



**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 FINANCIAL YEAR ENDED 31 DECEMBER 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				The Group			
	4th Quarter				January - December			
	4Q 2019	% of	4Q 2018	+/(-)%	2019	% of	2018	+/(-)%
	RMB'000	Revenue	RMB'000	Variance	RMB'000	Revenue	RMB'000	Variance
Revenue	4,849,249	100%	4,944,844	-2%	23,597,175	100%	23,238,289	2%
Cost of sales	(3,945,500)	-81%	(4,256,118)	-7%	(19,268,621)	-82%	(19,126,513)	1%
Gross profit	903,749	19%	688,726	31%	4,328,554	18%	4,111,776	5%
Other income	189,053	4%	154,514	22%	441,788	2%	396,028	12%
Other gains, net	6,903	0.1%	276,089	-97%	125,948	0.5%	290,946	-57%
Expenses								
- Administrative								
-Impairment loss	(3,980)	-0.1%	210,726	n.m.	(183,465)	-1%	(211,805)	-13%
-Others	(159,374)	-3%	(193,884)	-18%	(456,363)	-2%	(457,141)	-0.2%
- Finance	(52,421)	-1%	(35,409)	48%	(187,094)	-1%	(133,782)	40%
Share of profit/(loss) of associated companies and joint ventures <sup>#</sup>	89,948	2%	(92,685)	n.m.	117,121	0.5%	(85,826)	n.m.
Profit before income tax	973,878	20%	1,008,077	-3%	4,186,489	18%	3,910,196	7%
Income tax expense	(214,302)	-4%	(273,150)	-22%	(890,176)	-4%	(830,099)	7%
<b>Net profit</b>	<b>759,576</b>	<b>16%</b>	<b>734,927</b>	<b>3%</b>	<b>3,296,313</b>	<b>14%</b>	<b>3,080,097</b>	<b>7%</b>
<b>Attributable to:</b>								
Equity holders of the Company	642,323	13%	912,080	-30%	3,105,069	13%	3,070,345	1%
Non-controlling interests	117,253	2%	(177,153)	n.m.	191,244	0.8%	9,752	1861%
	<b>759,576</b>		<b>734,927</b>	<b>3%</b>	<b>3,296,313</b>		<b>3,080,097</b>	<b>7%</b>

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

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

	The Group		+ / (-) %
	FY2019	FY2018	Variance
	RMB'000	(Restated) RMB'000	%
<b>After charging:</b>			
Depreciation and amortization	477,196	532,300	-10.4%
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	187,094	133,782	40%
Impairment loss of debt investment at amortised costs	128,118	323,367	-60%
Impairment loss/(reversal of impairment loss) of loans to non-related parties - microfinance	20,542	(91,912)	n.m.
Foreign exchange related losses/(gains), net	80,972	(357,400)	n.m.
Loss/(gain) from disposal of property, plant and equipment	4,958	(43,265)	n.m.
Fair value loss on derivative financial instruments	7,162	-	n.m.
Bad debt	34,804	232,748	-85%
Inventory write-down	54,005	211,080	-74%
<b>After crediting:</b>			
Fair value gain/(loss) on financial assets, at fair value through profit or loss	18,699	(87,409)	n.m.
Gain/(loss) on disposal of financial assets, at fair value through profit or loss	100	(16,543)	n.m.
Bad debt recovery	-	19,650	n.m.
Interest income	249,174	185,455	34%
Subsidy income	193,416	216,301	-11%
Dividend income	138,633	184,072	-25%
Reversal of allowance for losses recognised on onerous contracts, net of utilisation	511,470	119,038	330%

