



**YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.**

(Company Registration No. 200517636Z)

(Incorporated in the Republic of Singapore on 21 December 2005)

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR  
THE SECOND QUARTER ENDED 30 JUNE 2020**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY  
(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

|  | The Group      |            |                |             | The Group        |            |                  |             |
|--|----------------|------------|----------------|-------------|------------------|------------|------------------|-------------|
|  | 2nd Quarter    |            | 1st Half       |             | 2nd Quarter      |            | 1st Half         |             |
|  | 2Q 2020        | % of       | 2Q 2019        | + / (-)%    | 1H 2020          | % of       | 1H 2019          | + / (-)%    |
|  | RMB'000        | Revenue    | RMB'000        | Variance    | RMB'000          | Revenue    | RMB'000          | Variance    |
| Revenue  | 4,768,253      | 100%       | 7,032,934      | -32%        | 8,265,321        | 100%       | 13,324,050       | -38%        |
| Cost of sales  | (3,498,483)    | -73%       | (5,834,191)    | -40%        | (6,281,411)      | -76%       | (10,959,059)     | -43%        |
| Gross profit   | 1,269,770      | 27%        | 1,198,743      | 6%          | 1,983,910        | 24%        | 2,364,991        | -16%        |
| Other income   | 73,525         | 2%         | 117,081        | -37%        | 162,667          | 2%         | 182,323          | -11%        |
| Other gains, net   | 21,271         | 0.4%       | 245,884        | -91%        | 28,792           | 0.3%       | 163,500          | -82%        |
| Expenses   |                |            |                |             |                  |            |                  |             |
| - Administrative   |                |            |                |             |                  |            |                  |             |
| • Impairment loss  | (142,294)      | -3%        | (105,724)      | 35%         | (271,206)        | -3%        | (116,011)        | 134%        |
| • Others   | (112,214)      | -2%        | (103,822)      | 8%          | (199,823)        | -2%        | (208,724)        | -4%         |
| - Finance  | (43,299)       | -0.9%      | (55,267)       | -22%        | (57,718)         | -0.7%      | (96,824)         | -40%        |
| Share of results of associated companies and joint ventures <sup>#</sup> | 42,920         | 0.9%       | (22,739)       | n.m.        | 49,298           | 0.60%      | 50,361           | -2%         |
| Profit before income tax   | 1,109,679      | 23%        | 1,274,156      | -13%        | 1,695,920        | 21%        | 2,339,616        | -28%        |
| Income tax expense   | (317,027)      | -7%        | (298,275)      | 6%          | (489,139)        | -6%        | (522,759)        | -6%         |
| <b>Net profit</b>  | <b>792,652</b> | <b>17%</b> | <b>975,881</b> | <b>-19%</b> | <b>1,206,781</b> | <b>15%</b> | <b>1,816,857</b> | <b>-34%</b> |
| <b>Attributable to:</b>  |                |            |                |             |                  |            |                  |             |
| Equity holders of the Company  | 773,920        | 16%        | 936,432        | -17%        | 1,177,752        | 14%        | 1,760,486        | -33%        |
| Non-controlling interests  | 18,732         | 0.4%       | 39,449         | -53%        | 29,029           | 0.4%       | 56,371           | -49%        |
|  | <u>792,652</u> |            | <u>975,881</u> | <u>-19%</u> | <u>1,206,781</u> |            | <u>1,816,857</u> | <u>-34%</u> |

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

**1(a)(ii) Profit after taxation is arrived at:**

|   | <b>The Group</b> |          | <b>+ / (-) %</b> |
|---|------------------|----------|------------------|
|   | 2Q 2020          | 2Q 2019  | Variance         |
|   | RMB'000          | RMB'000  | %                |
| <b>After charging:</b>  |                  |          |                  |
| Depreciation and amortization   | 138,221          | 142,726  | -3%              |
| Finance costs - Interest on borrowings and net<br>foreign currency translation on bank borrowings | 43,299           | 55,267   | -22%             |
| Impairment loss of debt investment at amortised costs   | 145,638          | 93,449   | 56%              |
| Fair value loss on financial assets, at fair value through profit or loss                         | 5,204            | 10,516   | -51%             |
| Foreign exchange related losses/(gains), net  | 41,331           | (90,832) | n.m.             |
| <b>After crediting:</b>   |                  |          |                  |
| Fair value gain/(loss) on derivative financial instruments  | 19,977           | (6,166)  | n.m.             |
| Reversal of impairment loss/(impairment loss) of<br>loans to non-related parties - microfinance   | 3,344            | (12,275) | n.m.             |
| Sale of materials   | 13,399           | 20,781   | -36%             |
| Interest income   | 68,234           | 78,750   | -13%             |
| Subsidy income  | 35,108           | 139,722  | -75%             |
| Bad debt recovery   | 723              | 5,139    | -86%             |
| Dividend income   | 5,291            | 38,331   | -86%             |
| Reversal of allowance for losses<br>recognised on onerous contracts, net of utilisation           | 75,752           | 253,500  | -70%             |

