oversee a roster of qualified suppliers and maintain backup plans.

Additionally, the Group conducts routine reviews and provides feedback to suppliers regarding their products and services. Moreover, regular evaluations of the supplier system are undertaken to ensure optimal cost-to-value ratios and high-quality standards.

Operational Risks

In order to reduce potential delay in construction of the vessels, the Group has integrated a technology-powered, seamless workflow. This approach ensures that each module or section of the construction process is completed with enhanced integrity, minimizing the need for rework.

Furthermore, the Group prioritises regular, systematic training throughout the year to bolster the skills of its workforce, further reducing the likelihood of delays due to errors or inefficiencies.

Additionally, the Group keeps customers informed and engaged during construction process and provides timely updates in the scenario of unexpected delays.

Cost Overruns

To combat cost overruns, the Group emphasises accountability under the production unit head and encourages employees to propose cost-saving ideas without compromising quality, fostering mutual benefits for the Group and its customers.

7.4 Whistle Blowing System

The Group's whistleblowing policy is specifically crafted to offer a direct avenue for whistleblowers to report any concerns directly to the ARC. This policy is primarily intended to uncover instances of wrongdoing or impropriety within the Group and is not meant for addressing personal grievances or instances of harassment.

Both employees and external parties are encouraged to report any suspected instances of wrongdoing or impropriety. These may include but are not limited to, bribery or corruption, health and safety concerns, fraud, irregularities, non-compliance with laws or regulations, breaches of confidentiality, conflicts of interest, IT security breaches, and instances of misconduct or inappropriate behaviour.

Any employee or representative found violating this policy may face thorough investigation, internal disciplinary measures, or even termination of their employment contracts.

All whistleblowers are urged to provide their name and contact details along with reliable information to the internal audit department at internal_audit@yzjship.com. The Group is committed to protecting the identity of whistleblowers, harassment, or victimisation towards whistleblowers will not be tolerated.

Key reporting procedures:

- Initiating investigations by the internal audit department.
- Quarterly reporting directly to the ARC, with critical reports requiring preliminary updates to the ARC prior to the quarterly report.
- Independent review of each report by the ARC, followed by instructions for further action.
- Full cooperation from employees involved in interviews or providing information during investigations is mandatory.

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

7.5 Bribery and anti-corruption policy

Non-compliance with bribery and corruption laws can lead to severe consequences, including legal and reputational risks, heightened expenses, operational disruptions, potential fines, imprisonment, and exclusion from specific markets. To mitigate these risks, the Group has implemented an anti-corruption policy and established internal controls, ethics, and compliance programs aimed at preventing and detecting instances of bribery.

In FY2023, one corruption case was identified and resolved, resulting in the involved employee's demotion, restitution, and a penalty of RMB40,000.

7.6 Business ethics management

The Group regards business ethics as a fundamental criterion and bases its business judgments on an internal Code of Ethics. Internally, we uphold transparent management practices and foster a culture of continuous innovation. Our objective is to enhance the Group's standing as a trusted company amidst a dynamic business landscape. The Group has set 4 targets.

Targets

To be:

- A company that organisations, customers and suppliers, want to do business with
- A company that shareholders want to invest in
- A company that employees stay for the long-term
- A company that abides by its ESG responsibilities

Across the Group, all executives and employees undergo ethical management practice activities and are familiar with the Groups' Code of Ethics. The Group conducts training every year for the different working group to enhance employees' awareness of ethical management and cultivate an ethical culture within the organisation.

7.7 Governance Factbook

Board of Directors (As of 31 December 2023)

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

Committees under the Board (As of 31 December 2023)

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

Ethical Training* (2021 – 2023)

Unit: hour Category	2021	2022	2023
Total training hours	42,588	54,740	**58,448**
Total number of employees (person)	7,098	7,820	**7,306**
Average training hours per employee	**6**	**7**	**8**

* *Ethical training covers training for bribery and anti-corruption*

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08 APPENDIX

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SGX Core ESG Metrics

Category	Topic	Metric	Unit	Framework Alignment	Description
ENVIRONMENT	Greenhouse Gas Emissions	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	tCO_2e	GRI 305-1, GRI 305-2, GRI 305-3, TCFD, SASB 110, WEF core metrics	256,617.90
		Emission intensities by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	tCO_2e/USD'mln sales	GRI 305-4, TCFD, SASB 110	75.56
	Energy Consumption	Total energy consumption	GJ	GRI 302-1, TCFD, SASB 130	1.24×10^{15}
		Energy consumption intensity	GJ/USD'mln sales	GRI 302-3, TCFD	3.65×10^{11}
	Water Consumption	Total water consumption	m^3	GRI 303-5, SASB 140, TCFD, WEF core metrics	3,463,398.47
		Water consumption intensity	m^3/USD'mln sales	TCFD, SASB IF-RE-140a.1	1,019.82
	Waste Generation	Total waste generated	tonne	GRI 306-3, SASB 150, TCFD, WEF expanded metrics	6,273,318.00
SOCIAL	Gender Diversity	Current employees by gender	Percentage (%)	GRI 405-1, SASB 330, WEF core metrics	Male: 79.1% Female: 20.9%
		New hires and turnover by gender	Percentage (%)	GRI 401-1, WEF core metrics	New hires Male: 85.1% Female: 14.9% Turnover Male: 84.3% Female: 15.7%

SUSTAINABILITY **REPORT**

Category	Topic	Metric	Unit	Framework Alignment	Description
	Age-Based Diversity	Current employees by age groups	Percentage (%)	GRI 405-1, WEF core metrics	Below 30 years: 17.8% 30-50 years old: 68.9% Above 50 years old: 13.2%
		New hires and turnover by age groups	Percentage (%)	GRI 401-1, WEF core metrics	*New hires* Below 30 years: 45.7% 30-50 years old: 53.3% Above 50 years old: 1.1% *Turnover* Below 30 years: 39.4% 30-50 years old: 54.3% Above 50 years old: 6.3%
	Employment	Total turnover	Number and Percentage (%)	GRI 401-1, SASB 310, WEF core metrics	Number: 1,146 Percentage: 16.2%
		Total number of employees	Number	GRI 2-7	7,306
	Development & Training	Average training hours per employee	Hours/No. of employees	GRI 404-1, WEF core metrics	40
		Average training hours per employee by gender	Hours/No. of employees	GRI 404-1, WEF core metrics	40

SUSTAINABILITY REPORT

Category	Topic	Metric	Unit	Framework Alignment	Description
	Occupational Health & Safety	Fatalities	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	0
		High-consequence injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore)	0
		Recordable injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	Employees: 63 Subcontractors: 76
		Recordable work-related ill health cases	Number of cases	GRI 403-10, WEF expanded metrics, MOM (Singapore)	Employees: 63 Subcontractors: 76
GOVERNANCE	Board Composition	Board independence	Percentage (%)	GRI 2-9, WEF core metrics	60.0%
		Women on the board	Percentage (%)	GRI 2-9, GRI 405-1, WEF core metrics	20.0%
	Management Diversity	Women in the management team	Percentage (%)	GRI 2-9, GRI 405-1, WEF core metrics, SASB 330	0%
	Ethical Behaviour	Anti-corruption disclosures	Discussion and number of standards	GRI 205-1, GRI 205-2 and GRI 205-3	The Group reports its anti-corruption practices once per year in its sustainability report.
		Anti-corruption training for employees	Percentage (%)	GRI 205-2, WEF core metrics	100.0%
	Certifications	List of relevant certifications	List	Commonly reported metric by SGX issuers	ISO 9001 ISO 14001 ISO 45001 ISO 50001 Certification in Software Quality Analyst GB/T23331

SUSTAINABILITY REPORT

Category	Topic	Metric	Unit	Framework Alignment	Description
	Alignment with Frameworks	Alignment with frameworks and disclosure practices	GRI/TCFD/SASB/SDGs/others	SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6; SGX-ST Listing Rules (Catalist) 711A and 711B, Practice Note 7F	GRI SASB UN SDGs SGX Sustainability Reporting Guide
	Assurance	Assurance of sustainability report	Internal/External/None	GRI 2-5, SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6; SGX-ST Listing Rules (Catalist) 711A and 711B, Practice Note 7F	The report was reviewed and approved by the Board and ESG Committee and will undergo internal audits following its publication.

SUSTAINABILITY REPORT

SASB Standards

Sustainability Disclosure Topics & Metrics

Topic	Code	Metric	Category	Unit of Measure	Company Responses for FY2023
Energy Management	RT-IG-130a.1	Total energy consumed	Quantitative	Gigajoules (GJ)	1.24 x 10^{15}
		Percentage grid electricity	Quantitative	Percentage (%)	77.17%
		Percentage renewable	Quantitative	Percentage (%)	11.42%
Employee Health & Safety	RT-IG-320a.1	Total recordable incident rate (TRIR)	Quantitative	Rate	0.84
	RT-IG-320a.1	Fatality rate	Quantitative	Rate	0
	RT-IG-320a.1	Near miss frequency rate (NMFR)	Quantitative	Rate	Not applicable
Fuel Economy & Emissions in Use phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Litres per 100 tonne-kilometres	Not applicable
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Litres per hour	Not applicable
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Quantitative	Kilojoules per litre	Not applicable
	RT-IG-410a.4	Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines	Quantitative	Grammes per kilojoule	The Group is working on the measurement and will report in the future.
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	N/A	Page 47-48
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Presentation currency (RMB)	Not applicable
Activity Metrics	RT-IG-000.A	Number of units produced by product category	Quantitative	Number	Not applicable
	RT-IG-000.B	Number of employees	Quantitative	Number	7,306

CORPORATE GOVERNANCE REPORT

Yangzijiang Shipbuilding (Holdings) Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") is 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 2023 ("**FY2023**"), 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 ("**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 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 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 Director(s). However, the Board ensures that incoming new Director(s) are given comprehensive and tailored induction 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 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.

In addition, all Directors have completed the Environmental, Social and Governance Essentials course conducted by Singapore Institute of Directors in July 2023.

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 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 and Risk Committee ("**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 FY2023 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	4	4	–	–	–	–	–	–	1
Chen Timothy Teck Leng	4	4	4	4	1	1	1	1	1
Yee Kee Shian, Leon	4	4	4	4	1	1	1	1	1
Liu Hua	4	4	4	4	1	1	1	1	1
Poh Boon Hu Raymond[1]	4	4	4	4	1	1	1	1	1

(1) Mr Poh Boon Hu 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 that have been provided to the Directors in FY2023:

- 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 the new audit quality indicators framework;

- Executive Chairman and Chief Executive Officer ("**CEO**") has updated the Board at each Board meeting on the business outlook of shipbuilding industry and the direction of the Group; and

- Chief Financial Officer ("**CFO**") has also updated the Board at each Board meetings 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 to provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, 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 CEO, 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 the 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)

The independence of each Independent Non-Executive Director is assessed at least annually by the NC as mentioned under Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of the SGX-ST (the "**Rules**").

Each Independent Non-Executive Director has also completed and submitted an independence declaration form annually to confirm his independence. The Singapore Exchange Regulation had announced on 11 January 2023, to impose a maximum tenure of nine years for Independent Non-Executive Directors serving on the boards of issuers listed on SGX-ST. The NC had reviewed and affirmed that no Independent Non-Executive Director has served in aggregate more than nine years on the Board.

CORPORATE GOVERNANCE REPORT

A summary of the outcome of the assessment is set out below.

Each of Mr Chen Timothy Teck Leng and Mr Poh Boon Hu Raymond does not have any of the relationships and are not faced with any of the circumstances identified under the Rules that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The NC and the Board are of the view that each of these Directors has demonstrated independence in the discharge of his duties and responsibilities as a Director and is therefore an Independent Non-Executive Director.

Mr Yee Kee Shian Leon is the Chairman of Duane Morris & Selvam LLP ("**DMS**"), one of several law firms which provides legal services to and receives fees from the Group. He has recused himself from the selection and appointment of legal counsels for the Group in situations where DMS is involved in the selection process. Although his interest in DMS is more than 5% but the fees paid by the Group to DMS for the provision of its legal services do not form a significant portion of DMS's revenue for the relevant period.

The NC (with Mr Yee Kee Shian Leon recusing) also notes that this business relationship has not affected his conduct at meetings where his deliberations and constructive views consistently reflect his independent business judgement and is of the view that he is an Independent Non-Executive Director. The Board is of the view that Mr Yee Kee Shian Leon has demonstrated independence in the discharge of his duties and responsibilities as a Director and is therefore an Independent Non-Executive Director.

As the Chairman of the Board is not independent, Independent 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.

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

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 of the Company do make a majority of the Board.

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.

CORPORATE GOVERNANCE REPORT

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.

In FY2023, the Company has put in place a Board Diversification Policy which sets out the Company's policy, objectives and targets pertaining to diversity on the Board. The NC is responsible for setting and continually reviewing the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. The Company prioritizes diversity in experience, encompassing professional, industry, cultural, and social backgrounds, regardless of gender.

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.

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 (Provisions 3.1 and 3.2)

Currently, Mr Ren Letian is both the Executive 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 Non-Executive 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 Executive 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 Executive 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.

CORPORATE GOVERNANCE REPORT

- 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.
- 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 Executive 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 Executive 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 Executive 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 Non-Executive Director of the Company and is available to Shareholders where they have concerns or issues which communication with the Executive 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 Non-Executive Director, the Independent Non-Executive Directors meet periodically without the presence of the other Directors, and the Lead Independent Non-Executive Director will provide feedback to the Executive Chairman after such meetings as appropriate.

CORPORATE GOVERNANCE REPORT

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 FY2023, the NC held one 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;

(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 Executive 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; and

(i) recommend to the Board on the matters relating to the review of training and professional development programs.

CORPORATE GOVERNANCE REPORT

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/her 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 Board, at the recommendation of the NC, has nominated Mr Yee Kee Shian, Leon and Ms. Liu Hua, who will retire by rotation at the forthcoming 18th AGM, for re-election by the Company's Shareholders.

Determination of Independence of a Director (Provision 4.4)

As set out above, the NC has 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 save as disclosed above, are 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 Shareholders' interest.

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

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 from the date of his first appointment. The Board had a particularly rigorous review and with the concurrence of the NC and the Board is of the view that Mr Chen Timothy Teck Leng is able to bring invaluable expertise, experience and knowledge to the Board and that he continues to contribute positively to the Board and Board Committee deliberation. Overall, the Board is satisfied with the performance and continued independence of judgement of Mr Chen Timothy Teck Leng, notwithstanding he has served on the Board more than 9 years from the date of his first appointment.

In view of the above and new Listing Rule 210(5)(d)(iv) of Listing Manual, which imposed a hard tenure limit for Independent Non-Executive directors of nine years, beyond which such directors will no longer be considered independent, Mr Chen Timothy Teck Leng will be retiring as an Independent Non-Executive Director of the Company upon the conclusion of the forthcoming AGM. The Company has started taking active steps on the orderly replacement of its Independent Non-Executive director in order to meet the new Listing Rule requirement and will update Shareholders in due course.