**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 Dec 2019 RMB'000	As at 31 Dec 2018 RMB'000 (Restated)	As at 31 Dec 2019 RMB'000	As at 31 Dec 2018 RMB'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10,183,019	6,594,143	14,790	488,556
Restricted cash	17,049	208,756	-	-
Derivative financial instruments	1,317	-	1,317	-
Financial assets, at fair value through profit or loss	823,783	804,384	-	-
Debt investments at amortised cost	10,527,661	11,216,892	-	-
Trade and other receivables	4,680,344	5,050,978	8,492,430	8,488,478
Inventories	1,597,950	2,605,707	-	-
Contract assets	3,420,943	4,669,468	-	-
	<b>31,252,066</b>	<b>31,150,328</b>	<b>8,508,537</b>	<b>8,977,034</b>
<b>Non-current assets</b>				
Debt investments at amortised cost	3,900,721	3,593,484	-	-
Trade and other receivable	1,061,537	1,405,103	2,742,736	2,834,232
Lease prepayments	973,518	970,610	-	-
Investment in subsidiaries	-	-	5,954,915	5,282,570
Investment in joint ventures	143,200	-	51,680	-
Investment in associated companies	1,389,518	1,454,006	134,062	134,062
Financial assets, at fair value through profit or loss	425,265	446,770	-	-
Property, plant and equipment	5,678,063	5,162,755	1,800	7
Provisional goodwill	258,979	-	-	-
Intangible assets	25,927	17,527	-	-
Deferred income tax assets	647,328	710,901	-	-
	<b>14,504,056</b>	<b>13,761,156</b>	<b>8,885,193</b>	<b>8,250,871</b>
<b>Total assets</b>	<b>45,756,122</b>	<b>44,911,484</b>	<b>17,393,730</b>	<b>17,227,905</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payable	3,514,329	4,195,401	4,941,689	4,313,370
Derivative financial instruments	8,479	-	8,479	-
Contract liabilities	1,626,157	2,923,707	-	-
Borrowings	2,782,310	1,149,001	505,222	483,098
Provisions	970,126	1,420,799	-	-
Current income tax liabilities	1,289,383	1,343,444	9,581	4,740
	<b>10,190,784</b>	<b>11,032,352</b>	<b>5,464,971</b>	<b>4,801,208</b>
<b>Non-current liabilities</b>				
Borrowings	2,250,622	2,894,980	1,138	-
Deferred income tax liabilities	1,260,191	1,165,753	-	-
	<b>3,510,813</b>	<b>4,060,733</b>	<b>1,138</b>	<b>-</b>
<b>Total liabilities</b>	<b>13,701,597</b>	<b>15,093,085</b>	<b>5,466,109</b>	<b>4,801,208</b>
<b>NET ASSETS</b>	<b>32,054,525</b>	<b>29,818,399</b>	<b>11,927,621</b>	<b>12,426,697</b>
<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)	(122,362)	(250,121)	(122,362)
Other reserves	1,347,796	938,173	(40,192)	(40,192)
Retained earnings	22,635,966	20,923,786	4,891,161	5,262,478
	<b>31,095,631</b>	<b>29,101,587</b>	<b>11,927,621</b>	<b>12,426,697</b>
<b>Non-controlling interests</b>	<b>958,894</b>	<b>716,812</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>32,054,525</b>	<b>29,818,399</b>	<b>11,927,621</b>	<b>12,426,697</b>

**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 31 December 2019</b>		<b>As at 31 December 2018</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
103,113	2,679,197	29,218	1,119,783

**Amount repayable after one year**

<b>As at 31 December 2019</b>		<b>As at 31 December 2018</b>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
532,882	1,717,740	256,730	2,638,250

**Details of any collateral**

The secured borrowings from the bank are secured by restricted cash or legal mortgages over the vessels and certain fixed assets 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.**

	<u>The Group</u>	
	<b>2019</b>	<b>2018</b>
	RMB '000	RMB '000
<b>Cash flows from operating activities</b>		(Restated)
Net profit	3,296,313	3,080,097
Adjustments for:		
- Income tax expenses	890,176	830,099
- Depreciation on property, plant and equipment	453,894	475,552
- Amortisation of lease prepayment	20,504	20,185
- Amortisation of intangible assets	2,798	36,563
- Finance expenses	187,094	133,782
- Gain on bargain purchase	-	(7,023)
- (Gain)/loss on disposal of financial assets, at fair value through profit and loss	(100)	16,543
- Loss/(gain) from disposal of property, plant and equipment	4,598	(43,265)
- Fair value change on derivative financial instruments	7,162	-
- Fair value change on financial assets, at fair value through profit and loss	(18,699)	87,409
- Bad debt recovery	-	(19,650)
- Interest income	(249,174)	(185,455)
- Dividend income	(138,633)	(184,072)
- Share of (profit)/loss of associated companies and joint ventures	(117,121)	85,826
	<b>4,338,812</b>	<b>4,326,591</b>
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	759,203	26,097
- Construction contract balances	(49,025)	1,734,159
- Trade and other receivables	791,825	22,643
- Trade and other payables	(639,538)	(1,047,920)
- Debt investments at amortised cost	381,994	(2,831,507)
- Provisions	(450,673)	(169,539)
- Restricted cash	191,707	(179,351)
Cash generated from operations	5,324,305	1,881,173
Interest paid	(183,319)	(122,605)
Interest received	249,174	185,455
Income tax paid	(781,499)	(636,889)
<b>Net cash provided by operating activities</b>	<b>4,608,661</b>	<b>1,307,134</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of property, plant and equipment	46,366	146,387
Proceeds from sales of financial assets, at fair value through profit and loss	101,305	1,234,114
Dividend received	138,633	184,072
Acquisition of financial assets, at fair value through profit and loss	(80,400)	(90,100)
Purchase of property, plant and equipment	(576,439)	(483,484)
Acquisition of subsidiaries, net of cash acquired	(312,971)	(169,432)
Disposal of subsidiaries, net of cash disposed	-	(386)
Acquisition of intangible assets	(3,866)	(9,528)
Acquisition/additions of investment in associated companies	(10,000)	(187,000)
Acquisition/additions of investment in joint ventures	(139,307)	-
Return of capital by associated companies	124,302	283,333
<b>Net cash (used in)/provided by investing activities</b>	<b>(712,377)</b>	<b>907,976</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(127,759)	(101,383)
Proceeds from borrowings	2,394,961	1,819,137
Repayments of borrowings	(1,584,325)	(2,600,881)
Capital injection by non-controlling interest	-	75,970
Acquisition of equity interest in existing subsidiaries from non-controlling interests	-	(139,299)
Dividends paid to equity holders	(986,593)	(857,090)
Dividend paid to non-controlling interests	(3,692)	(12,852)
<b>Net cash used in financing activities</b>	<b>(307,408)</b>	<b>(1,816,398)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,588,876</b>	<b>398,712</b>
Cash and cash equivalents at the beginning of financial period	6,594,143	6,195,431
<b>Cash and cash equivalents at the end of financial period</b>	<b>10,183,019</b>	<b>6,594,143</b>