n.m. denotes not meaningful.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

|   | <u>The Group</u>                 |                                 | <u>The Company</u>               |                                 |
|---|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   | As at<br>30 June 2020<br>RMB'000 | As at<br>31 Dec 2019<br>RMB'000 | As at<br>30 June 2020<br>RMB'000 | As at<br>31 Dec 2019<br>RMB'000 |
| <b>ASSETS</b>   |                                  |                                 |                                  |                                 |
| <b>Current assets</b>   |                                  |                                 |                                  |                                 |
| Cash and cash equivalents   | 10,046,076                       | 10,183,019                      | 1,353,490                        | 14,790                          |
| Restricted cash   | 26,321                           | 17,049                          | -                                | -                               |
| Derivative financial instruments  | 8,267                            | 1,317                           | 8,267                            | 1,317                           |
| Financial assets, at fair value through profit or loss                    | 971,375                          | 823,783                         | -                                | -                               |
| Debt investments at amortised cost  | 14,327,620                       | 10,527,661                      | -                                | -                               |
| Trade and other receivables   | 3,576,820                        | 4,680,344                       | 6,701,855                        | 8,492,430                       |
| Inventories   | 1,384,315                        | 1,597,950                       | -                                | -                               |
| Contract assets   | 3,075,952                        | 3,420,943                       | -                                | -                               |
|   | <u>33,416,746</u>                | <u>31,252,066</u>               | <u>8,063,612</u>                 | <u>8,508,537</u>                |
| <b>Non-current assets</b>   |                                  |                                 |                                  |                                 |
| Debt investments at amortised cost  | 1,685,390                        | 3,900,721                       | -                                | -                               |
| Trade and other receivable  | 1,459,694                        | 1,061,537                       | 2,779,202                        | 2,742,736                       |
| Lease prepayments   | 963,047                          | 973,518                         | -                                | -                               |
| Investment in subsidiaries  | -                                | -                               | 5,954,915                        | 5,954,915                       |
| Investment in joint ventures  | 318,935                          | 143,200                         | 184,351                          | 51,680                          |
| Investment in associated companies  | 1,143,178                        | 1,389,518                       | 134,062                          | 134,062                         |
| Financial assets, at fair value through profit or loss                    | 925,265                          | 425,265                         | -                                | -                               |
| Property, plant and equipment   | 5,617,859                        | 5,678,063                       | 1,424                            | 1,800                           |
| Provisional goodwill  | 258,979                          | 258,979                         | -                                | -                               |
| Intangible assets   | 24,915                           | 25,927                          | -                                | -                               |
| Deferred income tax assets  | 673,261                          | 647,328                         | -                                | -                               |
|   | <u>13,070,523</u>                | <u>14,504,056</u>               | <u>9,053,954</u>                 | <u>8,885,193</u>                |
| <b>Total assets</b>   | <u>46,487,269</u>                | <u>45,756,122</u>               | <u>17,117,566</u>                | <u>17,393,730</u>               |
| <b>LIABILITIES</b>  |                                  |                                 |                                  |                                 |
| <b>Current liabilities</b>  |                                  |                                 |                                  |                                 |
| Trade and other payable   | 3,585,771                        | 3,514,329                       | 4,378,728                        | 4,941,689                       |
| Derivative financial instruments  | -                                | 8,479                           | -                                | 8,479                           |
| Contract liabilities  | 1,589,654                        | 1,626,157                       | -                                | -                               |
| Borrowings  | 4,161,746                        | 2,782,310                       | 896,601                          | 505,222                         |
| Provisions  | 868,752                          | 970,126                         | -                                | -                               |
| Current income tax liabilities  | 1,069,585                        | 1,289,383                       | 9,586                            | 9,581                           |
|   | <u>11,275,508</u>                | <u>10,190,784</u>               | <u>5,284,915</u>                 | <u>5,464,971</u>                |
| <b>Non-current liabilities</b>  |                                  |                                 |                                  |                                 |
| Borrowings  | 1,485,485                        | 2,250,622                       | 730                              | 1,138                           |
| Deferred income tax liabilities   | 1,334,602                        | 1,260,191                       | -                                | -                               |
|   | <u>2,820,087</u>                 | <u>3,510,813</u>                | <u>730</u>                       | <u>1,138</u>                    |
| <b>Total liabilities</b>  | <u>14,095,595</u>                | <u>13,701,597</u>               | <u>5,285,645</u>                 | <u>5,466,109</u>                |
| <b>NET ASSETS</b>   | <u>32,391,674</u>                | <u>32,054,525</u>               | <u>11,831,921</u>                | <u>11,927,621</u>               |
| <b>EQUITY</b>   |                                  |                                 |                                  |                                 |
| <b>Capital and reserves attributable to equity holders of the Company</b> |                                  |                                 |                                  |                                 |
| Share capital   | 7,361,990                        | 7,361,990                       | 7,326,773                        | 7,326,773                       |
| Treasury shares   | (250,121)                        | (250,121)                       | (250,121)                        | (250,121)                       |
| Other reserves  | 1,503,413                        | 1,347,796                       | (40,192)                         | (40,192)                        |
| Retained earnings   | 22,793,984                       | 22,635,966                      | 4,795,461                        | 4,891,161                       |
|   | <u>31,409,266</u>                | <u>31,095,631</u>               | <u>11,831,921</u>                | <u>11,927,621</u>               |
| <b>Non-controlling interests</b>  | 982,408                          | 958,894                         | -                                | -                               |
| <b>Total equity</b>   | <u>32,391,674</u>                | <u>32,054,525</u>               | <u>11,831,921</u>                | <u>11,927,621</u>               |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