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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. The NC does not make any recommendation on setting the maximum number of listed company board appointments to which any Director may hold as long as the multiple Board representations by that Director do not hinder that Director from carrying out his/her duties as a Director of the Company adequately. Having reviewed each Director's directorships in other companies as well as each Director's attendance and contribution to the Board in FY2023, 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/her 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	24 April 2023	Nil	Nil
Chen Timothy Teck Leng	26 April 2013	18 April 2022	Tye Soon Ltd.	Tianjin Zhongxin Pharmaceutical Group Corporation Ltd. Sysma Holdings Limited CCB Life Insurance Company Limited Boldtek Holdings Ltd.
Yee Kee Shian, Leon	1 May 2022	24 April 2023	F J Benjamin Holdings Ltd Yangzijiang Financial Holding Ltd. Oxpay Financial Limited	Federal International (2000) Ltd Milkyway International Tank Transportation (Holdings) Pte. Ltd. (F.k.a. LHN Logistics Pte. Ltd.)
Liu Hua	4 August 2022	24 April 2023	Nil	Nil
Poh Boon Hu Raymond	2 February 2023	24 April 2023	Nil	Nil

CORPORATE GOVERNANCE REPORT

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)	24 April 2023
Age	48
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 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.)	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
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

CORPORATE GOVERNANCE REPORT

	YEE KEE SHIAN, LEON
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 LNH Logistics Limited

CORPORATE
GOVERNANCE REPORT

	YEE KEE SHIAN, LEON
Present	Selvam LLC Duane Morris & Selvam LLP F J Benjamin Holdings Ltd 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. Oxpay Financial Limited Ee Hoe Hean Club Yangzijiang Financial Holding 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?	Yes The relevant entity is Laura Ashley Holdings Plc (the "**Laura Ashley**"). Mr Yee Kee Shian, Leon stepped down as a Director of the Company 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.

CORPORATE GOVERNANCE REPORT

		YEE KEE SHIAN, LEON
		Laura Ashley moved into creditors' voluntary liquidation with the appointment of a voluntary liquidator on 31 March 2021. Mr Yee Kee Shian, Leon 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
(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

CORPORATE GOVERNANCE REPORT

		YEE KEE SHIAN, LEON
(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
	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?	

CORPORATE GOVERNANCE REPORT

	YEE KEE SHIAN, LEON
(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).	Yes Current Listed Company Directorship: F J Benjamin Holdings Ltd Oxpay Financial Limited Yangzijiang Financial Holding Ltd. Previous Listed Company Directorships: Federal International (2000) Ltd Pacific Star Development Limited Laura Ashley Holdings Plc Milkyway International Tank Transportation (Holdings) Pte. Ltd. (F.k.a. LHN Logistics Pte. Ltd.)

CORPORATE GOVERNANCE REPORT

	LIU HUA
Date of Appointment	4 August 2022
Date of last re-appointment (if applicable)	24 April 2023
Age	48
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
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 November 2007 to 30 March 2022.
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

CORPORATE GOVERNANCE REPORT

	LIU HUA
Past (for the last 5 years)	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. 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.

CORPORATE GOVERNANCE REPORT

	LIU HUA
	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 (III) Pte. Ltd. Yangze Crius Shipping Pte. Ltd. Yangzijiang Realty Pte. Ltd.
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. Donau River Shipping Limited Main River Shipping Limited Rhein River Shipping Limited Onyx River Shipping Limited Apatite River Shipping Pte. Ltd. Australian Pet Products Pty Limited Warroo Australia Pty Ltd Warroo Game Meats Pty Ltd Gaohong International Limited Gem Growth Fund VCC Gem Cash Management Fund VCC

CORPORATE GOVERNANCE REPORT

		LIU HUA
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

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

CORPORATE GOVERNANCE REPORT

	LIU HUA
(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

CORPORATE GOVERNANCE REPORT

	LIU HUA
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).	Ms Liu Hua has completed the training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange on 26 July 2023.

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.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance in FY2023.

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)

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 FY2023, 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

Remuneration Consultants (Provisions 6.4)

The RC may from time to time seek advice on the remuneration of all Directors from external remuneration consultants whose independence and objectivity are not affected by any existing relationships with the Company. The Company did not appoint an external remuneration consultant during FY2023.

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/her 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 five (5) key management personnel of the Group for FY2023 are set out below:

	Breakdown of Remuneration in Percentage (%)				
Name of Directors	**Fees[2] (%)**	**Salary[1] (%)**	**Variable Bonus (%)**	**Total (%)**	**Total (S$)**
Ren Letian	–	89	11	100	Approximately 626,367
Chen Timothy Teck Leng	100	–	–	100	85,500
Yee Kee Shian, Leon	100	–	–	100	85,500
Liu Hua	100	–	–	100	85,500
Poh Boon Hu Raymond[3]	100	–	–	100	85,500

Notes:

(1) In accordance with the CEO Service Agreement.

(2) The directors' fees are subject to the approval of the Shareholders at the 18th AGM.

(3) Appointed on 2 February 2023.

CORPORATE GOVERNANCE REPORT

Name of Top 6 Key Management Personnel	Designation	Breakdown of Remuneration in Percentage (%)		
		Salary (%)	Variable Bonus (%)	Total (%)
Above S$250,000				
Ren Letian	Chief Executive Officer	89	11	100
Below S$250,000				
Zhang Hongfei	Deputy General Manager	42	58	100
Du Chengzhong	Deputy General Manager	41	59	100
Ding Jianwen	Deputy General Manager and Chief Financial Officer	39	61	100
Song Shuming	Deputy General Manager	24	76	100
Yang Xueyan	Deputy General Manager	22	78	100

Except for Mr Ren Letian, the remuneration of each of the above top five (5) key management personnel did not exceed S$250,000. In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top 6 key management personnel in FY2023 was approximately S$906,318. The aggregate remuneration (including contributions to defined contribution plans thereon and bonus) paid to Mr Ren Letian amounted to approximately S$626,367.

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

During FY2023, 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 Honary 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$626,367.

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.

Oversight of Risk Management (Provision 9.1)

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 which 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 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.

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 could 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 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, and information technology 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 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 Non-Executive Director)
Mr Yee Kee Shian, Leon	(Independent Non-Executive Director)
Mr Poh Boon Hu Raymond	(Independent Non-Executive Director)
Ms Liu Hua	(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 FY2023, 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) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) review the periodic consolidated financial statements and any formal announcements relating to the financial performance of the Company and its subsidiaries (the "Group") before submission to the Board for approval;

(c) review the Company's key financial risk areas, with a view to providing an independent oversight of the financial reporting of the Group, the outcome of such review to be disclosed in the annual reports or of the findings are material, to be immediately announced via SGXNET;

(d) receive and review at least quarterly reports from Management on major risk exposures and the steps taken to monitor, control and mitigate such risks;

(e) review the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;

(f) review and approve all hedging policies implemented by the Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;

CORPORATE GOVERNANCE REPORT

(g) review the assurance from the Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") on the Group's financial records and financial statements;

(h) appoint, re-appoint or remove the accounting or auditing firm or corporation to which the internal audit function is outsourced (including the review of their fees and scope of work);

(i) review periodically, the adequacy, accuracy, effectiveness, scope and results of the internal and external audit, independence and objectivity of the internal and external auditors;

(j) review and make recommendations to the Board on the appointment or re-appointment or termination of the external auditors, including approving the remuneration and terms of engagement of the external auditors;

(k) review with the internal and external auditors, the audit plans, scope of work, their evaluation of the Company's system of internal controls, audit reports, their management letters and the response of Management, and the results of audits compiled by the internal and external auditors;

(l) review and discuss with the internal and external auditors, any issues and concerns arising from their audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position and Management's response;

(m) review with the external auditors the Group's existing financial and accounting policies and practices and the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial statements of the Company and the Group;

(n) review the co-operation given by Management to the Company's internal and external auditors;

(o) review the Group's compliance with such functions and duties as may be required under the relevant statutes, the Code or the Listing Manual, including such amendments made thereto from time to time; and

(p) review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual ("Interested Person Transactions") and review procedures thereof.

Following the 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 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 FY2023, as set out on pages 112 to 114 of this Annual Report.

CORPORATE GOVERNANCE 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 of the independent auditors. The aggregate amount of audit and non-audit fees paid or payable to the PricewaterhouseCoopers LLP, Singapore and its member firm for FY2023 were S$823,500 and S$1,190,748 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 18th AGM.

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 on the activities of its audits and its primary line of reporting is to the Chairman of the ARC. 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.

In FY2023, the Company engaged an external professional service firm, Yang Lee & Associates, to perform an agreed scope internal audit, to supplement the activities of the Internal Audit Team.

CORPORATE GOVERNANCE REPORT

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.

The ARC meets with the external auditors and internal auditors, in each case without the presence of Management, at least once a year.

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 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 with 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 Executive 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 18th AGM to address any queries of 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 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 S$0.065 per ordinary share for FY2023 as the first and final one-tier tax-exempt dividend payable to the Shareholders, subject to the approval of Shareholders at the forthcoming 18th 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;
- 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.

CORPORATE GOVERNANCE REPORT

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 half year ended and 60 days from the full year financial year ended during the year. In addition, the Annual Report 2023 (online digital copy) is published to Shareholders within the mandatory period before the 18th AGM to be held on 25 April 2024.

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.

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.

CORPORATE GOVERNANCE REPORT

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 relevant transactions with the interested persons for FY2023:

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
–	–	–

* Shareholder mandate is not applicable as the aggregate value was less than 3% of Group's NTA as at 31 December 2023.

The Group has adopted an internal policy which sets out the procedures for the identification, approval and monitoring of interested person transactions ("**IPTs**"), along with maintaining an IPT register. 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 prejudicial 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 2023.

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

Currently, the Group does not have a Risk Management Committee. However, 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. 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 37 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 and in this Corporate Governance Report, 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.

CORPORATE GOVERNANCE REPORT

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. Save for the foregoing, the Company has complied with the best practices recommended in the Listing Manual in FY2023.

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.

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 ARC Member. 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 2023

The directors present their statement to the shareholders together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the balance sheet of the Company as at 31 December 2023.

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 10 to 116 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 2023 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 @ Chen Teck Leng
Yee Kee Shian, Leon
Liu Hua
Poh Boon Hu, Raymond

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		Holdings in which a director is deemed to have an interest	
	At 31.12.2023	At 1.1.2023	At 31.12.2023	At 1.1.2023
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 21 January 2024 were the same as those as at 31 December 2023.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 and Risk Committee

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

Chen Timothy Teck Leng @ Chen Teck Leng
Yee Kee Shian, Leon
Liu Hua
Poh Boon Hu, Raymond

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 performed the following:

(a) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) review the periodic consolidated financial statements and any formal announcements relating to the financial performance of the Company and its subsidiaries (the "Group") before submission to the Board for approval;

(c) review the Company's key financial risk areas, with a view to providing an independent oversight of the financial reporting of the Group, the outcome of such review to be disclosed in the annual reports or of the findings are material, to be immediately announced via SGXNET;

(d) receive and review at least quarterly reports from Management on major risk exposures and the steps taken to monitor, control and mitigate such risks;

(e) review the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Audit and Risk Committee (Continued)

(f) review and approve all hedging policies implemented by the Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;

(g) review the assurance from the Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") on the Group's financial records and financial statements;

(h) appoint, re-appoint or remove the accounting or auditing firm or corporation to which the internal audit function is outsourced (including the review of their fees and scope of work);

(i) review periodically, the adequacy, accuracy, effectiveness, scope and results of the internal and external audit, independence and objectivity of the internal and external auditors;

(j) review and make recommendations to the Board on the appointment or re-appointment or termination of the external auditors, including approving the remuneration and terms of engagement of the external auditors;

(k) review with the internal and external auditors, the audit plans, scope of work, their evaluation of the Company's system of internal controls, audit reports, their management letters and the response of the Management, and the results of audits compiled by the internal and external auditors;

(l) review and discuss with the internal and external auditors, any issues and concerns arising from their audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position and the Management's response;

(m) review with the external auditors the Group's existing financial and accounting policies and practices and the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial statements of the Company and the Group;

(n) review the co-operation given by the Management to the Company's internal and external auditors;

(o) review the Group's compliance with such functions and duties as may be required under the relevant statutes, the Code or the Listing Manual, including such amendments made thereto from time to time; and

(p) review and approve any interested person transactions falling within the scope of Chapter 9 of the Listing Manual ("Interested Person Transactions") and review procedures thereof.

The Audit and 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 and 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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

28 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS 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 2023 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 2023;
- the balance sheet of the Group as at 31 December 2023;
- the balance sheet of the Company as at 31 December 2023;
- 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 material accounting policy information.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

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 2023. 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.

<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 RMB22.788 billion (2022: RMB18.372 billion), representing 94.5% (2022: 88.7%) of the Group's total revenue for the financial year ended 31 December 2023. 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 2023. 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 costs 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 total shipbuilding 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. testing the accuracy of the contracts value by agreeing to the agreed price and terms of the shipbuilding contracts including the variation orders;

f. 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 shipbuilding costs;</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
	g. 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 h. assessing the existence and completeness of the provision for onerous contracts and/or customer claims (where relevant) for each contract by: • reviewing the margins recognised for individual shipbuilding contract; and • reviewing the progress (percentage of completion) of shipbuilding contracts to their scheduled delivery dates for delays. Based on our procedures, we found the judgement exercised by management in estimating total shipbuilding 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS 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">2. Land use rights ("LUR") premium</td></tr>
<tr><td>Refer to Notes 3(d) and 26 of the financial statements

Included in property, plant and equipment at 31 December 2023 is RMB365.1 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 RMB522 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 a LNG terminal related facility is dependent upon successfully securing the relevant government approvals 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 businesses which comprise of terminal tolling services and supply of LNG), 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.</td><td>Our audit procedures included the following:

a. sighting evidence of progress in securing relevant government approval;

b. assessing the appropriateness of the valuation methodology used;

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. testing 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 performed and the condition as at 31 December 2023, we found management's expectation on the LNG conversion plan to be reasonable and also the assumption and judgement exercised by management in its cash flow projections to be appropriate.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the Corporate Profile, Financial Highlights, Chairman's Statement, Corporate Milestones, Board of Directors, Senior Management, Financial and Operations Review, Corporate Governance Report, Directors' Statement, Statistics of Shareholdings, Notice of Annual General Meeting and Appendix (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

Other Information (Continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

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

- 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.

