



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 FIRST QUARTER ENDED 31 MARCH 2019**

**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			
	1st Quarter			
	1Q 2019	% of	1Q 2018	+/(-)%
	RMB'000	Revenue	RMB'000	Variance
Revenue	6,291,116	100%	4,963,255	27%
Cost of sales	(5,124,868)	-81%	(4,103,624)	25%
Gross profit	1,166,248	19%	859,631	36%
Other income	65,242	1%	47,894	36%
Other losses, net	(82,384)	-1%	(42,188)	95%
Expenses				
- Administrative				
• (Impairment loss)/Reversal of impairment loss	(10,287)	-0.2%	43,555	n.m.
• Others	(104,902)	-2%	(74,194)	41.4%
- Finance	(41,557)	-1%	(15,424)	169%
Share of profit/(loss) of associated companies [#]	73,100	1.16%	(5,512)	n.m.
Profit before income tax	1,065,460	17%	813,762	30.9%
Income tax expense	(224,484)	-4%	(182,430)	23%
Net profit	840,976	13%	631,332	33%
Attributable to:				
Equity holders of the Company	824,054	13%	595,099	38%
Non-controlling interests	16,922	0.3%	36,233	-53%
	<u>840,976</u>		<u>631,332</u>	<u>33%</u>

[#] Share of profit/(loss) of associated companies is after tax.
n.m. denotes not meaningful.

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

	The Group		+ / (-) %
	1Q2019	1Q2018	Variance
	RMB'000	RMB'000	%
After charging:			
Depreciation and amortization	144,311	144,235	0.1%
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	41,557	15,424	169%
Foreign exchange related losses, net	110,161	141,028	-22%
Impairment loss/(Reversal of impairment loss) of debt investment at amortised cost:	10,287	(43,555)	n.m.
Fair value loss on derivative financial instruments	676	-	n.m.
Loss/(Gain) on disposal of financial assets, at fair value through profit or loss	2,999	(1,238)	n.m.
After crediting:			
Interest income	65,242	30,081	117%
Reversal of allowance for losses recognised on onerous contracts, net of utilisation	16,838	52,525	-68%
Sale of scrap materials	13,785	7,865	75%
Fair value gain/(loss) on financial assets, at fair value through profit or loss	7,650	(56,872)	n.m.
Subsidy income	1,673	96,159	-98%
Bad debt recovery	1,122	-	n.m.
Gain from disposal of property, plant and equipment	-	40,301	n.m.
Dividend income	-	17,813	n.m.

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 31 Mar 2019 RMB'000	As at 31 Dec 2018 RMB'000	As at 31 Mar 2019 RMB'000	As at 31 Dec 2018 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	6,603,298	6,594,143	375,549	488,556
Restricted cash	11,905	208,756	-	-
Financial assets, at fair value through profit or loss	883,594	804,384	-	-
Debt investments at amortised cost	13,948,771	11,216,892	-	-
Trade and other receivables	4,725,658	5,050,978	8,405,023	8,488,478
Inventories	2,584,224	2,605,707	-	-
Contract assets	3,710,516	4,669,468	-	-
	<u>32,467,966</u>	<u>31,150,328</u>	<u>8,780,572</u>	<u>8,977,034</u>
Non-current assets				
Debt investments at amortised cost	2,404,645	3,593,484	-	-
Trade and other receivable	1,544,910	1,405,103	2,613,733	2,834,232
Lease prepayments	963,065	970,610	-	-
Investment in subsidiaries	-	-	5,282,570	5,282,570
Investment in associated companies	1,500,549	1,454,006	134,062	134,062
Financial assets, at fair value through profit or loss	446,770	446,770	-	-
Property, plant and equipment	5,168,937	5,162,755	7	7
Goodwill	5,997	-	-	-
Intangible assets	17,363	17,527	-	-
Deferred income tax assets	706,958	710,901	-	-
	<u>12,759,194</u>	<u>13,761,156</u>	<u>8,030,372</u>	<u>8,250,871</u>
Total assets	<u>45,227,160</u>	<u>44,911,484</u>	<u>16,810,944</u>	<u>17,227,905</u>
LIABILITIES				
Current liabilities				
Trade and other payable	3,658,880	4,512,924	3,924,335	4,313,370
Derivative financial instruments	676	-	676	-
Contract liabilities	2,534,545	2,923,707	-	-
Borrowings	1,382,764	1,149,001	479,055	483,098
Provisions	1,413,254	1,420,799	-	-
Current income tax liabilities	1,328,689	1,343,444	4,740	4,740
	<u>10,318,808</u>	<u>11,349,875</u>	<u>4,408,806</u>	<u>4,801,208</u>
Non-current liabilities				
Borrowings	3,367,033	2,894,980	-	-
Deferred income tax liabilities	1,128,998	1,086,372	-	-
	<u>4,496,031</u>	<u>3,981,352</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>14,814,839</u>	<u>15,331,227</u>	<u>4,408,806</u>	<u>4,801,208</u>
NET ASSETS	<u>30,412,321</u>	<u>29,580,257</u>	<u>12,402,138</u>	<u>12,426,697</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	7,361,990	7,361,990	7,326,773	7,326,773
Treasury shares	(122,362)	(122,362)	(122,362)	(122,362)
Other reserves	1,059,095	938,173	(40,192)	(40,192)
Retained earnings	21,392,939	20,701,800	5,237,919	5,262,478
	<u>29,691,662</u>	<u>28,879,601</u>	<u>12,402,138</u>	<u>12,426,697</u>
Non-controlling interests	<u>720,659</u>	<u>700,656</u>	<u>-</u>	<u>-</u>
Total equity	<u>30,412,321</u>	<u>29,580,257</u>	<u>12,402,138</u>	<u>12,426,697</u>