| <b>As at 30 June 2020</b> |           | <b>As at 31 December 2019</b> |           |
|---------------------------|-----------|-------------------------------|-----------|
| Secured                   | Unsecured | Secured                       | Unsecured |
| RMB'000                   | RMB'000   | RMB'000                       | RMB'000   |
| 153,320                   | 4,008,426 | 103,113                       | 2,679,197 |

**Amount repayable after one year**

| <b>As at 30 June 2020</b> |           | <b>As at 31 December 2019</b> |           |
|---------------------------|-----------|-------------------------------|-----------|
| Secured                   | Unsecured | Secured                       | Unsecured |
| RMB'000                   | RMB'000   | RMB'000                       | RMB'000   |
| 584,755                   | 900,730   | 532,882                       | 1,717,740 |

**Details of any collateral**

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

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|   | <b>The Group</b>  |                    |
|---|-------------------|--------------------|
|   | <b>2Q2020</b>     | <b>2Q2019</b>      |
|   | RMB '000          | RMB '000           |
| <b>Cash flows from operating activities</b>   |                   |                    |
| Net profit  | 792,652           | 975,881            |
| Adjustments for:  |                   |                    |
| - Income tax expenses   | 317,027           | 298,275            |
| - Depreciation on property, plant and equipment   | 132,295           | 137,144            |
| - Amortisation of lease prepayment  | 5,235             | 5,096              |
| - Amortisation of intangible assets   | 691               | 486                |
| - Finance expenses  | 43,299            | 55,267             |
| - Fair value change on derivative financial instruments                                 | (19,977)          | 6,166              |
| - Fair value change on financial assets, at fair value through profit and loss          | 5,204             | 10,516             |
| - Bad debt recovery   | (723)             | (5,139)            |
| - Interest income   | (68,234)          | (78,750)           |
| - Dividend income   | (5,291)           | (38,331)           |
| - Share of results of associated companies and joint ventures                           | (42,920)          | 22,739             |
|   | <b>1,159,258</b>  | <b>1,389,350</b>   |
| Change in working capital, net of effects from acquisition and disposal of subsidiaries |                   |                    |
| - Inventories   | 100,547           | 141,622            |
| - Construction contract balances  | (101,172)         | (1,350,508)        |
| - Trade and other receivables   | 693,727           | 430,279            |
| - Trade and other payables  | (56,323)          | 299,751            |
| - Debt investments at amortised cost  | (537,783)         | (2,434,067)        |
| - Provisions  | (73,445)          | (238,135)          |
| - Restricted cash   | 288,842           | (5,910)            |
| Cash generated from/(used in) operations  | 1,473,651         | (1,767,618)        |
| Interest paid   | (29,928)          | (47,783)           |
| Interest received   | 68,234            | 78,750             |
| Income tax paid   | (323,542)         | (256,206)          |
| <b>Net cash provided by/(used in) operating activities</b>                              | <b>1,188,415</b>  | <b>(1,992,857)</b> |
| <b>Cash flows from investing activities</b>   |                   |                    |
| Proceeds from sales of financial assets, at fair value through profit and loss          | -                 | 96,290             |
| Dividend received   | 5,291             | 38,331             |
| Acquisition of financial assets, at fair value through profit and loss                  | (500,000)         | -                  |
| Purchase of property, plant and equipment   | (17,947)          | (73,579)           |
| Acquisition of intangible assets  | (367)             | (624)              |
| Acquisition/additions of investments in joint ventures                                  | (166,069)         | (31,843)           |
| Return of capital by associated companies   | 33,241            | 22,219             |
| Return of capital by a joint venture  | 33,398            | -                  |
| Distribution received from a joint venture  | 1,798             | -                  |
| <b>Net cash (used in)/provided by investing activities</b>                              | <b>(610,655)</b>  | <b>50,794</b>      |
| <b>Cash flows from financing activities</b>   |                   |                    |
| Proceeds from borrowings  | 1,282,311         | 1,190,486          |
| Repayments of borrowings  | (557,088)         | (754,212)          |
| Dividends paid to equity holders  | (884,844)         | (987,408)          |
| Dividend paid to non-controlling interests  | -                 | (1,687)            |
| <b>Net cash used in financing activities</b>  | <b>(159,621)</b>  | <b>(552,821)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                             | <b>418,139</b>    | <b>(2,494,884)</b> |
| Cash and cash equivalents at the beginning of financial period                          | 9,627,937         | 6,603,298          |
| <b>Cash and cash equivalents at the end of financial period</b>                         | <b>10,046,076</b> | <b>4,108,414</b>   |