- 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, 28 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group 2023 RMB'000	2022 RMB'000
Continuing operations			
Revenue	4	**24,112,330**	20,705,076
Cost of sales	7	**(18,702,077)**	(17,507,878)
Gross profit		**5,410,253**	3,197,198
Other income			
– Interest	5	**484,484**	350,248
– Others	5	**93,407**	104,378
Other (losses)/gains – net	6	**(328,184)**	233,110
Expenses			
– Administrative	7		
– (Impairment loss)/reversal of impairment loss on financial assets – net		**(33,647)**	78,885
– Others		**(597,721)**	(567,606)
		(631,368)	(488,721)
– Finance	9	**(96,089)**	(106,776)
Share of profits of associated companies and joint ventures	23,24	**198,014**	13,057
Profit before income tax		**5,130,517**	3,302,494
Income tax expense	10	**(1,061,019)**	(677,508)
Profit from continuing operations		**4,069,498**	2,624,986
Discontinued operations			
Profit from discontinued operations	11	**–**	194,576
Total profit		**4,069,498**	2,819,562
Profit/(loss) attributable to:			
Equity holders of the Company		**4,101,548**	2,807,480
Non-controlling interests		**(32,050)**	12,082
		4,069,498	2,819,562
Profit attributable to equity holders of the Company relates to:			
Profit from continuing operations		**4,101,548**	2,612,904
Profit from discontinued operations		**–**	194,576
		4,101,548	2,807,480

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group 2023 RMB'000	The Group 2022 RMB'000
Profit for the year		**4,069,498**	2,819,562
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
– Fair value losses	34	**(245,901)**	(496,676)
– Reclassification	34	**330,986**	261,573
Share of other comprehensive income from the associated company and joint venture			
– Currency translation gains – net	23,24	**2,391**	11,909
Currency translation differences arising from consolidation			
– Gains		**177,422**	101,495
– Reclassification		**25,660**	–
Items that will not be reclassified subsequently to profit or loss:			
Currency translation gains attributable to non-controlling interests		**6,137**	5,912
Other comprehensive income/(loss), net of tax		**296,695**	(115,787)
Total comprehensive income, net of tax		**4,366,193**	2,703,775
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**4,392,106**	2,685,781
Non-controlling interests		**(25,913)**	17,994
		4,366,193	2,703,775
Earnings per share for profit from continuing and discontinued operations attributable to equity holders of the Company (expressed in RMB cents per share)			
Basic and diluted			
From continuing operations	12	**103.82**	66.31
From discontinued operations	12	**–**	4.94

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

BALANCE SHEETS – GROUP

AS AT 31 DECEMBER 2023

	Note	The Group 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Current assets			
Cash and cash equivalents	13	**16,560,685**	10,778,393
Restricted cash	14	**88**	6,634
Derivative financial instruments	15	**4,200**	33,302
Financial assets, at fair value through profit or loss	16	**18,294**	119,154
Debt investments at amortised cost	17	**–**	1,575,780
Trade and other receivables	18	**4,670,962**	3,669,935
Inventories	19	**918,839**	1,231,116
Contract assets	4	**7,076,911**	5,595,675
		29,249,979	23,009,989
Non-current assets			
Derivative financial instruments	15	**4,154**	137,218
Financial assets, at fair value through profit or loss	16	**27,300**	27,300
Trade and other receivables	20	**1,255,203**	1,625,704
Investments in joint ventures	23	**666,509**	453,886
Investments in associated companies	24	**54,403**	47,424
Investment property	25	**2,168,537**	–
Property, plant and equipment	26	**7,219,062**	7,277,768
Intangible assets	28	**21,179**	25,842
Deferred income tax assets	32	**198,001**	361,972
		11,614,348	9,957,114
Total assets		**40,864,327**	32,967,103

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

BALANCE SHEETS – GROUP

AS AT 31 DECEMBER 2023

	Note	The Group 31 December 2023 RMB'000	The Group 31 December 2022 RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	29	**3,671,836**	3,172,408
Contract liabilities	4	**8,146,046**	5,597,040
Derivative financial instruments	15	**260,227**	71,385
Borrowings	30	**3,965,046**	2,269,198
Current income tax liabilities		**1,089,363**	782,271
Provisions	31	**443,775**	364,418
		17,576,293	12,256,720
Non-current liabilities			
Derivative financial instruments	15	**4,394**	71,752
Borrowings	30	**1,629,600**	2,298,342
Deferred income tax liabilities	32	**511,090**	635,529
		2,145,084	3,005,623
Total liabilities		**19,721,377**	15,262,343
NET ASSETS		**21,142,950**	17,704,760
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	33	**7,361,990**	7,361,990
Treasury shares	33	**(127,753)**	(127,753)
Other reserves	34	**1,122,235**	1,673,870
Retained earnings		**12,584,081**	8,665,024
		20,940,553	17,573,131
Non-controlling interests		**202,397**	131,629
Total equity		**21,142,950**	17,704,760

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

BALANCE SHEETS – COMPANY

AS AT 31 DECEMBER 2023

	Note	The Company 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Current assets			
Cash and cash equivalents	13	**56,717**	14,242
Trade and other receivables	18	**6,855,050**	6,708,150
		6,911,767	6,722,392
Non-current assets			
Trade and other receivables	20	**4,801,518**	3,548,131
Investments in subsidiaries	22	**8,069,753**	7,226,917
Investments in joint ventures	23	**309,327**	266,150
Investments in associated companies	24	**134,062**	134,062
Property, plant and equipment	26	**235**	1,045
		13,314,895	11,176,305
Total assets		**20,226,662**	17,898,697
LIABILITIES			
Current liabilities			
Other payables	29	**2,508,521**	2,641,536
Borrowings	30	**355**	798
Current income tax liabilities		**12,370**	46
		2,521,246	2,642,380
Non-current liabilities			
Borrowings	30	**–**	342
		–	342
Total liabilities		**2,521,246**	2,642,722
NET ASSETS		**17,705,416**	15,255,975
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)**	(127,753)
Other reserves	34	**180,637**	180,637
Retained earnings		**10,325,759**	7,876,318
Total equity		**17,705,416**	15,255,975

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	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	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity holders of the Company									
2023											
As at 1 January 2023		7,361,990	(127,753)	4,624,921	(235,103)	(30,359)	(2,685,589)	8,665,024	17,573,131	131,629	17,704,760
Profit/(loss) for the year		–	–	–	–	–	–	4,101,548	4,101,548	(32,050)	4,069,498
Other comprehensive income for the year		–	–	–	85,085	205,473	–	–	290,558	6,137	296,695
Total comprehensive income/(loss) for the year		–	–	–	85,085	205,473	–	4,101,548	4,392,106	(25,913)	4,366,193
Dividends	35	–	–	–	–	–	–	(1,024,427)	(1,024,427)	(28,230)	(1,052,657)
Acquisition of the non-controlling interest of a subsidiary		–	–	–	–	–	(257)	–	(257)	257	–
Capital injection by non-controlling interests of a subsidiary	22	–	–	–	–	–	–	–	–	124,654	124,654
Transfer	34	–	–	(841,936)	–	–	–	841,936	–	–	–
Total transactions with owners, recognised directly in equity		–	–	(841,936)	–	–	(257)	(182,491)	(1,024,684)	96,681	(928,003)
As at 31 December 2023		7,361,990	(127,753)	3,782,985	(150,018)	175,114	(2,685,846)	12,584,081	20,940,553	202,397	21,142,950

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to equity holders of the Company									
		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	Non-controlling interests RMB'000	Total equity RMB'000
2022											
As at 1 January 2022		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 CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group 2023 RMB'000	The Group 2022 RMB'000
Cash flows from operating activities			
Net profit		**4,069,498**	2,819,562
Adjustments for:			
– Income tax expense		**1,061,019**	759,173
– Depreciation of property, plant and equipment		**475,315**	452,331
– Depreciation of investment properties		**15,770**	868
– Amortisation of intangible assets		**4,285**	3,834
– Finance expenses		**96,089**	106,776
– (Gain)/loss on:			
• dissolution of subsidiaries		**(1,088)**	(41,819)
• disposal of property, plant and equipment		**(100,831)**	236
– Fair value change on:			
• Derivative financial instruments		**(5,645)**	70,246
• Financial assets at fair value, through profit or loss		**5,464**	196,523
– Impairment loss on goodwill		**5,997**	–
– Interest income		**(484,484)**	(350,544)
– Dividend income		**(336)**	(592)
– Share of profits of associated companies and joint ventures		**(198,014)**	(4,371)
		4,943,039	4,012,223
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
– Inventories		**312,277**	178,246
– Contract balances		**1,457,165**	(530,312)
– Trade and other receivables		**(629,855)**	(330,969)
– Trade and other payables		**571,774**	540,384
– Debt investments at amortised cost		**1,575,780**	1,515,833
– Provisions		**79,357**	(283,980)
– Restricted cash		**6,546**	10,673
Cash generated from operations		**8,316,083**	5,112,098
Interest paid		**(96,089)**	(106,776)
Interest received		**484,484**	350,544
Income tax paid		**(731,169)**	(723,475)
Net cash provided by operating activities		**7,973,309**	4,632,391

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group 2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**521,968**	46,349
Proceeds from sale of financial assets at FVTPL		**95,396**	246,675
Dividend received from financial assets at FVTPL		**336**	592
Dividend received from joint venture		**23,980**	–
Additions to property, plant and equipment		**(790,100)**	(904,847)
Acquisition of asset, net of cash acquired	13	**(2,053,761)**	–
Transaction costs for acquisition of asset		**(39,119)**	–
Acquisition of a subsidiary, net of cash acquired	13	**–**	(108,930)
Acquisition of financial assets at FVTPL		**–**	(37,092)
Acquisition of intangible assets		**(5,619)**	(1,305)
Acquisition of investment in associated companies		**–**	(209,000)
Acquisition of non-controlling interests	13	**–**	(259,900)
Additions to investment in a joint venture		**(43,177)**	–
Return of capital by associated companies		**–**	14,296
Return of capital by joint ventures		**–**	76,742
Net cash used in investing activities		**(2,290,096)**	(1,136,420)
Cash flows from financing activities			
Proceeds from bank borrowings	30	**3,308,292**	6,238,478
Repayments of bank borrowings	30	**(2,280,401)**	(6,210,061)
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)
Capital injection by non-controlling interests	13	**124,654**	–
Principal payment of lease liability	30	**(809)**	(745)
Purchase of treasury shares		**–**	(60,369)
Dividends paid to equity holders	35	**(1,024,427)**	(969,988)
Dividends paid to non-controlling interests		**(28,230)**	(4,983)
Net cash provided by/(used in) financing activities		**99,079**	(5,080,771)
Net increase/(decrease) in cash and cash equivalents		**5,782,292**	(1,584,800)
Cash and cash equivalents at beginning of financial year		**10,778,393**	12,363,193
Cash and cash equivalents at end of financial year	13	**16,560,685**	10,778,393

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 was 80 Robinson Road, #02-00 Singapore 068898.

With effect from 14 November 2023, the address of its registered office was changed to 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619. The principal place of business remains at 9 Raffles Place, #54-01, Republic Plaza, Singapore 048619.

The principal activities of the Company are investment holding and agency service for shipbuilding and related activities. The principal activities of its subsidiaries are set out in Note 42.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of 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 2023

On 1 January 2023, 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 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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 on the Group from readily re-directing the vessels to other customers during the construction or when the vessels are completed and the Group has enforceable rights to payment for the 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 before the start of construction works and the period between the receipt of the deposit 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 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 construction works by the Group exceed the payments received, a contract asset is recognised. If the payments received exceed the value of the construction works, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Revenue recognition (Continued)

(a) *Shipbuilding revenue* (Continued)

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 costs 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.

(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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Revenue recognition (Continued)

(d) Rendering of services

Ship design

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

Rental income

The Company provides services to lessees of its investment property and property management services. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. Management has assessed that the stage of completion which is determined as the proportion of total lease term that has elapsed at the end of the reporting period as an appropriate measure of progression towards complete satisfaction of these performance obligations under FRS 115. Payment for these services is due in accordance with payment schedules in the customer contract, on a straight-line basis over the term of the contract.

Parking income

The Group has two types of parking income, seasonal parking and hourly parking. For seasonal parking, the Group provides the services based on contractual agreements and the income is recognised over time. For hourly parking, the Group provides the services on an ad hoc basis and the income is recognised at the point in time.

(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.

(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.

NOTES TO
THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Group accounting (Continued)

(a) *Subsidiaries* (Continued)

(ii) *Acquisitions* (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Group accounting (Continued)

(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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Group accounting (Continued)

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

(iii) *Changes in ownership interest*

An increase in the Group's ownership interest in existing associate or a joint venture, where the Group continues to have significant influence or joint controls, it is accounted for using a cost accumulation approach. The cost of acquiring the additional stake, including any directly attributable costs, is added to the carrying amount of the associate or joint venture. The notional fair value for the additional stake is calculated using fair value information at the date when the additional interest is acquired. Remeasurement of the previously held interest is not required if there is no change in status of the investment.

If an Group's ownership interest in an associate or a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the Group shall derecognises the relevant proportion of the carrying amount, and reclassifies to profit or loss or transfers within equity, based on how the reserve should be reclassified on the disposal of related assets or liabilities, a proportionate amount of any gain or loss previously recognised in other comprehensive income.

(iv) *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Property, plant and equipment (Continued)

(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

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 (losses)/gains – net".

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

(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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

2.7 Investment property

Investment property comprises those portions of an office building that is held for long-term rental yields and/or for capital appreciation.

Investment property is 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 remaining useful lives of the building components between 4 to 34 years. No depreciation is provided on freehold land.

Cost includes expenditures that is directly attributable to the acquisition of the investment property.

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

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

2.8 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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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

Intangible assets, property, plant and equipment, right-of-use assets, investment property 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 assets.

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.

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".

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Financial assets (Continued)

(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 37 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.13 Financial guarantees

The Company has issued corporate guarantees to customers of its joint venture and subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the customers of its joint venture and subsidiaries if the joint venture or the subsidiaries fail to fulfil the obligations in accordance with the terms of their shipbuilding contracts.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

  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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 Leases (Continued)

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

- *Lease liabilities* (Continued)

  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 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (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 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

(a) 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.

(b) Share appreciation rights

For cash-settled share appreciation rights, the fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as an expense with the recognition of a corresponding liability over the vesting period. Until the liability is settled, it is re-measured at each reporting date with changes in fair value recognised in profit or loss.

(c) Profit sharing plans

The Group recognises a liability and an expense for profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Currency translation (Continued)

(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.

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 (losses)/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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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 (losses)/gains – net".

Government grants relating to assets are recognised as deferred income in the balance sheet.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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;

(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.