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

Amount repayable in one year or less, or on demand

As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
116,778	1,265,986	29,218	1,119,783

Amount repayable after one year

As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
529,493	2,837,540	256,730	2,638,250

Details of any collateral

The secured borrowings from the bank are secured by legal mortgages over the 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.

	The Group	
	1Q 2019	1Q 2018
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	840,976	631,332
Adjustments for:		
- Income tax expenses	224,484	182,430
- Depreciation on property, plant and equipment	136,222	136,370
- Amortisation of lease prepayment	7,545	7,638
- Amortisation of intangible assets	544	227
- Finance expenses	41,557	15,424
- Loss/(Gain) on:		
• Disposal of property, plant and equipment	-	(40,301)
• Disposal of financial assets, at fair value through profit and loss	2,999	(1,238)
- Fair value change on:		
• Derivative financial instruments	676	-
• Financial assets at fair value, through profit and loss	(7,650)	56,872
- Bad debt recovery	(1,122)	-
- Interest income	(65,242)	(30,081)
- Dividend income	-	(17,813)
- Share of (profits)/losses of associated companies	(73,100)	5,512
	1,107,889	946,372
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	(111,209)	(116,896)
- Contract balances	569,790	761,701
- Trade and other receivables	191,022	(57,386)
- Trade and other payables	(718,778)	(980,183)
- Debt investments at amortised cost	(1,543,040)	(366,781)
- Provisions	(7,545)	(19,481)
- Restricted cash	196,851	28,191
Cash (used in)/generated from operations	(315,020)	195,537
Interest paid	(45,600)	(24,234)
Interest received	65,242	30,081
Income tax paid	(192,670)	(241,013)
Net cash used in operating activities	(488,048)	(39,629)
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	-	103,763
Proceeds from sales of financial assets, at fair value through profit or loss	5,840	81,221
Dividend received	-	17,813
Purchase of property, plant and equipment	(28,611)	(63,231)
Acquisition of financial assets, at fair value through profit or loss	(80,400)	-
Acquisition of intangible assets	(380)	(7,863)
Acquisition of a subsidiary, net of cash acquired	390	-
Acquisition/additions of investments in associated companies	(10,000)	(4,000)
Return of capital by associated companies	36,557	174,702
Net cash (used in)/provided by investing activities	(76,604)	302,405
Cash flows from financing activities		
Proceeds from borrowings	600,000	-
Repayments of borrowings	(24,235)	(926,798)
Capital injection by non-controlling interests	-	20,003
Dividend paid to non-controlling interests	(1,958)	-
Net cash provided by/(used in) financing activities	573,807	(906,795)
Net increase/(decrease) in cash and cash equivalents	9,155	(644,019)
Cash and cash equivalents at the beginning of financial period	6,594,143	6,195,431
Cash and cash equivalents at the end of financial period	6,603,298	5,551,412

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.