**1(d)(i)(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|   | The Group      |                  | The Group        |                  |
|---|----------------|------------------|------------------|------------------|
|   | 2nd Quarter    |                  | 1st Half         |                  |
|   | 2Q 2020        | 2Q 2019          | 1H 2020          | 1H 2019          |
|   | RMB'000        | RMB'000          | RMB'000          | RMB'000          |
| <b>Net Profit</b>   | 792,652        | 975,881          | 1,206,781        | 1,816,857        |
| <b>Other comprehensive income:</b>                                  |                |                  |                  |                  |
| Items that may be reclassified subsequently to profit or loss:      |                |                  |                  |                  |
| Currency translation (losses)/gains arising from consolidation      | (920)          | 28,185           | 20,726           | 16,192           |
| Items that will not be reclassified subsequently to profit or loss: |                |                  |                  |                  |
| Currency translation (losses)/gains arising from consolidation      | (23)           | (3,639)          | 968              | (3,639)          |
| <b>Total comprehensive income, net of tax</b>                       | <b>791,709</b> | <b>1,000,427</b> | <b>1,228,475</b> | <b>1,829,410</b> |
| <b>Total comprehensive income attributable to:</b>                  |                |                  |                  |                  |
| Equity holders of the Company                                       | 773,000        | 964,617          | 1,198,478        | 1,776,678        |
| Non-controlling interests   | 18,709         | 35,810           | 29,997           | 52,732           |
|   | <b>791,709</b> | <b>1,000,427</b> | <b>1,228,475</b> | <b>1,829,410</b> |

**1(d)(i)(b) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**THE GROUP**

**Attributable to equity holders of the Group**

|   | Share            | Treasury         | Other            | Retained          | Total             | Non-controlling | Total             |
|---|------------------|------------------|------------------|-------------------|-------------------|-----------------|-------------------|
|   | capital          | shares           | reserves         | earnings          |                   | interest        | equity            |
|   | RMB'000          | RMB'000          | RMB'000          | RMB'000           | RMB'000           | RMB'000         | RMB'000           |
| <b>Balance at 1 April 2020</b>                | 7,361,990        | (250,121)        | 1,434,038        | 22,975,203        | 31,521,110        | 963,699         | 32,484,809        |
| Transfer <sup>(1)</sup>                       | -                | -                | 70,295           | (70,295)          | -                 | -               | -                 |
| Dividend relating to 2019 paid <sup>(2)</sup> | -                | -                | -                | (884,844)         | (884,844)         | -               | (884,844)         |
| Total comprehensive income for the period     | -                | -                | (920)            | 773,920           | 773,000           | 18,709          | 791,709           |
| <b>Balance at 30 June 2020</b>                | <b>7,361,990</b> | <b>(250,121)</b> | <b>1,503,413</b> | <b>22,793,984</b> | <b>31,409,266</b> | <b>982,408</b>  | <b>32,391,674</b> |
| <b>Balance at 1 April 2019</b>                | 7,361,990        | (122,362)        | 1,059,095        | 21,614,925        | 29,913,648        | 736,815         | 30,650,463        |
| Transfer <sup>(1)</sup>                       | -                | -                | 112,857          | (112,857)         | -                 | -               | -                 |
| Dividend relating to 2018 paid                | -                | -                | -                | (987,408)         | (987,408)         | -               | (987,408)         |
| Dividend paid to Non-controlling interests    | -                | -                | -                | -                 | -                 | (1,687)         | (1,687)           |
| Total comprehensive income for the period     | -                | -                | 28,185           | 936,432           | 964,617           | 35,810          | 1,000,427         |
| <b>Balance at 30 June 2019</b>                | <b>7,361,990</b> | <b>(122,362)</b> | <b>1,200,137</b> | <b>21,451,092</b> | <b>29,890,857</b> | <b>770,938</b>  | <b>30,661,795</b> |