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 has 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 2023, RMB7,076,911,000 (2022: RMB5,595,675,000) 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% (2022: 5%) from management's estimates, the Group's revenue and contract assets would have been lower by RMB616,483,000 (2022: RMB471,897,000). If the total contract cost of on-going contracts to be incurred had been lower by 5% (2022: 5%) from management's estimates, the Group's revenue and contract assets would have been higher by RMB672,184,000 (2022: RMB512,914,000). If the total contract costs of on-going contracts to be incurred had been higher by 5% (2022: 5%) from management's estimates, additional provision for onerous contracts of RMB1,476,000 (2022: RMB50,224,000) would have been recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Impairment of trade receivables and contract assets

As at 31 December 2023, the Group's trade receivables and contract assets amounted to RMB837,273,000 (2022: RMB1,144,706,000) (Note 18) and RMB7,076,011,000 (2022: RMB5,595,675,000) [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.

No loss allowance for trade receivables was recognised as at 31 December 2023 and 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 37(b).

(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 loss allowance of RMB65,878,000 (2022: reversal of loss allowance of RMB76,011,000) 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 37(b)(v).

(d) Recoverable amount of land use rights ("LUR") premium classified under property, plant and equipment ("PPE")

Included in PPE at 31 December 2023 is RMB365.1 million (2022: 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.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(d) Recoverable amount of land use rights ("LUR") premium classified under property, plant and equipment ("PPE") (Continued)

The carrying amount of the cash-generating-unit ("CGU") to which the LUR premium is attributed, is RMB522 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 (see Note 26 for information on the FVLCTS model). The conversion to a 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 businesses which comprise of terminal tolling services and supply of LNG), 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:

	2023		**2022**	
	Higher/(lower) %	**Recoverable amount RMB'000**	**Higher/(lower) %**	**Recoverable amount RMB'000**
Estimated revenue cashflows	**(5%)**	**(616,147)**	(12%)	(304,314)
Conversion construction costs	**5%**	**(51,910)**	60%	(352,793)
Discount rate (post-tax)	**0.5%**	**(129,136)**	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 2023

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			
2023			
Shipbuilding segment			
– Shipbuilding revenue	**–**	**21,930,313**	**21,930,313**
– Sale of completed vessels	**857,430**	**–**	**857,430**
Shipping segment			
Charter hire income	**–**	**1,021,910**	**1,021,910**
Others segment			
Rendering of ship design services	**22,262**	**–**	**22,262**
Sale of goods – materials and others	**193,271**	**–**	**193,271**
Interest income from debt investments at amortised cost	**14,850**	**–**	**14,850**
Rental income	**455**	**16,239**	**16,694**
Others	**55,600**	**–**	**55,600**
Total revenue	**1,143,868**	**22,968,462**	**24,112,330**
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
Sales 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. REVENUE (CONTINUED)

(b) Contract assets and liabilities

	31 December 2023 RMB'000	31 December 2022 RMB'000	1 January 2022 RMB'000
<u>The Group</u>			
Contract assets			
– Shipbuilding contracts	**7,076,911**	5,595,675	3,983,201
Contract liabilities			
– Shipbuilding contracts	**(8,146,046)**	(5,597,040)	(4,730,915)
– Sale of goods – material and others	–	–	(91,696)
	(8,146,046)	(5,597,040)	(4,822,611)

Contract assets relate to fixed price shipbuilding contracts. The changes in contract assets are due to progress in shipbuilding activities, offset by consideration received from customer or billings raised to customer as per agreed payment schedule.

Contract liabilities relate to consideration received from customers ahead of shipbuilding activities. The changes in contract liabilities are due to consideration received per agreed payment schedule, offset by progress in shipbuilding activities.

(i) Revenue recognised in relation to contract liabilities

	The Group 2023 RMB'000	The Group 2022 RMB'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period.		
– Shipbuilding contracts	**3,232,773**	1,555,551
– Sale of goods – material and others	**–**	91,696

(ii) Unsatisfied performance obligations

As at 31 December 2023, the aggregate amount of the transaction price allocated to the remaining performance obligation is RMB68 billion (2022: RMB52 billion) and the Group expects to recognise this revenue over the next 1 to 5 years (2022: 1 to 4 years).

(c) Trade receivables from contracts with customers

	31 December 2023 RMB'000	31 December 2022 RMB'000	1 January 2022 RMB'000
<u>The Group</u>			
Current assets			
Trade receivables from customers (Note 18)	**837,273**	1,144,706	945,517

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. OTHER INCOME

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Interest income		
– Cash and cash equivalents and restricted cash	**367,291**	215,792
– Finance leases	**117,193**	134,456
Sale of bunker stock and scrap materials	**7,320**	37,532
Income from forfeiture of advances received	**20,694**	36,487
Dividend income	**336**	592
Others	**65,057**	29,767
	577,891	454,626

6. OTHER (LOSSES)/GAINS – NET

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Foreign exchange (losses)/gains	**(277,011)**	515,974
Less: Cash flow hedges, reclassified from hedging reserve (Note 34(b))	**(389,395)**	(307,733)
Foreign exchange related (losses)/gains, net	**(666,406)**	208,241
Fair value gain/(loss):		
– Derivative financial instruments	**5,645**	(70,246)
– Financial assets, at fair value through profit or loss (Note 16)	**(5,464)**	(59,069)
Gain/(loss) on disposal of property, plant and equipment	**100,831**	(236)
Subsidy income	**219,613**	121,811
Gain on dissolution of subsidiaries	**1,087**	41,819
Others	**16,510**	(9,210)
	(328,184)	233,110

Subsidy income includes incentive received from local authorities.

7. EXPENSES BY NATURE

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Raw materials and consumables used (Note 19)	**12,950,693**	12,044,900
Amortisation of intangible assets (Note 28)	**4,285**	3,834
Depreciation of investment property (Note 25)	**15,770**	–
Depreciation of property, plant and equipment (Note 26)	**475,315**	452,067
Impairment loss/(reversal of impairment loss) on:		
– Debt investments at amortised costs (Note 17)	**65,878**	(59,896)
Bad debt recovery	**(32,231)**	(18,989)
Employee compensation (Note 8)	**380,945**	310,675
Subcontracting costs	**3,182,561**	3,043,371
Other shipbuilding related fees and charges	**733,915**	550,097
Business tax on interest income from debt instruments at amortised cost	**841**	10,667
Inventories write-down – net of reversal (Note 19)	**–**	184,636
Provision for warranty – net (Note 31)	**69,568**	64,878
Reversal of provision for onerous contracts – net (Note 31)	**–**	(218,041)
Utilities	**169,793**	161,129
Transportation expenses	**49,301**	21,813
Auditors' remuneration paid/payable to		
Auditor of the Company	**4,332**	3,972
Other auditors	**1,256**	1,560
Other fees paid/payable to auditor of the Company	**5,621**	39
Professional fees	**18,589**	24,500
Vessel operations expenses	**522,537**	682,353
Commission	**317,202**	240,476
Others	**397,274**	492,558
Total cost of sales and administrative expenses	**19,333,445**	17,996,599

8. EMPLOYEE COMPENSATION

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Salaries and wages	**289,991**	228,185
Employer's contributions to defined contribution plans	**64,968**	70,350
Share appreciation rights	**7,524**	–
Other employee benefits	**18,462**	12,140
	380,945	310,675

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. EMPLOYEE COMPENSATION (CONTINUED)

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 2023, the Group is required to make monthly defined contribution to these plans at approximately 34% to 39% (2022: approximately 36% to 39%) of eligible employees' monthly salaries and wages as stipulated by local rules and regulations. The employees of the Group who are employed in Singapore participate in a defined contribution plan administered by the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

The Group's contributions are recognised as employee compensation expense when they are due and incurred.

Share appreciation rights

The Group granted share appreciation rights to employees as part of their remuneration package during the year. The employees will be entitled to a future cash payment, based on the increase in the Company's share price from 1 July 2023 over a vesting service period of 5 years, subject to the achievement of annual specified performance metrics. The Group measures the services acquired and the liability incurred at the fair value of the liability as the employees render service. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

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.

9. FINANCE EXPENSES

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Interest expenses:		
– Bank borrowings	**96,057**	106,741
– Lease liabilities (Note 27)	**32**	35
	96,089	106,776

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 and Singapore is 25% and 17% respectively.

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 and December 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	
	2023	**2022**
	RMB'000	**RMB'000**
Income tax expense attributable to profit is made up of:		
Profit for the year:		
From continuing operations		
– Current income tax	**1,036,456**	595,324
– Deferred income tax (Note 32)	**24,517**	183,794
	1,060,973	779,118
From discontinued operations		
– Current income tax	**–**	103,519
– Deferred income tax (Note 32)	**–**	(21,854)
	–	81,665
Under/(over) provision in prior year		
From continuing operations		
– Current income tax	**46**	(101,610)
	1,061,019	759,173
Tax expense is attributable to:		
– continuing operations	**1,061,019**	677,508
– discontinued operations (Note 11(a))	**–**	81,665
	1,061,019	759,173

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	
	2023	**2022**
	RMB'000	**RMB'000**
Profit before tax from		
– continuing operations	**5,130,517**	3,302,494
– discontinued operations (Note 11(a))	**–**	276,241
	5,130,517	3,578,735
Share of profits of associated companies and joint ventures, net of tax – continuing operations	**(198,014)**	(13,057)
Share of losses of associated companies and joint ventures, net of tax – discontinued operations	**–**	8,686
Profit before tax and share of results of associated companies and joint ventures	**4,932,503**	3,574,364
Tax calculated at the applicable tax rate of 25% (2022: 25%)	**1,233,126**	893,591
Effect of tax exemption and different tax rates	**(456,983)**	(300,740)
Deferred tax on undistributed profits	**207,592**	99,217
Expenses not deductible for tax purposes	**76,430**	168,237
Deferred tax asset on tax losses not recognised	**808**	478
Under/(over) provision of prior year tax	**46**	(101,610)
Tax charge	**1,061,019**	759,173

(b) The tax (charge)/credit relating to each component of other comprehensive income is as follows:

	Before Tax	**Tax credit/ (charge)**	**After tax**
	RMB'000	**RMB'000**	**RMB'000**
Group			
2023			
Fair value losses and reclassification adjustments on cash flow hedges	**(100,100)**	**15,015**	**(85,085)**
2022			
Fair value losses and reclassification adjustments on cash flow hedges	276,591	(41,488)	235,103

10. INCOME TAXES (CONTINUED)

(c) OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. In the Singapore 2023 and 2024 Budget Statement, the Singapore government has announced that the country will implement the Global Anti-Base Erosion ("GloBE") rules including a Income Inclusion Rules ("IIR") and domestic top-up tax ("DTT") from 1 January 2025. Since the Pillar Two legislation has not been enacted in Singapore, the jurisdiction in which Yangzijiang Shipbuilding (Holdings) Ltd is incorporated, and was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS(I) 1-12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. Substantially all of the entities within the group have an effective tax rate that exceeds 15%.

Due to uncertainties surrounding when and how each jurisdiction will enact the legislations, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

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 39).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. DISCONTINUED OPERATIONS (CONTINUED)

(a) The results of the discontinued operations are as follows:

	The Group 2022 RMB'000
Revenue	440,922
Cost of sales	(27,548)
Expenses	
– Reversal of impairment loss on financial assets – net	16,115
– Others	(8,505)
Other income	779
Other losses – net	(136,836)
Share of losses of associated companies (Note 24)	(8,686)
Profit before tax from discontinued operations	276,241
Tax (Note 10 (a))	(81,665)
Profit after tax from discontinued operations	194,576

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	The Group 2022 RMB'000
Operating cash inflows	1,932,826
Investing cash outflows	(191,587)
Total cash inflows	1,741,239

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.

	The Group					
	Continuing operations		Discontinued operations		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Net profit attributable to equity holders of the Company (RMB'000)	**4,101,548**	2,612,904	**–**	194,576	**4,101,091**	2,807,480
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**3,950,589**	3,940,261	**–**	3,940,261	**3,950,589**	3,940,261
Basic earnings per share (RMB cents)	**103.82**	66.31	**–**	4.94	**103.82**	71.25

Diluted earnings per share is equivalent to the basic earnings, as the Company does not have any dilutive potential ordinary shares.

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13. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash at bank and on hand	**16,560,685**	10,778,393	**56,717**	14,242

Acquisition of an investment property, other assets and other liabilities

On 26 April 2023, the Group, through Yangzijiang Realty Pte Ltd ("YZJR"), acquired 39 Robinson Road Pte Ltd, an entity owning a 21-storey building, "39 Robinson", located within the central business district of Singapore. The effects of the acquisition on the cash flows of the Group were:

	The Group April 2023 RMB'000
Carrying amounts of assets and liabilities as at the date of acquisition:	
Cash and cash equivalents	**13,319**
Trade and other receivables	**671**
Investment property (Note 25)	**2,064,785**
Total assets	**2,078,775**
Trade and other payables	**(9,936)**
Current income tax liabilities	**(1,759)**
Total liabilities	**(11,695)**
Net assets acquired by the Group	**2,067,080**
Cash outflows arising from acquisition:	
Purchase consideration	**2,067,080**
Less: Cash and cash equivalents acquired	**(13,319)**
Net cash outflow on acquisition	**2,053,761**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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).

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 2023, the Group dissolved four of its 100% owned subsidiaries, JiuJiang Ruiyang Marine Import and Export Co, Ltd, Jiangsu Yangzi Zhuoneng Industrial Co., Ltd., Yangzijiang Shipping Pte Ltd and Carry Shipping Limited. The effects of the dissolution of the subsidiaries on the cashflows of the Group were immaterial.

Significant restrictions

Cash and restricted cash of RMB9,648,888,000 (2022: RMB7,801,064,000) 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.

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14. RESTRICTED CASH

The restricted cash was held in designated bank accounts as deposits for performance guarantees, letters of credits and borrowings.

	The Group	
	2023 RMB'000	**2022 RMB'000**
Restricted cash	**88**	6,634

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 2023					
Derivatives held for cash flow hedges:					
– Currency forwards	**13,473,829**	**4,200**	**4,154**	**(260,227)**	**(4,394)**
Total		**4,200**	**4,154**	**(260,227)**	**(4,394)**
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)

The contract notional amount included above is on a gross basis.