	1Q 2019	1Q 2018
	RMB'000	RMB'000
Net Profit	<u>840,976</u>	<u>631,332</u>
Other comprehensive income:		
Currency translation difference arising from consolidation		
- Loss	(11,993)	(28,647)
Total comprehensive income, net of tax	<u>828,983</u>	<u>602,685</u>
Total comprehensive income attributable to:		
Equity holders of the Company	812,061	566,452
Non-controlling interests	<u>16,922</u>	<u>36,233</u>
	<u>828,983</u>	<u>602,685</u>

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

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2019	7,361,990	(122,362)	938,173	20,701,800	28,879,601	700,656	29,580,257
Transfer ⁽¹⁾	-	-	132,915	(132,915)	-	-	-
Dividend paid to Non-controlling interests ⁽²⁾	-	-	-	-	-	(1,958)	(1,958)
Acquisition of a subsidiary ⁽³⁾	-	-	-	-	-	5,039	5,039
Total comprehensive income for the period	-	-	(11,993)	824,054	812,061	16,922	828,983
Balance at 31 March 2019	<u>7,361,990</u>	<u>(122,362)</u>	<u>1,059,095</u>	<u>21,392,939</u>	<u>29,691,662</u>	<u>720,659</u>	<u>30,412,321</u>
Balance at 31 December 2017 as previously reported	7,361,990	(20,979)	568,680	17,975,023	25,884,714	631,983	26,516,697
Adoption of SFRS(I) 9	-	-	5,405	320,650	326,055	-	326,055
Balance as restated at 1 January 2018	<u>7,361,990</u>	<u>(20,979)</u>	<u>574,085</u>	<u>18,295,673</u>	<u>26,210,769</u>	<u>631,983</u>	<u>26,842,752</u>
Transfer	-	-	75,785	(75,785)	-	-	-
Capital injection by non-controlling interest	-	-	-	-	-	20,003	20,003
Total comprehensive income for the period	-	-	(28,647)	595,099	566,452	36,233	602,685
Balance at 31 March 2018	<u>7,361,990</u>	<u>(20,979)</u>	<u>621,223</u>	<u>18,814,987</u>	<u>26,777,221</u>	<u>688,219</u>	<u>27,465,440</u>

THE COMPANY

Attributable to equity holders of the Company

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	7,326,773	(122,362)	(40,192)	5,262,478	12,426,697
Total comprehensive income	-	-	-	(24,559)	(24,559)
Balance at 31 March 2019	<u>7,326,773</u>	<u>(122,362)</u>	<u>(40,192)</u>	<u>5,237,919</u>	<u>12,402,138</u>
Balance at 1 January 2018	6,318,879	(20,979)	(40,192)	2,168,585	8,426,293
Total comprehensive income	-	-	-	(45,695)	(45,695)
Balance at 31 March 2018	<u>6,318,879</u>	<u>(20,979)</u>	<u>(40,192)</u>	<u>2,122,890</u>	<u>8,380,598</u>

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the PRC where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.
- (2) The RMB1.96 million represents dividend paid to non-controlling shareholders of Yangzijiang Taihua Shipping Pte. Ltd. in 1Q2019, a 49.48% owned subsidiary of the Group.
- (3) In 1Q2019, the Group acquired 51% equity interest in Shanghai Econovo Marine Engineering Co., Ltd.

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 31 March 2019 and 31 March 2018.

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 31 March 2019	%	As at 31 March 2018	%
Shares held as treasury shares	28,312	0.71%	5,239	0.13%
Issued shares excluding treasury shares	<u>3,945,765</u>	<u>99.29%</u>	<u>3,968,838</u>	<u>99.87%</u>
Total number of shares	<u><u>3,974,077</u></u>	<u>100%</u>	<u><u>3,974,077</u></u>	<u>100%</u>

The Company did not have subsidiary holdings as at 31 March 2019 and 31 March 2018.

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 31 March 2019	As at 31 December 2018
Issued shares at the end of periods	3,974,077	3,974,077
Treasury shares at the end of periods	(28,312)	(28,312)
Issued shares excluding treasury shares	<u>3,945,765</u>	<u>3,945,765</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.

Total number of treasury shares	Number of Shares ('000)	RMB '000
Balance as at 1 January 2019	28,312	122,362
Repurchased during 1Q2019	-	-
Balance as at 31 March 2019	<u>28,312</u>	<u>122,362</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 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. The following are the new or amended SFRS that are relevant to the Group:

SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions.