## THE COMPANY

|   | Attributable to equity holders of the Company |                  |                 |                   |                   |
|---|---|------------------|-----------------|-------------------|-------------------|
|   | Share capital                                 | Treasury shares  | Other reserves  | Retained earnings | Total equity      |
|   | RMB'000                                       | RMB'000          | RMB'000         | RMB'000           | RMB'000           |
| <b>Balance at 1 April 2020</b>                | 7,326,773                                     | (250,121)        | (40,192)        | 5,539,061         | 12,575,521        |
| Dividend relating to 2019 paid <sup>(2)</sup> | -   | -                | -               | (884,844)         | (884,844)         |
| Total comprehensive income                    | -   | -                | -               | 141,244           | 141,244           |
| <b>Balance at 30 June 2020</b>                | <b>7,326,773</b>                              | <b>(250,121)</b> | <b>(40,192)</b> | <b>4,795,461</b>  | <b>11,831,921</b> |
| <b>Balance at 1 April 2019</b>                | 7,326,773                                     | (122,362)        | (40,192)        | 5,237,919         | 12,402,138        |
| Dividend relating to 2018 paid                | -   | -                | -               | (987,408)         | (987,408)         |
| Total comprehensive income                    | -   | -                | -               | 35,924            | 35,924            |
| <b>Balance at 30 June 2019</b>                | <b>7,326,773</b>                              | <b>(122,362)</b> | <b>(40,192)</b> | <b>4,286,435</b>  | <b>11,450,654</b> |

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the PRC where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.
- (2) This represents the final dividend of 4.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2019. The Company paid the dividend on 28 May 2020.

**1(d)(ii)(b) Number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no outstanding convertible securities as at 30 June 2020 and 30 June 2019.

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

|   | Number of Shares ('000) |        |                    |        |
|---|-------------------------|--------|--------------------|--------|
|   | As at 30 June 2020      | %      | As at 30 June 2019 | %      |
| Shares held as treasury shares          | 55,312                  | 1.39%  | 28,312             | 0.71%  |
| Issued shares excluding treasury shares | 3,918,765               | 98.61% | 3,945,765          | 99.29% |
| Total number of shares                  | <b>3,974,077</b>        | 100%   | <b>3,974,077</b>   | 100%   |

The Company did not have subsidiary holdings as at 30 June 2020 and 30 June 2019.

**1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

|   | Number of Shares ('000) |                           |
|---|-------------------------|---------------------------|
|   | As at<br>30 June 2020   | As at<br>31 December 2019 |
| Issued shares at the end of periods     | 3,974,077               | 3,974,077                 |
| Treasury shares at the end of periods   | <u>(55,312)</u>         | <u>(55,312)</u>           |
| Issued shares excluding treasury shares | <u><b>3,918,765</b></u> | <u><b>3,918,765</b></u>   |

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

|                                 | Number of<br>Shares ('000) | RMB '000              |
|---------------------------------|----------------------------|-----------------------|
| Total number of treasury shares |                            |                       |
| Balance as at 1 April 2020      | 55,312                     | 250,121               |
| Repurchased during 2Q2020       | -                          | -                     |
| Treasury shares re-issued       | -                          | -                     |
| Balance as at 30 June 2020      | <u><b>55,312</b></u>       | <u><b>250,121</b></u> |

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company does not have any subsidiary holdings.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policy and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements, except for those as disclosed under paragraph 5.



**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

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

- Amendments to SFRS(I) 10 Consolidated financial statements
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures

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

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -**

| Earnings per share   | The Group     |               |
|--|---------------|---------------|
|  | 2Q 2020       | 2Q 2019       |
| (a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS | 19.75         | 23.73         |
| Weighted average number of Ordinary shares   | 3,918,765,200 | 3,945,765,200 |
| (b) On fully diluted basis (RMB cents)   | 19.75         | 23.73         |

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is equal to basic earnings per share as at the period ended 30 June 2020 and 2019 as the Company has no potential dilutive ordinary shares.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

|  | The Group |          | The Company |          |
|--|-----------|----------|-------------|----------|
|  | 30/06/20  | 31/12/19 | 30/06/20    | 31/12/19 |
| Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents) | 801.51    | 793.51   | 301.93      | 304.37   |

The Group's and the Company's net assets value per ordinary share as at 30 June 2020 and 31 December 2019 have been computed based on the share capital of 3,918,765,200 shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### Income statement review

| Shipbuilding Related Segment | 2Q2020         |      | 2Q2019         |      |
|------------------------------|----------------|------|----------------|------|
|                              | RMB'000        | %    | RMB'000        | %    |
| Shipbuilding                 |                |      |                |      |
| Turnover                     | 2,987,261      | 100% | 3,076,988      | 100% |
| Cost                         | (2,321,291)    | -78% | (2,514,111)    | -82% |
| Margin                       | <b>665,970</b> | 22%  | <b>562,877</b> | 18%  |
| Trading                      |                |      |                |      |
| Turnover                     | 1,022,757      | 100% | 3,248,529      | 100% |
| Cost                         | (1,009,242)    | -99% | (3,166,954)    | -97% |
| Margin                       | <b>13,515</b>  | 1%   | <b>81,575</b>  | 3%   |
| Others                       |                |      |                |      |
| Turnover                     | 180,037        | 100% | 179,395        | 100% |
| Cost                         | (143,916)      | -80% | (128,814)      | -72% |
| Margin                       | <b>36,121</b>  | 20%  | <b>50,581</b>  | 28%  |