The derivative contracts are entered into 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 2023

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Hedging instruments used in Group's hedging strategy in 2023

		Carrying Amount		Changes in fair value used for calculating hedge ineffectiveness				
	Contractual notional amount RMB'000	**Liabilities – 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	**13,473,829**	**(256,267)**	**Derivative financial instruments**	**(256,267)**	**256,267**	**–**	**USD1: RMB6.8238**	**January 2024 – March 2026**

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	
	2023 RMB'000	**2022 RMB'000**
Beginning of financial year	**146,454**	2,384,551
Additions	**–**	37,092
Fair value loss through profit and loss – Continuing operations (Note 6)	**(5,464)**	(59,069)
Fair value loss through profit and loss – Discontinued operations	**–**	(137,454)
Disposals	**(95,396)**	(246,675)
Spin-off	**–**	(1,831,991)
End of financial year	**45,594**	146,454

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Current		
Listed		
– Equity securities – PRC	**–**	100,860
Unlisted		
– Equity securities – PRC	**18,294**	18,294
	18,294	119,154
Non-Current		
Unlisted		
– Equity securities – PRC	**27,300**	27,300
	45,594	146,454

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

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	
	2023	**2022**
	RMB'000	**RMB'000**
Beginning of financial year	**1,575,780**	16,581,505
Addition	**500,000**	3,580,333
Redemptions	**(2,009,902)**	(5,172,177)
(Impairment loss)/reversal of impairment loss recognised in profit or loss – Continuing operations (Note 7)	**(65,878)**	59,896
Reversal of impairment loss recognised in profit or loss – Discontinued operations	**–**	16,115
Spin-off	**–**	(13,489,892)
End of financial year	**–**	1,575,780

17. DEBT INVESTMENTS AT AMORTISED COST (CONTINUED)

Presented as:

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Current		
Debt investments	–	2,730,821
Less: Allowance for impairment loss	–	(1,155,041)
	–	1,575,780
Total		
Debt investments	–	2,730,821
Less: Allowance for impairment loss [Note 37(b)(v)]	–	(1,155,041)
	–	1,575,780

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	
	2023	**2022**
	RMB'000	**RMB'000**
Within one year	–	2,730,821

As at 31 December 2022, the carrying amounts of debt investments at amortised cost (current) approximated their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. TRADE AND OTHER RECEIVABLES – CURRENT

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Finance lease receivables (Note 21)	**166,302**	157,587	**–**	–
Trade receivables				
– Customers	**837,273**	1,144,706	**–**	–
Other receivables				
– Subsidiaries	**–**	–	**6,854,621**	6,707,253
– Non-related parties	**349,864**	96,245	**–**	54
– Joint venture	**128**	–	**128**	–
– Associated company	**92**	–	**92**	–
– Loan to an associated company	**220**	20,000	**220**	–
Other receivables – net	**350,084**	116,245	**6,854,841**	6,707,307
Other assets				
– Value added tax recoverable	**169,176**	124,211	**85**	719
– Deposits	**124**	124	**124**	124
Prepayments [Note (a)]	**3,148,003**	2,127,062	**–**	–
	4,670,962	3,669,935	**6,855,050**	6,708,150

(a) 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, joint venture and associated company are unsecured, interest-free and repayable on demand. 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.

19. INVENTORIES

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Raw materials	**830,613**	967,296
Work-in-progress	**88,226**	263,820
	918,839	1,231,116

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 RMB12,950,693,000 (2022: RMB12,044,900,000).

During the financial year ended 31 December 2022, a write-down of RMB184,636,000 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	
	2023	**2022**	**2023**	**2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Finance lease receivables (Note 21)	**1,252,621**	1,535,218	**–**	–
Other receivables				
– Loans to subsidiaries [Note (a)]	**–**	–	**4,801,518**	3,548,131
– Non-related parties	**2,582**	–	**–**	–
Prepayments	**–**	90,486		–
	1,255,203	1,625,704	**4,801,518**	3,548,131

(a) As at 31 December 2023, included in loans to subsidiaries is RMB1,596,500,000 (2022: RMB Nil) secured by a pledge over the shares of YZJR. This loan bears interest at 4.56% to 4.93% per annum and is repayable after 11 years from balance sheet date. The remaining 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.

The fair values of the Group and Company's non-current trade and other receivables approximate their respective carrying amounts.

21. FINANCE LEASE RECEIVABLES

The Group leases vessels to non-related parties under finance leases. There were no new finance lease agreements entered by the Group in 2023. The various agreements expire between 2024 and 2034 (2022: 2024 and 2034), and the non-related parties have the obligation to purchase the vessels upon their respective expiry dates.

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Gross receivables due		
– Less than one year	**262,500**	284,858
– One to two years	**385,276**	320,379
– Two to three years	**160,127**	419,019
– Three to four years	**361,959**	180,704
– Four to five years	**67,399**	403,187
– More than five years	**611,602**	667,680
	1,848,863	2,275,827
Less: Unearned finance income	**(429,940)**	(583,022)
Net investment in finance leases [Note (a)]	**1,418,923**	1,692,805

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21. FINANCE LEASE RECEIVABLES (CONTINUED)

The net investment in finance leases is analysed as follows:

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Current (Note 18)	**166,302**	157,587
Non-current (Note 20)	**1,252,621**	1,535,218
	1,418,923	1,692,805

(a) The net investment in finance leases decreased by approximately RMB273,882,000 was solely due to receipts of lease payments.

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2023	**2022**
	RMB'000	**RMB'000**
Equity investments at cost		
As at 1 January	**7,226,917**	6,042,814
Additions [Note (a)]	**1,023,463**	1,194,103
Disposal [Note (b)]	**–**	(10,000)
Liquidation [Note (c)]	**(627)**	–
Return of capital [Note (d)]	**(180,000)**	–
As at 31 December	**8,069,753**	7,226,917

(a) Additions

In 2023, the Company:

(i) incorporated a wholly owned subsidiary, YZJR with issued and paid-up share capital of RMB656,073,000. 19% of the shares were transferred to the third party non-controlling shareholders for a total consideration of RMB125 million in April 2023. Following the disposal, the Company retains 81% shareholding interest in YZJR; and

(ii) subscribed for new equity shares in JXF, issued as consideration to capitalise dividends of approximately RMB492 million.

In 2022, the Company 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.

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Disposal

No disposal has been made by the Company in the financial year ended 31 December 2023.

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) Liquidation of a subsidiary

On 20 March 2023, the liquidator has wound up one of the Group's fully owned subsidiary, Yangzijiang Shipping Pte. Ltd. pursuant to the Court Order dated 17 March 2023. The net liability of the subsidiary reflected in the Group's financial statements as at the date of liquidation amounted to RMB415,000. The aggregate cash flows arising from liquidation of this subsidiary is immaterial to the Group.

(d) Return of capital

In 2023, the Company has received a return of capital of RMB180 million from its subsidiary, Jiangsu Zhongzhou Marine Equipment Co., Ltd. Subsequent to the return of capital, the registered capital has reduced to RMB60 million.

23. INVESTMENTS IN JOINT VENTURES

	The Group		**The Company**	
	2023	**2022**	**2023**	**2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Equity investments at cost				
As at 1 January	**453,886**	522,679	**266,150**	319,581
Additions [Note (a)]	**43,177**	–	**43,177**	–
Share of profits	**193,387**	7,770	**–**	–
Dividend	**(23,980)**	–	**–**	–
Return of capital	**–**	(76,742)	**–**	(53,431)
Share of other comprehensive income – currency translation reserve	**39**	179	**–**	–
As at 31 December	**666,509**	453,886	**309,327**	266,150

(a) In 2023, the Group has acquired an additional 5% of the issued share capital of its joint venture, Jiangsu Yangzi-Mitsui Shipbuilding Co., Ltd ("Yangzi-Mitsui") from a minority shareholder for a cash consideration of RMB43,177,000. This does not result in a change of joint control over Yangzi-Mitsui.

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23. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Set out below is the details of the joint ventures of the Group and of the Company as at 31 December 2023.

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 2023 %	2022 %
Jiangsu Yangzi – Mitsui Shipbuilding Co., Ltd.[1]	Shipbuilding	China	**56**	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.

24. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group 2023 RMB'000	The Group 2022 RMB'000	The Company 2023 RMB'000	The Company 2022 RMB'000
Equity investments at cost				
As at 1 January and 31 December			**134,062**	134,062
As at 1 January	**47,424**	1,104,890		
Additions	**–**	209,000		
Return of capital [Note (a)]	**–**	(14,296)		
Spin-off [Note (b)]	**–**	(1,260,501)		
Share of profits – Continuing operations	**4,627**	5,287		
Share of losses – Discontinued operations (Note 11)	**–**	(8,686)		
Share of other comprehensive income – currency translation reserve	**2,352**	11,730		
As at 31 December	**54,403**	47,424		

(a) In 2022, 4 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.

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 PROPERTY

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Cost		
Beginning of financial year	**–**	121,779
Additions [Note (a)]	**2,103,904**	2,022
Spin-off [Note (b)]	**–**	(123,801)
Currency translation difference	**80,719**	–
End of financial year	**2,184,623**	–
Accumulated depreciation		
Beginning of financial year	**–**	(6,027)
Depreciation charge – continuing operations [Note 7]	**(15,770)**	–
Depreciation charge – discontinued operations	**–**	(868)
Spin-off [Note (b)]	**–**	6,895
Currency translation difference	**(316)**	–
End of financial year	**(16,086)**	–
Net book value	**2,168,537**	–

(a) In March 2023, the Group through its 81% owned subsidiary, YZJR acquired an investment property ("Robinson") through the acquisition of an investment property company i.e. 39 Robinson Road Pte. Ltd. Included in additions are acquisition of the investment property of RMB2,064,785,000 and capitalised expenditure of RMB39,119,000.

(b) 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.

The following amounts are recognised in profit and loss:

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Rental income from continuing operations	**16,694**	–
Rental income from discontinued operations	**–**	483
Direct operating expenses	**(9,595)**	–

The direct operating expenses arising from the investment properties that generate rental income are immaterial for the financial years ended 31 December 2022.

At the reporting date, the details of the Group's investment property is as follows:

			Carrying amount as at 31 December	
			2023	**2022**
Location	**Description**	**Tenure**	**RMB'000**	**RMB'000**
39 Robinson Road, Singapore	21-storey freehold office building with 3 levels of car park	Freehold	**2,168,537**	–

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25. INVESTMENT PROPERTY (CONTINUED)

The fair value of investment property at 31 December 2023 was approximately RMB2,199,275,000.

The fair value was determined by external, independent valuation company 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 property is classified within Level 3 of the fair value hierarchy and has been derived using the income capitalisation and discounted cash flow method. The most significant input in each valuation approach is the capitalisation rate and rental yields respectively.

The forecasts under the income capitalisation method uses a capitalisation rate of 2.75% per annum, which was based upon the initial yields of similar commercial properties within the area. The forecasts under the discounted cash flow method covered a ten-year period, and cash flows beyond this period are derived from the sale price of the property assuming it will be sold at the end of the investment horizon and costs associated with the disposal at the end of the investment period.

As at 31 December 2023, the Group has determined that the recoverable amount based on fair value is higher than the carrying value of the investment properties.

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								
2023								
Cost								
As at 1 January	**4,575,048**	**2,472,294**	**157,567**	**172,699**	**4,670,411**	**1,566,889**	**81,323**	**13,696,231**
Additions	**–**	**8,193**	**4,641**	**7,041**	**693,693**	**–**	**80,898**	**794,466**
Transfers	**142**	**22,189**	**132**	**2,822**	**–**	**–**	**(25,285)**	**–**
Disposals	**(364)**	**(28,529)**	**(1,723)**	**(2,210)**	**(844,134)**	**–**	**–**	**(876,960)**
Currency translation difference	**–**	**–**	**–**	**–**	**62,640**	**–**	**–**	**62,640**
As at 31 December	**4,574,826**	**2,474,147**	**160,617**	**180,352**	**4,582,610**	**1,566,889**	**136,936**	**13,676,377**
Accumulated depreciation and impairment losses								
As at 1 January	**(2,443,360)**	**(1,934,703)**	**(139,658)**	**(136,863)**	**(1,488,258)**	**(275,621)**	**–**	**(6,418,463)**
Depreciation charge (Note 7)	**(199,977)**	**(92,330)**	**(7,639)**	**(13,615)**	**(137,156)**	**(24,598)**	**–**	**(475,315)**
Disposals	**290**	**26,452**	**1,632**	**1,795**	**425,654**	**–**	**–**	**455,823**
Currency translation difference	**–**	**–**	**–**	**–**	**(19,360)**	**–**	**–**	**(19,360)**
As at 31 December	**(2,643,047)**	**(2,000,581)**	**(145,665)**	**(148,683)**	**(1,219,120)**	**(300,219)**	**–**	**(6,457,315)**
Net book value								
As at 31 December 2023	**1,931,779**	**479,281**	**14,952**	**25,954**	**3,363,490**	**1,266,670**	**136,936**	**7,219,062**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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								
2022								
Cost								
As at 1 January	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	(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

(a) Bank borrowings are secured on certain land use rights of the Group with carrying amounts of RMB20,128,000 (2022: RMB20,858,000) and buildings of the Group with carrying amounts of RMB33,911,000 (2022: RMB35,109,000).

(b) The Group's interest in land use rights in the PRC is held on leases with periods ranging from 35 years to 50 years (2022: 35 years to 50 years).

As at 31 December 2023, included in Leasehold prepayments – land use rights is RMB365.1 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)).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 applying a 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. The recoverable amount of the CGU to which the LUR premium is attributed was determined to be higher than its carrying amount. This is a Level 3 fair value measurement.

Included within additions in the 2023's consolidated financial statements are machinery and equipment acquired amounting to RMB4,366,000 and remained unpaid as at 31 December 2023.

See Note 3(d) for the sensitivity analyses of the FVLCTS model.

	Buildings RMB'000	Furniture, fittings and equipment RMB'000	Total RMB'000
Company			
2023			
Cost			
As at 1 January and 31 December	**1,494**	**–**	**1,494**
Accumulated depreciation			
As at 1 January	**(449)**	**–**	**(449)**
Depreciation charge	**(810)**	**–**	**(810)**
As at 31 December	**(1,259)**	**–**	**(1,259)**
Net book value			
As at 31 December 2023	**235**	**–**	**235**
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

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

	2023 RMB'000	2022 RMB'000
The Group and the Company		
Leasehold land	**1,266,670**	1,291,268
Buildings	**235**	1,045

(b) Depreciation charge during the year

	2023 RMB'000	2022 RMB'000
The Group		
Leasehold land	**24,598**	24,616
Buildings	**810**	783
	25,408	25,399

(c) Interest expense

	2023 RMB'000	2022 RMB'000
The Group		
Interest expense on lease liabilities (Note 9)	**32**	35

(d) Total cash outflow for all the leases in 2023 was RMB841,000 (2022: RMB780,000).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. LEASES (CONTINUED)

Nature of the Group's leasing activities – The Group as a lessor

The Group leases out 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 37(b)(iii).

In 2023, 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.