The Group anticipates that the adoption of those standards will not have material impact on the financial statements of the Group in the period of its initial adoption.

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: -

	The Group	
	1Q 2019	1Q 2018
(a) Based on weighted average number of ordinary shares in issue (RMB cents)	20.88	14.99
Weighted average number of Ordinary shares	3,945,765,200	3,968,838,000
(b) On fully diluted basis (RMB cents)	20.88	14.99

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

Diluted earnings per share is equal to basic earnings per share as at the period ended 31 March 2019 and 2018 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	
	31/03/19	31/12/18	31/03/19	31/12/18
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	752.49	731.91	314.32	314.94

The Group's and the Company's net assets value per ordinary share as at 31 March 2019 and 31 December 2018 have been computed based on the share capital of 3,945,765,200 and 3,945,765,200 shares respectively.

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	1Q 2019		1Q 2018	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	3,423,462	100%	2,934,283	100%
Cost	(2,884,566)	-84%	(2,427,828)	-83%
Margin	538,896	16%	506,455	17%
Trading				
Turnover	2,156,357	100%	1,630,080	100%
Cost	(2,120,272)	-98%	(1,611,520)	-99%
Margin	36,085	2%	18,560	1%
Others				
Turnover	122,232	100%	88,066	100%
Cost	(91,843)	-75%	(52,310)	-59%
Margin	30,389	25%	35,756	41%

Investment Segment	1Q 2019		1Q 2018	
	RMB'000	%	RMB'000	%
Interest Income	589,065	100%	310,827	100%
Sale taxes and levies	(28,187)	-5%	(11,967)	-4%
Net interest income	560,878	95%	298,860	96%

Revenue

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

15 vessels were delivered in 1Q2019, higher than 9 vessels delivered in 1Q2018. In line with more ship deliveries, revenue contribution in 1Q2019 by shipbuilding business of RMB3,423 million is also higher than that of same quarter last year. Meanwhile, due to higher volume of trading activities in this quarter, trading business contributed towards a higher revenue of RMB2,156 million in 1Q2019 as compared to RMB1,630 million of 1Q2018. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB122 million in 1Q2019, compared to RMB88 million of 1Q2018 due to additional shipping revenue of RMB43 million contributed by Shanghai Huayuan Shipping Co., Ltd, which was acquired by the Group in 2Q2018.

In line with increased size of investments in debt investment at amortised costs, our interest income derived from investment segment recorded at RMB589 million, higher than same quarter last year.

Operating cost

In line with higher shipbuilding revenue generated in 1Q2019, cost of sales of RMB2,885 million was also higher than RMB2,428 million recorded in 1Q2018. In 1Q2019, RMB17 million of losses recognised on onerous contracts was utilised as a result of progressive construction of some of the contracts which we had provided provisions in FY2018.

In 1Q2019, in line with the increase in revenue from other shipbuilding related business, the operating costs for this segment was also significantly higher than same quarter last year, the increase was mainly because of the acquisition of Huayuan Group in 2Q2018, leading to an additional operating cost of RMB33 million in 1Q2019.

In 1Q2019, a total cost of RMB28 million was incurred for the Group's investment segment, which mainly consists of value added taxes and levies on interest income.

Gross Profit

The Group's shipbuilding business registered a gross profit margin of 16% in 1Q2019 as compared to 17% of same quarter last year.

Trading business contributed gross profit of RMB36 million in 1Q2019 with typically low gross profit margin of around 1% to 2%.

As compared to the same quarter last year, net interest income generated by investment segment increased to RMB561 million in 1Q2019 as a result of increased investment volume and higher interest rate in this quarter.

Other income

Other income, which generally includes interest income from bank deposits, interest income for ship finance leases and dividend income, increased from RMB48 million in 1Q2018 to RMB65 million in 1Q2019. This increase was mainly due to higher interest income for ship finance leases and higher interest income as a result of higher bank balance as compared to same quarter last year.

Other losses - net

Other gains/losses mainly comprise foreign exchange related gains/losses, and fair value change on financial assets, at fair value through profit or loss and subsidy income etc. The Group recorded other loss of RMB82 million in 1Q2019 as compared to a loss of RMB42 million in 1Q2018. The losses mainly consist of a foreign exchange loss of RMB110 million, which was partly offset by gain from sale of scrap materials of RMB14 million recorded in 1Q2019.