| Investment Segment    | 2Q2020         |      | 2Q2019         |      |
|-----------------------|----------------|------|----------------|------|
|                       | RMB'000        | %    | RMB'000        | %    |
| Interest Income       | 578,198        | 100% | 528,022        | 100% |
| Sale taxes and levies | (24,034)       | -4%  | (24,312)       | -5%  |
| Net interest income   | <b>554,164</b> | 96%  | <b>503,710</b> | 95%  |

#### Revenue

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

16 vessels were delivered in 2Q2020, lower than the 18 vessels delivered in 2Q2019. Out of 16 vessels delivered in this quarter, 4 were delivered from Yangzi-Mitsui Shipbuilding Co., Ltd. (YAMIC), our joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd., and 1 unit of 157,000DWT oil tanker which was an order that was terminated earlier this year and successfully resold to a new customer during the quarter. Revenue from shipbuilding activities in 2Q2020 was RMB2,988 million, slightly lower than same quarter last year. Meanwhile, due to lower volume of trading activities in this quarter, trading business contributed towards a lower revenue of RMB1,023 million in 2Q2020 comparing to RMB3,249 million of 2Q2019. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was slightly higher at RMB180 million in 2Q2020 when compared to RMB179 million of 2Q2019.

Although investment portfolio had decreased as compared to same quarter last year, interest income derived from investment segment increased from RMB528 million in 2Q2019 to RMB578 million in 2Q2020, which mainly due to higher average interest rate earned from new investments as compared to the same quarter last year.

#### Operating cost

In line with lower revenue from shipbuilding business, our cost of sales of RMB2,321 million in 2Q2020 was also lower than RMB2,514 million recorded in 2Q2019. In 2Q2020, a net reversal of RMB76 million loss provision for onerous contracts were recorded as a result of progressive construction of some of the contracts.

In 2Q2020, in line with the increase in revenue from other shipbuilding related business, the operating costs for this segment was also higher than same quarter last year.

In 2Q2020, total cost of RMB24 million was incurred for the Group's investment segment, which mainly consist of value added taxes and levies on interest income.

### Gross Profit

The Group's shipbuilding business registered a gross profit margin of 22% in 2Q2020, higher than 18% of 2Q2019, mainly due to the 157,000DWT oil tanker resold in this quarter which registered a higher gross profit margin.

Trading business contributed a gross profit of RMB13.5 million in 2Q2020 with the typical low gross profit margin of around 1%.

Other shipbuilding related businesses such as shipping logistics & chartering and ship design services registered a gross profit margin of 20% in 2Q2020, lower than 28% of 2Q2019, mainly due to lower charter rate.

### Other income

Due to interest rate cut of USD this year, a lower interest income from bank deposit was recorded this quarter, together with a lower dividend income from financial assets, at fair value through profit or loss, other income in 2Q2020 decreased to RMB74 million from RMB117 million in 2Q2019.

### Other gains/losses - net

Other gains/losses comprise foreign exchange related gains/losses, and fair value change on financial assets, at fair value through profit or loss and derivative financial instruments and subsidy income etc. The Group recorded a lower other gain of RMB21 million in 2Q2020 as compared to RMB246 million in 2Q2019, the decrease was mainly due to a lower subsidy income of RMB35 million was recorded this quarter as compared to RMB140 million in 2Q2019, and foreign exchange related losses of RMB41 million as compared to a gain of RMB91 million of 2Q2019.

### Expenses

In 2Q2020, total administrative expenses increased to RMB255 million from RMB210 million in 2Q2019, the increase was mainly due to the higher impairment loss on debt investment at amortised costs of RMB146 million in 2Q2020 as compared to RMB93 million of 2Q2019. As a result of consolidation of a new subsidiary, Yangzijiang Garson Terminals (Jiangsu) Company Ltd., formerly known as Odfjell Terminal (Jiangyin) Company Ltd., which the Group acquired in 3Q2019, and extra anti-pandemic costs incurred to ensure safe work environment and prevent the spread of COVID-19, other administrative expenses increased by 8% to RMB112 million in 2Q2020 from RMB104 million of 2Q2019.

In 2Q2020, finance cost decreased to RMB43 million as compared to RMB55 million in 2Q2019, the lower finance costs in this quarter was mainly due to lower borrowing costs of USD and SGD loan as compared to last year.