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	
	2023	**2022**
	RMB'000	**RMB'000**
Less than one year	**403,947**	309,721
One to two years	**49,861**	160,756
Two to three years	**15,382**	27,982
Three to four years	**14,217**	–
Four to five years	**1,207**	–
	484,614	498,459

28. INTANGIBLE ASSETS

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Composition:		
Computer software licenses [Note (a)]	**21,179**	19,845
Goodwill [Note (b)]	**–**	5,997
	21,179	25,842

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

28. INTANGIBLE ASSETS (CONTINUED)

(a) Computer software licenses

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Cost		
Beginning of financial year	**36,750**	35,445
Additions	**5,619**	1,305
End of financial year	**42,369**	36,750
Accumulated amortisation		
Beginning of financial year	**(16,905)**	(13,071)
Amortisation charge (Note 7)	**(4,285)**	(3,834)
End of financial year	**(21,190)**	(16,905)
Net book value as at 31 December	**21,179**	19,845
Net book value as at 1 January	**19,845**	22,374

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.

Econovo ceased to provide vessel design and offshore projects to third parties in 2023. Based on management's impairment assessment of the carrying amount of goodwill, the recoverable amount has been reassessed as Nil.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current				
Trade payables				
– Third parties	**2,139,418**	1,698,712	**–**	–
Other payables				
– Subsidiaries [Note (a)]	**–**	–	**2,501,215**	2,635,545
– Non-related parties	**1,179,394**	1,187,103	**7,306**	5,991
Deferred compensation income [Note (b)]	**166,427**	157,482	**–**	–
Other operating accruals	**186,597**	129,111	**–**	–
	3,671,836	3,172,408	**2,508,521**	2,641,536

(a) The non-trade amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(b) Deferred compensation income mainly relates to the government grant received for the relocation of shipbuilding premises at Jiangsu Yangzijiang Shipbuilding Group Co., Ltd. (formerly known as Jiangsu Yangzijiang Shipbuilding Co., Ltd.) ("JYS") of RMB157 million. 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	
	2023	**2022**	**2023**	**2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current				
Bank borrowings (secured) [Note (a)]	**18,400**	18,400	**–**	–
Bank borrowings (unsecured)	**3,946,291**	2,250,000	**–**	–
Lease liabilities	**355**	798	**355**	798
	3,965,046	2,269,198	**355**	798
Non-current				
Bank borrowings (secured) [Note (a)]	**29,600**	48,000	**–**	–
Bank borrowings (unsecured)	**1,600,000**	2,250,000	**–**	–
Lease liabilities	**–**	342	**–**	342
	1,629,600	2,298,342	**–**	342
	5,594,646	4,567,540	**355**	1,140

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	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Floating rate:				
– Within six months	**–**	–	**–**	–
– Between six months to 12 months	**18,400**	18,400	**–**	–
– One to two years	**29,600**	48,000	**–**	–
Fixed rate:				
– Within one year	**3,946,646**	2,250,798	**355**	798
– One to two years	**1,600,000**	2,250,342	**–**	342
	5,594,646	4,567,540	**355**	1,140

(a) These bank borrowings are secured by legal mortgages over certain land use rights and buildings (Note 26).

(b) Fair value of non-current borrowings at fixed rate

	The Group		The Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings				
– RMB	**1,525,647**	2,133,320	**–**	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	
	2023	2022	2023	2022
Borrowings				
– RMB	**4.20%**	4.30%	**4.20%**	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 2023

30. BORROWINGS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The Group	1 January 2023 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes			31 December 2023 RMB'000
				Interest expense RMB'000	Foreign exchange movement RMB'000	Others RMB'000	
Bank borrowings	**4,566,400**	3,308,292	(2,376,458)	96,057	–	–	**5,594,291**
Lease liabilities	**1,140**	–	(841)	32	–	24	**355**

The Group	1 January 2022 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes			31 December 2022 RMB'000
				Interest expense RMB'000	Foreign exchange movement RMB'000	Others 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

31. PROVISIONS

	The Group 2023 RMB'000	The Group 2022 RMB'000
Warranty	**431,027**	364,418
Legal claims	**12,748**	–
	443,775	364,418

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 provision for legal claims is in respect of a legal claim arising from a vessel accident in India and is expected to be utilised in 2024. The Group entered into an arbitration with the claimant and agreed to provide bank guarantee of approximately RMB12,748,000 (Indian Rupee 15 crores) in order to release the vessel. In the opinion of the directors, after taking appropriate legal advice, the outcome of this legal claim is not expected to give rise to any significant loss beyond the amounts provided at 31 December 2023.

31. PROVISIONS (CONTINUED)

Movement in provision is as follows:

	The Group Warranty		The Group Onerous contracts		The Group Legal claim	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
As at 1 January	**364,418**	348,357	**–**	218,041	**–**	–
Write back of provision	**(119,905)**	(90,278)	**–**	(40,403)	**–**	–
Provision made	**189,473**	155,156	**–**	–	**12,748**	–
Provision utilised	**(2,959)**	(48,817)	**–**	(177,638)	**–**	–
As at 31 December	**431,027**	364,418	**–**	–	**12,748**	–

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	
	2023 RMB'000	2022 RMB'000
Deferred income tax assets	**(198,001)**	(361,972)
Deferred income tax liabilities	**511,090**	635,529
Net deferred tax liabilities	**313,089**	273,557

Movements in net deferred income tax accounts are as follows:

	The Group	
	2023 RMB'000	2022 RMB'000
As at 1 January	**273,557**	1,152,428
Charged to profit or loss (Note 10(a))	**24,517**	161,940
Credited to other comprehensive income (Note 10(b))	**15,015**	(41,488)
Spin-off (Note 13)	**–**	(999,323)
As at 31 December	**313,089**	273,557

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 RMB8,050,000 (2022: RMB8,470,000) 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 2023

32. DEFERRED INCOME TAX (CONTINUED)

The expiry date of tax losses of the Group are summarised as follows:

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Within one year	**1,885**	3,651
Between one year to two years	**753**	1,885
Between three years to five years	**5,389**	2,911
No expiry date	**23**	23
	8,050	8,470

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

The Group

Deferred income tax assets

	Impairment losses RMB'000	Warranty provision RMB'000	Onerous contracts provision RMB'000	Fair value loss RMB'000	Others RMB'000	Total RMB'000
2023						
As at 1 January	**(305,002)**	**(56,970)**	**–**	**–**	**–**	**(361,972)**
Charged/(credited) to:						
– profit or loss	**211,204**	**(8,793)**	**–**	**(53,455)**	**–**	**148,956**
– other comprehensive income	**–**	**–**	**–**	**15,015**	**–**	**15,015**
As at 31 December	**(93,798)**	**(65,763)**	**–**	**(38,440)**	**–**	**(198,001)**
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. DEFERRED INCOME TAX (CONTINUED)

The Group (Continued)

Deferred income tax liabilities

	Undistributed profits of subsidiaries RMB'000	Fair value gain RMB'000	Forfeiture income RMB'000	Others RMB'000	Total RMB'000
2023					
As at 1 January	**325,499**	**4,107**	**113,668**	**192,255**	**635,529**
(Credited)/charged to:					
– profit or loss	**28,293**	**(4,107)**	**(19,681)**	**(128,944)**	**(124,439)**
As at 31 December	**353,792**	**–**	**93,987**	**63,311**	**511,090**
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 (Note 13)	(1,165,172)	–	–	–	(1,165,172)
As at 31 December	325,499	4,107	113,668	192,255	635,529

33. SHARE CAPITAL

	Number of shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital RMB'000	Treasury shares RMB'000
The Group				
2023				
As at 1 January and 31 December	**3,974,077**	**(23,488)**	**7,361,990**	**(127,753)**
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)
Company				
2023				
As at 1 January and 31 December	**3,974,077**	**(23,488)**	**7,326,773**	**(127,753)**
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. SHARE CAPITAL (CONTINUED)

(a) The Company bought back Nil (2022: 10,000,000) 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).

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

34. OTHER RESERVES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Composition:				
Statutory reserves [Note (a)]	**3,782,985**	4,624,921	**–**	–
Hedging reserve [Note (b)]	**(150,018)**	(235,103)	**–**	–
Currency translation reserve [Note (c)]	**175,114**	(30,359)	**–**	–
Other reserve [Note (d)]	**(2,685,846)**	(2,685,589)	**180,637**	180,637
	1,122,235	1,673,870	**180,637**	180,637

(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 2023, the Group's subsidiaries have appropriated RMB132,309,000 (2022: RMB66,154,000) from their profits to statutory reserves and converted RMB974,245,000 of its statutory reserves into share capital.

34. OTHER RESERVES (CONTINUED)

(b) Hedging reserve

Movements in hedging reserve by risk category:

	The Group	
	Foreign exchange risk	
	2023	**2022**
	RMB'000	**RMB'000**
Beginning of financial year	**235,103**	–
– Fair value losses	**289,295**	584,324
– Tax on fair value losses	**(43,394)**	(87,648)
	481,004	496,676
Reclassification to profit or loss, as hedged item has affected profit or loss		
– Other losses – net (Note 6)	**(389,395)**	(307,733)
Tax on reclassification adjustments	**58,409**	46,160
	(330,986)	(261,573)
End of financial year	**150,018**	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 2023 relates to the difference between the cumulative losses attributable to the non-controlling interest of RMB0.3 million at the date of acquisition and the consideration paid to the non-controlling shareholder to acquire the Group's remaining 49% equity interest in Shanghai Econovo Marine Engineering Co., Ltd. The consideration paid for this acquisition was Nil.

The movement in other reserve during 2022 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).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. DIVIDENDS

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Ordinary dividends		
Final exempt dividend paid in respect of the previous financial year of SGD5.0 cents (2022: SGD5.0 cents) per share	**1,024,427**	969,988

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 SGD6.5 cents per share amounting to approximately SGD256,788,299 (equivalent of RMB1,380,600) will be recommended for the shareholders' approval at the Annual General Meeting on 25 April 2024. 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 2024.

36. CAPITAL COMMITMENT

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Property, plant and equipment	**822,707,000**	857,799,000

37. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. 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 2023					
Financial assets					
Cash and cash equivalents	**9,648,800**	**6,798,749**	**240**	**112,896**	**16,560,685**
Restricted cash	**88**	**–**	**–**	**–**	**88**
Financial assets at fair value through profit or loss	**45,594**	**–**	**–**	**–**	**45,594**
Trade and other receivables excluding prepayment and value added tax recoverable	**1,056,250**	**1,484,610**	**66,746**	**1,380**	**2,608,986**
	10,750,732	**8,283,359**	**66,986**	**114,276**	**19,215,354**
Financial liabilities					
Trade and other payables	**(3,219,223)**	**(270,544)**	**(6,208)**	**(9,434)**	**(3,505,409)**
Borrowings	**(5,536,000)**	**–**	**(58,292)**	**(355)**	**(5,594,647)**
	(8,755,223)	**(270,544)**	**(64,500)**	**(9,789)**	**(9,100,056)**
Net financial assets	**1,995,509**	**8,012,815**	**2,486**	**104,488**	**10,115,298**
Less: Net financial assets denominated in the respective entities' functional currency	**(1,995,509)**	**(1,960,686)**			
Less: Forward foreign exchange contracts and foreign currency swaps	**–**	**(13,473,829)**			
Add: Contract assets	**–**	**7,023,642**			
Add: Highly probable forecasted transactions in foreign currencies	**–**	**64,894,085**			
Currency exposure	**–**	**64,496,027**	**2,486**	**104,488**	

37. 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 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	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	

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. 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 2023				
Financial assets				
Cash and cash equivalents	**1**	**4,669**	**52,047**	**56,717**
Trade and other receivables	**11,649,774**	**6,580**	**129**	**11,656,483**
	11,649,775	**11,249**	**52,176**	**11,713,200**
Financial liabilities				
Other payables	**(2,508,501)**	**(20)**	**–**	**(2,508,521)**
Borrowings	**–**	**–**	**(355)**	**(355)**
	(2,508,501)	**(20)**	**(355)**	**(2,508,876)**
Net financial assets	**9,141,274**	**11,229**	**51,821**	**9,204,324**
Less: Net financial assets denominated in the company's functional currency	**(9,141,274)**	**–**	**–**	
Currency exposure	**–**	**11,229**	**51,821**	
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	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	

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the USD, EUR and SGD change against the RMB by 10% (2022: 10%) with all other variables including tax rate being held constant, the effects arising from the net financial assets excluding equity instruments that are exposed to currency risk will be as follows:

	Increase/(decrease) Profit after tax	
	2023	**2022**
	RMB'000	**RMB'000**
The Group		
USD against RMB:		
– strengthened	**4,837,202**	2,920,282
– weakened	**(4,837,202)**	(2,920,282)
EUR against RMB:		
– strengthened	**186**	25,627
– weakened	**(186)**	(25,627)
SGD against RMB:		
– strengthened	**7,837**	1,100
– weakened	**(7,837)**	(1,100)
The Company		
USD against RMB:		
– strengthened	**932**	1,050
– weakened	**(932)**	(1,050)
SGD against RMB:		
– strengthened	**4,301**	286
– weakened	**(4,301)**	(286)

(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 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 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

Investment in debts investments at amortised costs have been fully disposed off during the financial year ended 31 December 2023.

In the financial year ended 31 December 2022, the Group's investments in debt investments at amortised cost was not exposed to cash flow interest rate risk as these investments were 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% (2022: 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)	
	2023	**2022**
	PAT	**PAT**
	RMB'000	**RMB'000**
The Group		
Increased by	**3,420**	10,984
Decreased by	**(3,420)**	(10,984)

(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.

37. 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 2023 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 or financial institutions of high credit standing throughout the world.

(ii) Trade receivables and contract assets related to shipbuilding activities

In 2023, credit risk exposure relating to shipbuilding activities is RMB7,730,462,000 (2022: RMB6,618,897,000), which comprises of RMB653,551,000 (2022: RMB1,023,222,000) included in trade and other receivables and contract assets of RMB7,076,911,000 (2022: RMB5,595,675,000).

The Group adopts the policy of dealing with customers with appropriate credit history, including obtaining letters of credit from customers' banks or the customer's parent entities. 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.

(iii) Finance lease receivables, other receivables and other financial assets

Finance lease receivables of RMB1,418,923,000 (2022: RMB1,692,805,000) are subject to immaterial credit loss as the Group entered into lease arrangements of vessels with counterparties 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 lessees.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(v) 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

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(v) *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. During the financial year ended 31 December 2023, debt investments at amortised cost have been fully disposed off. In the financial year ended 31 December 2022, 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

* 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 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(v) Debt investments at amortised cost (Continued)

The loss allowance for debt investments as at 31 December 2023 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				
2023				
Balance at 1 January 2023	**–**	**–**	**1,155,041**	**1,155,041**
Loss allowance recognised in profit or loss during the year on:				
– Reversal of unutilised amount	**–**	**–**	**(493,871)**	**(493,871)**
– Changes in risk parameters*	**–**	**–**	**559,749**	**559,749**
			65,878	**65,878**
Utilisation	**–**	**–**	**(1,220,919)**	**(1,220,919)**
Balance at 31 December 2023	**–**	**–**	**–**	**–**
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

* 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(v) Debt investments at amortised cost (Continued)

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	
	2023	**2022**
	RMB'000	**RMB'000**
Collateralised by:		
– Listed shares in PRC	**–**	506,318
– Unlisted shares in PRC	**–**	492,000
– Properties and land use rights	**–**	1,379,023
– Guaranteed by government corporations and non-related corporations	**–**	353,480
	–	2,730,821

(vi) Loans to subsidiaries and other receivables due from subsidiaries

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of RMB11,656,139,000 (2022: RMB10,255,384,000) and considered to have low credit risk. The loans and other receivables are measured on 12-month expected credit losses and subject to immaterial credit loss.