Expenses

In 1Q2019, an additional provision of impairment loss of RMB10 million was made on debt investment at amortised costs, as compared to a reversal of impairment loss of RMB 44 million in 1Q2018. Other administrative expenses increased to RMB105 million from RMB74 million in 1Q2018, maintained at lower than 2% of the Group's revenue.

In 1Q2019, finance cost increased to RMB42 million as compared to RMB15 million in 1Q2018, mainly due to higher bank borrowing as compared to same quarter last year.

Share of results of associated companies

This represents the share of results from the Group's associated companies. Share of profit of associated companies of RMB73 million mainly consists of the share of fair value gain of venture capital investments in 1Q2019.

Corporate Income Tax

Group's effective tax rate for 1Q2019 was 21.1%, slightly lower than 22.4% of 1Q2018. The taxation charge of RMB224 million was arrived after accounting for an average of 6% withholding tax on Chinese subsidiaries' distributable profits in addition to the normal corporate income tax.

Statements of Financial Position Review

Assets

After the delivery of 15 vessels in last quarter, contract assets at the end of 1Q2019 had decreased to RMB3,711 million from RMB4,669 million as at the end of last quarter.

As at 31 March 2019, investment in financial assets, at fair value through profit or loss had increased to RMB1,330 million from RMB1,251 million recorded at the end of last year, the movement was mainly due to additional investment of RMB80 million and fair value movement during the quarter, which was partly net off by a disposal during the period.

As at 31 March 2019, debt investment at amortised costs had increased to RMB16.35 billion from RMB14.81 billion at end of FY2018, and the impairment provision for debt investment at amortised costs stood at RMB1,556 million as at the end of 1Q2019.

The increase of investment in associated companies from RMB1,454 million as at the end of last year to RMB1,501 million was mainly due to share of profit of RMB73 million and additional RMB10 million investment in associated companies in 1Q2019, which was largely offset by a return of capital of RMB37 million received from our associated companies during the quarter.

Goodwill of RMB6 million arrived from the acquisition of 51% equity interest in Shanghai Econovo Marine Engineering Co., Ltd. ("**Shanghai Econovo**"), a leading designer of gas and bulk carriers in 1Q2019.

Liabilities

Provisions include warranty provisions for completed and delivered vessels and provision for onerous contracts. Warranty provisions increased by RMB9 million to RMB331 million as compared to 31 December 2018, 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. Provision for onerous contract stood at RMB1,082 million as at the end of 1Q2019, there was a utilisation of RMB17 million of allowance for losses recognised on onerous contracts in 1Q2019.

Borrowings represented the Group's secured and unsecured borrowings of RMB4,750 million.

With more contracts started construction, contract liabilities as at the end of 1Q2019 had decreased to RMB2,534 million as compared to RMB2,924 million at the end of last year.

Equity

The change of "Total equity attributable to equity holders" to RMB29,692 million as at 31 March 2019 from RMB28,880 million as at 31 December 2018 was mainly a result of profits earned during the reporting period.

Statements of cash flows review

Cash and cash equivalents recorded at RMB6,603 million as at 31 March 2019, higher than the end of FY2018.

Increase in net working capital requirements (including restricted cash) of RMB1,596 million was primarily attributable to increase in debt investments at amortised costs of RMB1,543 million, which was partially offset by the decrease of contract balances of RMB570 million.

The net cash used in investing activities of RMB77 million were mainly a result of additional investment of RMB80.4 million in financial assets, at fair value through profit or loss and purchase of property, plant and equipment of RMB29 million in this quarter. This has been partly offset by the return of capital by associated companies of RMB37 million.

Net cash provided by financing activities of RMB574 million during 1Q2019 was mainly the net proceeds from borrowings of RMB576 million.

Overall liquidity improved further as evidenced by the current ratio of 3.15 as of 31 March 2019 as compared to 2.74 as of 31 December 2018.

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.

Global new shipbuilding orders declined substantially in the first three months of 2019 compared to a year ago, as shipowners' sentiments fell. This was affected by several factors, including less-bullish outlook on economic and trade growth, lower charter rates and uncertainties associated with the forthcoming IMO rules on emissions.