### Share of results of associated companies and joint ventures

This represents the share of results from the Group's associated companies and joint ventures. Share of profit of associated companies and joint ventures of RMB43 million mainly consists of share of profits of around RMB28 million from YAMIC, Group's joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd, and the share of fair value gain of venture capital investments in 2Q2020.

### Corporate Income Tax

Group's effective tax rate for 2Q2020 was 28.6%, higher than 23.4% of 2Q2019. The higher tax rate was mainly because the Group adopted the 25% standard income tax rate instead of 15% preferential tax rate over the earnings of Jiangsu New Yangzi Shipbuilding Co., Ltd ("**New Yard**") in 2Q2020. There are certain parameters to be met in order to enjoy the 15% preferential tax policy as a New High Technology Enterprise, and only upon all the conditions being met, then the tax rate will be revised to 15%.

## **Statements of Financial Position Review**

### Assets

As at 30 June 2020, cash and cash equivalents increased to RMB10,046 million from RMB9,628 million as at the end of 1Q2020, mainly due to the net cash provided by operating activities in 2Q2020.

Restricted cash, which was held in designated bank accounts as deposits of performance guarantees and letter of credits, decreased from RMB315 million at the end of 1Q2020 to RMB26 million in 2Q2020, being net release of letter of credits during the quarter.

The derivative financial instruments of RM8.3 million as at 30 June 2020 relate to the fair value of the outstanding USD/SGD cross currency swap which were entered by the Company to mitigate its borrowing costs of its one-year SGD term loan. Whereas the derivative financial instruments as at the end of FY2019 related to the fair value of the outstanding derivative financial instruments which were acquired to mitigate the currency exposure of the group's future USD denominated income

from shipbuilding business, and all of those instruments had expired during 1H2020.

As at 30 June 2020, investment in financial assets, at fair value through profit or loss had increased to RMB1,897 million from RMB1,402 million recorded at the end of last quarter, the movement was mainly a result of acquisition of financial assets, at fair value through profit or loss of RMB500 million in 2Q2020, and fair value loss of RMB5 million during the quarter.

As at 30 June 2020, debt investment at amortised costs had increased to RMB16.01 billion from RMB15.48 billion at the end of 1Q2020. The impairment provision for debt investment at amortised costs increased from RMB1,594 million at the end of last quarter to RMB1,740 million as at the end of 2Q2020, the movement being net addition of impairment provisions made in this quarter.

Current trade and other receivables as at 30 Jun 2020 reduced significantly from RMB4,632 million at the end of 1Q2020 to RMB3,577 million, mainly due to lower trade receivable and prepayment relating to trading businesses, which is in line with lower volume of trading business.

Inventory reduced to RMB1,384 million from RMB1,485 million at the end of 1Q2020, mainly due to the resale of the above mentioned 157,000DWT oil tanker, which was previously held under inventory after termination of the order.

With progressive delivery of shipbuilding contracts, contract assets at the end of 2Q2020 had decreased to RMB3,076 million from RMB3,139 million as at the end of last quarter.

Non-current trade and other receivables increased by RMB362 million during 2Q2020, the increase was mainly finance lease receivable arising from a few new finance lease agreements entered by the Group during the quarter.

Investment in joint ventures represents the investment in United Wave Shipping S.A. ("UWS") and Yangzi-Mitsui Shipbuilding Co., Ltd. (YAMIC), the movement from the end of 1Q2020 mainly being the share of profit of RMB28 million from YAMIC for the quarter, additional investment of RMB126 million in YAMIC and net additional investment in UWS of RMB6.3 million during 2Q2020.

The decrease of investment in associated companies from RMB1,161 million as at the end of last quarter to RMB1,143 million, the movement being return of capital of RMB33 million, which was partly offset by a share of fair value gain of venture capital investments of RMB14 million during the period.

#### Liabilities

The derivative financial instruments as at the end of FY2019 relate to the fair value of the outstanding derivative financial instruments which were acquired to mitigate the currency exposure of the group's future USD denominated income from shipbuilding business, and all of those instruments had expired during 1H2020.

With more contracts started construction, contract liabilities as at the end of 2Q2020 had decreased to RMB1,590 million from RMB1,754 million at the end of last quarter.

Borrowings represented the Group's secured and unsecured borrowings of RMB5,647 million, higher than RMB4,910 million at the end of last quarter, the movement being net proceeds from borrowings during the period.

Provisions include warranty provisions for delivered vessels and provisions for onerous contracts. Warranty provisions for completed and delivered vessels increased by RMB2 million to RMB378 million as compared to 31 March 2020, being the net movement of provisions made for vessels delivered during the reporting period and reversal of provision after the expiry of warranty of vessels delivered in the previous year. Provisions for onerous contract stood at RMB491 million as at the end of 2Q2020, there was a net utilisation of RMB76 million of allowance for losses recognised on onerous contracts in 2Q2020.