(vii) Financial guarantees

As at balance sheet date, the Company has issued refund guarantees to customers of a joint venture and subsidiaries. These guarantees are subject to the impairment requirement of SFRS(I) 9. The Company has assessed that its joint venture and 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	
	2023	**2022**
	RMB'000	**RMB'000**
For refund guarantees* issued to a customer of a joint venture	**304,443**	–
For refund guarantees* issued to customers of subsidiaries	**953,671**	908,880

* 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 guarantees as above.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(viii) Loan to an associated company

In the financial year ended 31 December 2022, the Group had assessed that its associated company had strong financial capacity to meet the contractual obligation of RMB20,000,000 and was considered to have low credit risk. The loans were 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.

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 2023				
Trade and other payables	**(3,505,409)**	**–**	**–**	**–**
Lease liabilities	**(355)**	**–**	**–**	**–**
Bank borrowings	**(4,031,760)**	**(1,634,607)**	**–**	**–**
	(7,537,524)	**(1,634,607)**	**–**	**–**
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)	–	–
The Company				
As at 31 December 2023				
Trade and other payables	**(2,508,521)**	**–**	**–**	**–**
Lease liabilities	**(355)**	**–**	**–**	**–**
	(2,508,876)	**–**	**–**	**–**
Financial guarantees*	**(718,894)**	**(234,777)**	**(304,443)**	**–**
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)	–	–

* 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.

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37. 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 2023				
Gross-settled currency forwards – cash flow hedges				
– Receipts	**12,029,511**	**1,125,471**	**318,849**	**–**
– Payments	**(12,285,538)**	**(1,128,370)**	**(316,189)**	**–**
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)	–	–	–

The Company did not have any derivative held for hedging as at 31 December 2023 and 31 December 2022.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management (Continued)

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	
	2023	**2022**
	RMB'000	**RMB'000**
Total liabilities	**19,721,377**	15,262,343
Total assets	**40,864,327**	32,967,103
Liability-to-asset ratio	**48.26%**	46.30%

The Group and the Company are not subject to any externally imposed capital requirements for the financial year ended 31 December 2023 and 31 December 2022.

(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 2023

37. 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 2023				
Assets				
Financial assets, at fair value through profit or loss	**–**	**–**	**45,594**	**45,594**
Derivative financial instruments held for hedging	**–**	**8,354**	**–**	**8,354**
Liabilities				
Derivative financial instruments held for hedging	**–**	**(264,621)**	**–**	**(264,621)**
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)

There were no transfers between Levels 1 and 2 during the year.

In the financial year ended 31 December 2022, the fair value of financial instruments traded in active markets was based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group was the current bid price. These instruments were 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 2023

37. 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	
2023	
Beginning and end of the financial year	**45,594**
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 31 December 2022	(137,454)

(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 2023		
Financial assets, at amortised cost	**19,169,760**	**11,741,415**
Financial liabilities, at amortised cost	**(9,266,482)**	**(2,537,093)**
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)

38. 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	
	2023	**2022**
	RMB'000	**RMB'000**
Sales of goods to a joint venture	**7,109**	145,597
Sales of goods to an associated company	**–**	23,635
Provision of services to a joint venture	**32,249**	29,042
Provision of services to an associated company	**123**	–
Rental income from a joint venture	**99,737**	85,045
Purchase of materials from an associated company	**61,237**	220,185
Purchase of vessels from a joint venture	**409,915**	–
Service provided by a joint venture	**12,117**	–
Professional services received from a related party	**26**	81
Purchase of materials from a joint venture	**214,484**	–
Purchase of materials from other related parties	**–**	28,888

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

Other outstanding balances with related parties as at balance sheet date are disclosed in Notes 18, 20 and 29 respectively.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	The Group	
	2023	**2022**
	RMB'000	**RMB'000**
Directors		
Basic salaries	**2,800**	294
Directors' fees	**1,839**	1,505
Contributions to defined contribution plans	**133**	90
Discretionary bonuses	**369**	–
Senior management		
Basic salaries	**180**	662
Contributions to defined contribution plans	**324**	288
Discretionary bonuses	**972**	855
	6,617	3,694

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. 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 in the two primary geographic areas namely, Singapore and 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 terminal services, ship design services, property investment 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 2023

39. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Management Team for the reportable segments for the years ended 31 December 2023 and 2022 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 2023				
Segment revenue	**22,787,743**	**1,021,910**	**302,677**	**24,112,330**
Segment result	**4,667,732**	**568,210**	**(36,752)**	**5,199,190**
Included within segment result:				
Finance expenses	**(94,245)**	**–**	**(1,813)**	**(96,058)**
Fair value gain/(loss) on				
• Derivatives financial instruments	**5,645**	**–**	**–**	**5,645**
• Financial assets, at fair value through profit or loss	**–**	**–**	**(5,464)**	**(5,464)**
Impairment loss on:				
• Debt investments at amortised cost	**–**	**–**	**(65,878)**	**(65,878)**
Depreciation of property, plant and equipment	**(322,460)**	**(137,155)**	**(15,700)**	**(475,315)**
Depreciation of investment property	**–**	**–**	**(15,770)**	**(15,770)**
Dividend income	**–**	**–**	**336**	**336**
Share of profits of associated companies	**4,627**	**–**	**–**	**4,627**
Share of profits of joint venture	**193,387**	**–**	**–**	**193,387**
Sales of bunker stock	**–**	**7,320**	**–**	**7,320**
Bad debt recovery	**28,378**	**–**	**3,853**	**32,231**
(Loss) /gain on disposal of:				
• Property, plant and equipment	**(1,694)**	**102,525**	**–**	**100,831**
Business tax on interest income from debt investments at amortised cost	**–**	**–**	**(841)**	**(841)**
Interest income – finance lease	**–**	**117,193**	**–**	**117,193**
Income from forfeiture of advances received	**20,694**	**–**	**–**	**20,694**
Segment assets	**31,683,915**	**5,599,335**	**3,383,076**	**40,666,326**
Segment assets includes:				
Investment in associated companies	**48,464**	**–**	**5,939**	**54,403**
Investments in joint ventures	**666,509**	**–**	**–**	**666,509**
Additions to property, plant and equipment	**64,402**	**693,693**	**36,371**	**794,466**
Segment liabilities	**(17,755,117)**	**(264,674)**	**(101,133)**	**(18,120,924)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. 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 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)	(6,427)	(452,068)
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	–	(1,827)	18,990
(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	170,048	1,314,424
Segment liabilities	(13,568,900)	(164,478)	(111,165)	(13,844,543)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. 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:

	2023 RMB'000	2022 RMB'000
Segment results for reportable segments	**5,235,942**	2,539,804
Segment results for other segments	**(36,752)**	214,708
Unallocated:		
Other income	**432,348**	257,634
Other (losses)/gains – net	**(429,196)**	362,661
Administrative expenses	**(71,794)**	(62,475)
Finance expenses	**(31)**	(9,838)
Profit before tax and discontinued operations	**5,130,517**	3,302,494

(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.

	2023 RMB'000	2022 RMB'000
Segment assets for reportable segments	**37,283,250**	29,932,075
Other segment assets	**3,383,076**	2,673,056
Unallocated:		
Deferred income tax assets	**198,001**	361,972
Total assets	**40,864,327**	32,967,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. 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:

	2023 RMB'000	2022 RMB'000
Segment liabilities for reportable segments	**(18,019,791)**	(13,733,378)
Other segment liabilities	**(101,133)**	(111,165)
Unallocated:		
Current income tax liabilities	**(1,089,363)**	(782,271)
Deferred income tax liabilities	**(511,090)**	(635,529)
Total liabilities	**(19,721,377)**	(15,262,343)

(b) Revenue from major products and services

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 and service types is as follows:

	2023 RMB'000	2022 RMB'000
Construction of container ships	**20,956,252**	17,113,141
Construction of multiple purpose cargo ships	**902,532**	435,150
Construction of chemical tanker	**71,529**	109,883
Construction of Liquefied Natural Gas ("LNG") vessels	**–**	173,294
Sale of jack up rig	**574,384**	–
Sales of other completed vessels	**283,046**	540,635
Interest income from debt investments at amortised cost	**14,850**	177,274
Charter hire income	**1,021,910**	1,382,659
Rendering of ship design services	**22,262**	14,002
Sales of metal products	**193,271**	700,754
Rental income	**16,694**	–
Others	**55,600**	58,284
Revenue from continuing operations	**24,112,330**	20,705,076

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

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

	2023 RMB'000	2022 RMB'000
Greater China	**3,204,902**	10,582,235
Canada	**7,513,907**	6,769,705
Japan	**2,055,738**	1,779,286
Italy	**8,308,966**	–
Greece	**1,151,001**	–
Other European countries	**578,492**	453,068
Others	**1,299,324**	1,120,782
Revenue from continuing operations	**24,112,330**	20,705,076

Revenues of approximately RMB17,495,451,000 (2022: RMB11,387,660,000) are derived from three (2022: three) major customers. These revenues are attributable to the shipbuilding segment.

The Group's non-current assets located in the PRC and Singapore amount to RMB4,398,600,000 (2022: RMB4,823,385,000) and RMB2,168,537,000 (2022: Nil) respectively.

The Group's shipping business operates on international shipping routes. The Group does not consider the domicile of its shipping subsidiaries, its customers or the flag state of its vessels as a relevant decision-making guideline and hence does not consider it meaningful to allocate its vessel assets and revenues to specific geographical locations.

40. 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 2024 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 2024)

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

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).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability,
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

41. 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 28 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

42. 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 2023 %	2022 %	Proportion of ordinary shares directly held by the Group 2023 %	2022 %	Proportion of ordinary shares held by non-controlling interest 2023 %	2022 %
Jiangsu New Yangzi Shipbuilding Co., Ltd.[1][5]	Shipbuilding, ship repairing, production and processing of large-scale steel structures	PRC	**51.2**	51.2	**100**	100	**–**	–
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.[1][5]	Shipbuilding, ship repairing, production and processing of large-scale steel structures	PRC	**55.1**	55.1	**100**	100	**–**	–
Jiangsu Yangzijiang Shipbuilding Group Co., Ltd. (formerly known as Jiangsu Yangzijiang Shipbuilding Co., Ltd.)[2][5]	Shipbuilding, ship repairing, production and processing of large-scale steel structures	PRC	**100**	100	**100**	100	**–**	–
Jiangsu Yangzijiang Offshore Engineering Co., Ltd.[4][5]	Shipbuilding, production and processing of large-scale steel structures	PRC	**–**	–	**79.6**	79.6	**20.4**	20.4
Jiangsu Tianchen Marine Import and Export Co., Ltd.[4][5]	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][5]	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][5]	Facilitating the sale and export of ships for the ship builder and trading of ship related equipment	PRC	**88.5**	88.5	**100**	100	**–**	–
Pleasant Way Analyse Development Limited	Investment holding of shipping entities	BVI	**100**	100	**100**	100	**–**	–
Yangzijiang International Trading Pte. Ltd.[3]	Trading of shipbuilding related materials/supplies	Singapore	**100**	100	**100**	100	**–**	–
Shanghai Huayuan Shipping Co., Ltd.[4][5]	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][5]	Naval architecture and marine engineering field	PRC	**–**	–	**100**	51	**–**	49
Jiangsu Yangzi Jiasheng Terminal Co., Ltd.[2][5]	Owns and operates a tank terminal	PRC	**–**	–	**100**	100	**–**	–
Jiangsu Jiasheng Gas Co., Ltd.[4][5]	Tank related services	PRC	**–**	–	**100**	100	**–**	–
39 Robinson Road Pte. Ltd.[3]	Holding of investment property	Singapore	**–**	–	**81**	–	**19**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

42. LISTING OF SIGNIFICANT SUBSIDIARIES IN THE GROUP (CONTINUED)

(1) Audited by Jiangyin Tian Cheng CPAs Co. Limited for statutory purpose.

(2) Audited by other accounting firms for statutory purpose.

(3) Audited by PricewaterhouseCoopers LLP, Singapore for statutory purpose.

(4) Not required to be audited under the laws of the country of incorporation.

(5) Audited by PricewaterhouseCoopers LLP, Singapore for consolidation purposes.

(6) In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk 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.

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2024

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	19	0.12	166	0.00
100 – 1,000	1,851	11.80	1,599,238	0.04
1,001 – 10,000	9,648	61.52	54,571,676	1.38
10,001 – 1,000,000	4,136	26.37	171,744,190	4.35
1,000,001 AND ABOVE	29	0.19	3,722,673,950	94.23
TOTAL	**15,683**	**100.00**	**3,950,589,220**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	1,489,557,316	37.70
2	HSBC (SINGAPORE) NOMINEES PTE LTD	789,524,441	19.98
3	DBSN SERVICES PTE. LTD.	592,706,546	15.00
4	RAFFLES NOMINEES (PTE.) LIMITED	362,577,120	9.18
5	DBS NOMINEES (PRIVATE) LIMITED	179,594,378	4.55
6	OCBC SECURITIES PRIVATE LIMITED	61,020,900	1.54
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	42,083,358	1.07
8	ABN AMRO CLEARING BANK N.V.	40,546,500	1.03
9	MAYBANK SECURITIES PTE. LTD.	25,209,500	0.64
10	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	20,460,177	0.52
11	MERRILL LYNCH (SINGAPORE) PTE. LTD.	19,542,733	0.49
12	EDB INVESTMENTS PTE LTD	18,587,360	0.47
13	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	17,674,353	0.45
14	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	15,323,100	0.39
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,534,003	0.22
16	PHILLIP SECURITIES PTE LTD	7,895,577	0.20
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,735,315	0.15
18	UOB KAY HIAN PRIVATE LIMITED	4,483,700	0.11
19	SOCIETE GENERALE SINGAPORE BRANCH	4,255,668	0.11
20	IFAST FINANCIAL PTE. LTD.	3,793,805	0.10
	TOTAL	**3,709,105,850**	**93.90**

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2024

Substantial Shareholders

	Direct Interest Number of Shares	Direct Interest %	Deemed Interest Number of Shares	Deemed Interest %	Total Interest Number of Shares	Total Interest %
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	387,495,570	9.8	–	–	387,495,570	9.8
Sapphire Skye Limited as nominee of Zedra Trust Company (Singapore) Limited, which is in turn the trustee of The Lido Trust[(2)]	–	–	387,495,570	9.8	387,495,570	9.8
T. Rowe Price Associates, Inc.	–	–	235,642,200	6.0	235,642,200	6.0

(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 1967.