The global shipbuilding orderbook also decreased significantly in the past decade, standing at 81.2 million CGT for 3202 vessels at the beginning of April 2019, 59% lower in CGT terms compared to that of 2009¹. Throughout the industry cycles, Yangzijiang grew its global market share with its product portfolio, led by several high-tech, high-efficiency flagship models such as the 10,000TEU and 11,800TEU containerhips, the 82,000DWT dry bulkers, the 83,500DWT combination carriers and the 400,000DWT VLCCs. Yangzijiang's strong R&D capabilities and foothold in these categories well insulated the Group against market volatilities.

YTD, the Group secured new orders for 3 vessels with total contract value of USD116 million. These new orders included 1 unit of 157,000DWT oil tanker, 1 unit of 29,800DWT self-unloading vessel and 1 unit of 82,000DWT bulk carrier. As at 29 April 2019, with an outstanding order book of USD3.5 billion for 101 vessels, Yangzijiang was ranked no.1 in China and no. 5² in the world. These orders will keep the Group's yard facilities at a healthy utilization rate up to 2021 and provide a stable revenue stream for at least the next 2 years.

¹ http://www.eworldship.com/html/2019/ship_market_observation_0422/148708.html

² As of 18 April, 2019, according to Clarksons

In terms of market conditions, risks from global economic growth and trade war tensions still exist, which could weigh on the pace of new shipbuilding order placement. However, the demand for shipping and vessel supply remain largely balanced fundamentally, while the IMO 2020 global sulphur cap could further limit the active capacity by a small margin due to “out of service” time for scrubber retrofits.

The Group is also building up the capabilities for the construction of LNG related vessels at Group’s Taicang yard, under the joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd. (“Mitsui”). Research shows that global LNG trade grew with a CAGR of 5.6% in the past 10 years, more than double compared to the 2.5% CAGR for global international seaborne trade for the same period³. The demand for clean energy and related vessels will remain strong, and the demand for LNG carriers, especially those are flexible for spot charters will continue to grow⁴. Yangzijiang’s strategic investment in developing its own LNG carrier design and building capabilities will help the Group to achieve long-term growth.

In view of the Group’s robust financial position, its stringent risk management, strong delivery track record and a stable, sizable outstanding order book, the Board remains confident of the Group’s stable operational and financial performance for the financial year 2019.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

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

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend has been declared for the period under review.

³ IEA: More LNG Carrier Orders Needed to Keep Market Balance, <https://worldmaritimenews.com/archives/263109/iea-more-lng-carrier-orders-needed-to-keep-market-balance/>

⁴ <https://asia.nikkei.com/Business/Markets/Commodities/Ship-shortage-threatens-Asian-LNG-market-growth>

13. Interested Person Transactions

The following table sets out the current total of all transactions with the interested person for the first quarter ended 31 March 2019:

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)
Xu Wen Jiong		
West Gold International Pte Ltd	RMB 28,381,000 *	Nil [^]
Procurement of marine equipment		

*Aggregate value less than 3% of Group's NTA as at 31 March 2019, shareholder mandate not applicable.

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

14. Use of Proceeds Update

A total of S\$165.8 million of S\$208.8 million raised from the issuance of 137,000,000 ordinary shares on 31 August 2017 has been utilised as follows:

	Use of new placement proceed from the issuance of 137,000,000 ordinary shares	Planned use of Net Proceeds (S\$' million)	Net Proceeds utilised (S\$' million)	Balance of Net Proceeds (S\$' million)
a	Fund new investments and business expansion through acquisitions, joint ventures and/or strategic alliances	Up to 104.4	61.4	43.0
b	Working capital and general corporate purposes	104.4	104.4	-
	(a+b)	208.8	165.8	43.0
	Net proceeds received			208.8
	Remaining balance of proceeds			43.0

The above utilisations are in accordance with the intended use of proceeds of Placement as disclosed in the Announcement dated 31 August 2017. The Company will continue to make further announcement(s) via SGXNet when the remaining net proceeds are materially disbursed.

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

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

16. CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Ren Yuanlin and Xu Wen Jiong, being two of the Directors of Yangzijiang Shipbuilding (Holdings) Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company (the "Board") that, to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the period ended 31 March 2019 to be false or misleading, in all material respects.

On behalf of the Board of Directors

Ren Yuanlin
Executive Chairman

Xu Wen Jiong
Non-independent Non-executive Director