At the end of 2Q2020, current income tax liabilities decreased to RMB1,070 million from RMB1,129 million as at 31 March 2020, movement being the net repayment of tax liability during the period.

#### Equity

The change of "Total equity attributable to equity holders" to RMB31,409 million as at 30 June 2020 from RMB31,521 million as at 31 March 2020 was mainly a result of profits earned during the reporting period, which was partly offset by a dividend payment for FY2019.

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

The increase of cash and cash equivalents from RMB9,628 million to RMB10,046 million was mainly attributable to net cash provided by operating activities of RMB1,188 million during the quarter.

Decrease in net working capital requirements (including restricted cash) of RMB29 million was primarily attributable to the

release of restricted cash of RMB289 million and decrease of trade and other receivable of RMB694 million, which was largely offset by the increase of RMB538 million of debt investments at amortised costs and income tax paid of RMB324 million during 2Q2020.

The net cash used in investing activities of RMB611 million mainly consists of the acquisition of financial assets, at fair value through profit or loss of RMB500 million and additional investment in joint ventures, YAMIC and UWS of RMB126 million and RMB40 million respectively, which was partly offset by a return of capital of RMB33 million from UWS and a dividend distribution of RMB2 million from YAMIC during the same quarter.

Net cash used in financing activities of RMB160 million during 2Q2020 was mainly consists of dividend payment to equity holders of RMB885 million for FY2019, which was partly offset by net proceeds from borrowings of RMB725 million. Overall liquidity remains at a healthy level as evidenced by the current ratio of 2.96 as of 30 June 2020.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The COVID-19 pandemic has continued to spread around the world and grown in severity in many key economies in the past few months. This has weighed on the price of new vessels and charter rate, and further dampened shipowners' sentiment and the outlook for the shipbuilding industry. According to Clarksons Research, in the first six months of 2020 ("1H2020"), a total of 314 new orders (17.6 million DWT) became effective globally, 62.7% lower (and 49.7% lower in DWT terms) compared to 842 vessels (34.9 million DWT) for 1H2019. Global new shipbuilding orders for 1H2020 has decreased to the lowest level since 1996 to 5.7 million CGT. Outstanding order book to fleet ratio also decreased further to 7.8% as at the end of June 2020 compared to 9.4% as at the beginning of 2020.

Despite the deteriorated market condition, the Group's new order win of USD517 million for 1H2020 was more than double that of 1H2019. These new orders for 15 vessels consisted of 3 units of 82,000DWT bulk carriers, 2 units of 56,000DWT bulk carriers, 2 units of 40,000DWT bulk carriers, 2 units of 14,000TEU containerships, 4 units of 1,000TEU containerships and 2 units of 690FEU LNG-tank carriers. As at 30 June 2020, the Group had an outstanding order book of USD2.6 billion for 62 vessels, and was ranked No. 2 in China and No. 7 in the world by outstanding orderbook<sup>1</sup>, out of which 1 unit of 29,800DWT self-loading carrier and 7 units of 82,000DWT with a total contract value of USD234 million will be built and delivered by YAMIC. These orders will keep the Group's yard facilities at a healthy utilization rate till early 2022 and provide a stable revenue stream for at least the next 1.5 years.

Since April, the Group's operation has resumed to its full capacity, and it has fully made up for the lost time due to the temporary shutdown in February to early March, with production 15 days ahead of schedule for 1H2020. Vessel deliveries were on schedule, including several New Panamax dry bulkers completed and delivered by YAMIC. In July, the Group delivered a 12,600TEU containership, the largest containership it has ever built in its history.

The Group's recent order wins included several orders from Chinese shipowners. There have also been increased interest in orders for dual-fuel vessels and LNG-related vessels. The Group is optimistic about its new order outlook for the second half of 2020, considering its reputation among customers, its financial strength, and its long-term strategy to grow LNG-related capabilities. The Group will remain vigilant and work closely with its customers to weather this challenging time together and minimise any potential negative impact on its financial performance.

**11. Dividend**

**(a) Current Financial Period Reported On**

None

<sup>1</sup> The ranking was based on data in CGT terms as of 18 July 2020.

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

None

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

Not applicable.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

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

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

**13. Interested Person Transactions**

The following table sets out the current total of all transactions with the interested person for the second quarter ended 30 June 2020:

| Name of interested person  | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|--|---|---|
| <b><u>Xu Wen Jiong</u></b><br>West Gold International Pte Ltd<br>Procurement of marine equipment | RMB21,984,000 *   | Nil <sup>^</sup>  |

\*Aggregate value less than 3% of Group's NTA as at 30 June 2020, shareholder mandate not applicable.

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

**14. CONFIRMATION PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

On behalf of the Board of Directors  
Ren Letian  
Executive Chairman & Chief Executive Officer