(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 54.65% of the shareholding of the Company is held in the hands of the public as at 21 March 2024 and Rule 723 of the Listing Manual is complied with.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held at The SingPost Auditorium, Singapore Post Centre, 10 Eunos Road 8 #05-30, Singapore 408600 on Thursday, 25 April 2024 at 3 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 2023 together with the Directors' Statements and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of S$0.065 per ordinary share in respect of the financial year ended 31 December 2023. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$342,000 for the financial year ended 31 December 2023. (2022: S$290,333) **(Resolution 3)**

4. To re-elect Mr Yee Kee Shian, Leon, who is retiring by rotation pursuant to Regulation 94 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 94 of the Company's Constitution. *[See Explanatory Note (b)]* **(Resolution 5)**

6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without modifications:

7. **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
EIGHTEENTH 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;

(b) new Shares arising from exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent bonus issue, 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 (c)]*

(Resolution 7)

8. **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**"),

(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

NOTICE OF
EIGHTEENTH ANNUAL GENERAL MEETING

(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 (d)]*

(Resolution 8)

9. 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
9 April 2024
Singapore

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 14 and "Disclosure of information on seeking re-election pursuant to Rule 720(6) of the Listing Rules of the SGX-ST" on pages 82 to 87 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 Nominating Committee and a member of the Audit 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 88 to 94 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 Committees. There are no relationships (including immediate family relationships) between Ms Liu Hua and the other Directors, or the Company, or its substantial shareholders.

(c) The proposed Ordinary Resolution 7, 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.

(d) The proposed Ordinary Resolution 8, 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 of the date of this Notice of the AGM, the Company has not engaged in any share purchases since the last annual general meeting.

(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 2023 are set out in the Appendix to the Annual Report and are for illustration only.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTES:

1. Members of the Company are invited to attend physically at the forthcoming Annual General Meeting ("**AGM**"). There will be no option for members to participate virtually. This Notice of AGM and the proxy form will be published on the Company's website at URL www.yzjship.com and on SGXNet at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice of AGM and the proxy form ("Proxy Form") will also be sent by post to members. Printed copies of the Annual Report will not be sent to shareholders. Shareholders who wish to receive a printed copy of the Annual Report should request the same via email to yangzijiang.sg@yzjship.com.

2. Members (including Central Provident Fund Investment Scheme investors ("**CPFIS Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:

   (a) attending the AGM in person;

   (b) raising questions at the AGM or submitting questions in advance of the AGM; and/or

   (c) voting at the AGM

      (i) themselves personally; or

      (ii) through their duly appointed proxy(ies).

   CPFIS Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3 p.m. on 16 April 2024, being seven (7) working days prior to the date of the AGM.

3. A Depositor (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the AGM. Depositors who are individuals and who wish to attend the AGM in person need not take any further action and can attend and vote at the AGM without the lodgement of any Proxy Form.

4. Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

5. <u>Question and answer</u>

   Investors holding shares through relevant intermediaries (other than CPF/SRS investors) who wish to participate in the AGM by (a) attending the AGM in person; (b) submitting questions to the Company in advance of, or at, the AGM; and/or (c) voting at the AGM, should contact the relevant intermediary 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.

   Shareholders, including CPF and SRS investors are also encouraged to submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM and must take the following manner no later than seven (7) working days in advance of the AGM (i.e. by 3 p.m. on 16 April 2024):

   (a) By e-mail to kamal@financialpr.com.sg/zhouyan@financialpr.com.sg; or

   (b) If submitted by post, to be deposited at: 4 Robinson Road #04-01, The House of Eden, Singapore 048543 (Attn: Yangzijiang IR Team)

   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.

6. 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.

7. <u>Voting</u>

   If a Shareholder wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the Proxy Form appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

NOTICE OF
EIGHTEENTH ANNUAL GENERAL MEETING

8. Appointment of Proxy(ies)

   Shareholders who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967) is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. 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 p.m. on 22 April 2024) ("proxy form cut-off date/time") in the following manner:

   (a) By Post: To be deposited at the registered office of the Company at 9 Raffles Place #26-01 Republic Plaza Singapore 048619; or

   (b) By e-mail: To be emailed to yangzijiang.sg@yzjship.com (Attn: Yangzijiang Team).

9. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

10. Persons who hold shares through relevant intermediaries

    (a) Persons who hold shares through relevant intermediaries (as defined in Section 181 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 the AGM; (ii) submitting questions in advance of the AGM; and/or (iii) voting 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 at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or 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 Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3 p.m. on 16 April 2024.

    (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.

11. The proxy, who is the Chairman of the Meeting, need not be a member of the Company.

12. 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.

13. 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.

14. For questions addressed during the AGM, the responses to such questions will be included in the minutes of the AGM which will be published on the Company's corporate website and on SGXNet within one month after the date of the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits any question prior to or at the AGM or an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a 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 purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and 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 (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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 breach of warranty.

APPENDIX

YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.
(Company Registration number: 200517636Z)
(Incorporated in the Republic of Singapore)

LETTER TO SHAREHOLDERS

Directors:

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

Registered Office:

9 Raffles Place,
#26-01 Republic Plaza
Singapore 048619

9 April 2024

To: The Shareholders of Yangzijiang Shipbuilding (Holdings) Ltd.

Dear Sir/Madam

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 Eighteenth Annual General Meeting of the Company (the "**18th AGM**") to be held on 25 April 2024 at 3.00 p.m. at The SingPost Auditorium, Singapore Post Centre, 10 Eunos Road 8 #05-30, Singapore 408600 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 8 at the 18th 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.

APPENDIX

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 24 April 2023 with such mandate taking effect until the conclusion of the forthcoming 18th AGM.

1.5 If the proposed ordinary resolution 8 under the heading of "Special Business" in the Notice of the 18th AGM for the renewal of the Share Purchase Mandate is approved at the 18th 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.

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.

APPENDIX

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 <u>Maximum Number of Shares</u>

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 18th AGM at which the Share Purchase Mandate Renewal Resolution is passed (the "**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 21 March 2024 (the "**Latest Practicable Date**"), the Company holds 23,487,780 treasury shares 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 18th 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.

APPENDIX

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 18th 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 18th 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.

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 amended or modified from time to time, 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.

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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.

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

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"**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 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.

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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.

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 date 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.

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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.

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.

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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 financial effects are the same whether the Shares are purchased on-market or off-market. 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.

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 2023 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 18th 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 18th 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$1.8711 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 RMB3,974,585,352.00; 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$2.1384 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 RMB4,541,776,313.00.

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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 2023; and (iii) the Company had on 31 December 2023 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 2023 are set out below:

(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 2023				
Issued capital and reserves	21,068,306	20,909,323	17,833,169	17,674,186
Treasury shares	(127,753)	(4,102,338)	(127,753)	(4,102,338)
Total shareholders' equity	20,940,553	16,806,984	17,705,416	13,571,847
NTA (excl. non-controlling interests)	20,940,553	16,806,984	17,705,416	13,571,847
Profit after taxation and minority interest	4,101,548	3,942,565	3,473,868	3,314,884
Net debt	Net Cash	Net Cash	Net Cash	3,918,223
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)	530.06	472.70	448.17	381.71
Gross debt gearing (%)	26.72	56.94	0.00	29.29
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	28.87
Current ratio (times)	1.66	1.35	2.74	1.04
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	59.88	22.56	114,137.99	22.25
Basic EPS (cents)				
(before exceptional items)	103.82	110.89	87.93	93.23
(after exceptional items)	103.82	110.89	87.93	93.23
Return on equity (%)	19.59	23.46	19.62	24.42

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(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 2023				
Issued capital and reserves	21,068,306	20,886,635	17,833,169	17,651,498
Treasury shares	(127,753)	(4,669,529)	(127,753)	(4,669,529)
Total shareholders' equity	20,940,553	16,217,106	17,705,416	12,981,969
NTA (excl. non-controlling interests)	20,940,553	16,217,106	17,705,416	12,981,969
Profit after taxation and minority interest	4,101,548	3,919,877	3,473,868	3,292,197
Net debt	Net Cash	Net Cash	Net Cash	4,485,414
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)	530.06	456.11	448.17	365.12
Gross debt gearing (%)	26.72	62.50	0.00	34.99
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	34.55
Current ratio (times)	1.66	1.31	2.74	0.95
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	59.88	20.72	114,137.99	19.47
Basic EPS (cents)				
(before exceptional items)	103.82	110.25	87.93	92.59
(after exceptional items)	103.82	110.25	87.93	92.59
Return on equity (%)	19.59	24.17	19.62	25.36

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(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 2023				
Issued capital and reserves/Total shareholders' equity	20,940,553	16,806,984	17,705,416	13,571,847
NTA (excl. non-controlling interests)	20,940,553	16,806,984	17,705,416	13,571,847
Profit after taxation and minority interest	4,101,548	3,942,565	3,473,868	3,314,884
Net debt	Net Cash	Net Cash	Net Cash	3,918,223
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)	530.06	472.70	448.17	381.71
Gross debt gearing (%)	26.72	56.94	0.00	29.29
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	28.87
Current ratio (times)	1.66	1.35	2.74	1.04
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	59.88	22.56	114,137.99	22.25
Basic EPS (cents)				
(before exceptional items)	103.82	110.89	87.93	93.23
(after exceptional items)	103.82	110.89	87.93	93.23
Return on equity (%)	19.59	23.46	19.62	24.42

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(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 2023				
Issued capital and reserves/Total shareholders' equity	20,940,553	16,217,106	17,705,416	12,981,969
NTA (excl. non-controlling interests)	20,940,553	16,217,106	17,705,416	12,981,969
Profit after taxation and minority interest	4,101,548	3,919,877	3,473,868	3,292,197
Net debt	Net Cash	Net Cash	Net Cash	4,485,414
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)	530.06	456.11	448.17	365.12
Gross debt gearing (%)	26.72	62.50	0.00	34.99
Net debt gearing (%)	Net Cash	Net Cash	Net Cash	34.55
Current ratio (times)	1.66	1.31	2.74	0.95
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	59.88	20.72	114,137.99	19.47
Basic EPS (cents)				
(before exceptional items)	103.82	110.25	87.93	92.59
(after exceptional items)	103.82	110.25	87.93	92.59
Return on equity (%)	19.59	24.17	19.62	25.36

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 treasury shares 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.

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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;

(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.

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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 will become 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 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

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(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 treasury shares 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 2,394,450,455 Shares, representing approximately 54.645% 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 1,999,391,555 Shares, representing approximately 49.606% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). Accordingly, the Company is of the view that there is a sufficient number of issued Shares (excluding treasury shares 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 Company has not carried out any share purchase during the 12-month period preceding the Latest Practicable Date.

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:

Director	Number of Shares Direct Interest	Number of Shares Deemed Interest
Ren Letian[1]	–	165,797,370
Chen Timothy Teck Leng @ Chen Teck Leng	–	–
Yee Kee Shian, Leon	–	–
Liu Hua	–	–
Poh Boon Hu Raymond	–	–

APPENDIX

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:

Substantial Shareholders	Number of Shares Direct Interest	Number of Shares Deemed Interest	Total Percentage 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	387,495,570	–	9.8
Sapphire Skye Limited as nominee of Zedra Trust Company (Singapore) Limited, which is in turn the trustee of the Lido Trust[5]	–	387,495,570	9.8
T. Rowe Price Associates, Inc.	–	235,642,200	6.0

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**") through his interests in Hengyuan 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 387,495,570 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 387,495,570 Shares held by Lido Point Investments Ltd.

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 18th AGM.

12. Annual General Meeting

The 18th AGM, notice of which is set out on pages 217 to 222 of the Notice of 18th AGM attached to the Annual Report 2023 of the Company, will be held on 25 April 2024 at 3.00 p.m. at The SingPost Auditorium, Singapore Post Centre, 10 Eunos Road 8 #05-30, Singapore 408600 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 18th AGM.

APPENDIX

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 8.

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.

16. Documents Available for Inspection

The following documents may be inspected at the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 during normal business hours from the date hereof up to and including the date of the 18th AGM:

(a) the Constitution; and

(b) the audited consolidated financial statements of the Group for the financial year ended 31 December 2023.

Yours faithfully,
For and on behalf of the Board of Directors of
YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.

Ren Letian
Executive Chairman and Chief Executive Officer

Proxy Form

Yangzijiang Shipbuilding (Holdings) Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200517636Z)

IMPORTANT:
1. The Annual General Meeting of the Company will be held physically with no option for members to participate virtually. Printed copies of this Proxy Form and Notice of AGM will be sent to members.
2. Central Provident Fund Investment Scheme ("CPFIS") and/or Supplementary Retirement Scheme ("SRS") investors who hold shares through CPF Agent Banks/SRS Operators:
   (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should contact their CPF Agent Banks/SRS Operators to submit their votes not less than seven (7) working days before the AGM (i.e. by 3 p.m. on 16 April 2024).
3. Investors holding shares of the Company ("Shares") through Relevant Intermediaries (other than CPFIS/SRS investors) and who wish to participate in the AGM by (a) attending the AGM in person; (b) submitting questions to the Company in advance of, or at, the AGM; and/or (c) voting at the AGM, should contact the relevant intermediary 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.
4. 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.
5. By submitting this Proxy Form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2024.
6. 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			

*and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, 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 at The SingPost Auditorium, Singapore Post Centre, 10 Eunos Road 8 #05-30, Singapore 408600 on Thursday, **25 April 2024** at 3 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 2023 together with the Directors' Statement and Auditors' Report thereon.			
2.	To declare a tax exempt (one-tier) final dividend of S$0.065 per ordinary shares in respect of the financial year ended 31 December 2023.			
3.	To approve the payment of Directors' fees of S$342,000 for the financial year ended 31 December 2023.			
4.	To re-elect Mr Yee Kee Shian, Leon as Director.			
5.	To re-elect Ms Liu Hua as Director.			
6.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
7.	To authorise Directors to allot and issue shares.			
8.	To renew the Share Purchase Mandate.			

* *Please delete accordingly*
** *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 ______________ 2024

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. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of 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 shares held by you.

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the AGM. Where such member appoint two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the Proxy Form.

3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form. A proxy need not to be a member of the Company.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

4. 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 9 Raffles Place #26-01 Republic Plaza Singapore 048619; or

   (b) By e-mail: To be emailed to yangzijiang.sg@yzjship.com (Attn: Yangzijiang Team); or

   In either case, by 3 p.m. on 22 April 2024, being no later than 72 hours before the time set for the AGM. A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

5. 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.

6. 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.

7. 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.
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

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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

9 Raffles Place, #26-01
Republic Plaza, Singapore 048619

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