Reconciliation of liabilities arising from financing activities

	1 January 2019 RMB'000	Acquisition of subsidiary RMB'000	Proceeds from borrowings RMB'000	Repayments of borrowings RMB'000	Interest payments RMB'000	Non-cash changes		31 December 2019 RMB'000
						Interest expense RMB'000	Foreign exchange movement RMB'000	
Borrowings	4,043,981	126,200	2,394,961	(1,584,325)	(183,319)	183,319	52,115	5,032,932

	1 January 2018 RMB'000	Proceeds from borrowings RMB'000	Repayments of borrowings RMB'000	Interest payments RMB'000	Non-cash changes		31 December 2018 RMB'000
					Interest expense RMB'000	Foreign exchange movement RMB'000	
Borrowings	4,890,746	1,819,137	(2,600,881)	(122,605)	122,605	(65,021)	4,043,981

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	
	4th Quarter		Full Year	
	4Q 2019	4Q 2018 (Restated)	2019	2018 (Restated)
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Net Profit</b>	759,576	524,548	3,296,313	3,080,097
<b>Other comprehensive income:</b>				
Share of other comprehensive income of associated companies and joint ventures				
- Currency translation gains	2,136	6,569	2,136	6,569
Currency translation difference arising from consolidation				
- (Losses)/Gains	(48,612)	(35,262)	2,260	13,420
Items that will not be reclassified subsequently to profit or loss:				
Currency translation difference arising from consolidation				
- Gains	-	3,692	-	3,692
<b>Total comprehensive income, net of tax</b>	<b>713,100</b>	<b>499,547</b>	<b>3,300,709</b>	<b>3,103,778</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	592,959	673,008	3,108,396	3,090,334
Non-controlling interests	120,141	(173,461)	192,313	13,444
	<b>713,100</b>	<b>499,547</b>	<b>3,300,709</b>	<b>3,103,778</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**

	<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
<b>Balance as restated at 31 December 2018</b>	7,361,990	(122,362)	938,173	20,923,786	29,101,587	716,812	29,818,399
Transfer <sup>(1)</sup>	-	-	406,296	(406,296)	-	-	-
Share buy back <sup>(2)</sup>	-	(127,759)	-	-	(127,759)	-	(127,759)
Dividend relating to 2018 paid <sup>(3)</sup>	-	-	-	(986,593)	(986,593)	(3,692)	(990,285)
Acquisition of subsidiaries <sup>(4)</sup>	-	-	-	-	-	53,461	53,461
Total comprehensive income for the year	-	-	3,327	3,105,069	3,108,396	192,313	3,300,709
<b>End of the financial year</b>	<b>7,361,990</b>	<b>(250,121)</b>	<b>1,347,796</b>	<b>22,635,966</b>	<b>31,095,631</b>	<b>958,894</b>	<b>32,054,525</b>
<b>Balance at 31 December 2017</b>							
<b>As previously reported</b>	7,361,990	(20,979)	568,680	17,975,023	25,884,714	631,983	26,516,697
Prior year adjustments <sup>(5)</sup>	-	-	-	765,685	765,685	16,156	781,841
Adoption of SFRS(I) 9	-	-	5,405	320,650	326,055	-	326,055
<b>Balance as restated at 1 January 2018</b>	7,361,990	(20,979)	574,085	19,061,358	26,976,454	648,139	27,624,593
Total comprehensive income for the year	-	-	19,989	3,614,044	3,634,033	13,444	3,647,477
Prior year adjustments <sup>(5)</sup>	-	-	-	(543,699)	(543,699)	-	(543,699)
Total comprehensive income for the year (Restated)	-	-	19,989	3,070,345	3,090,334	13,444	3,103,778
Transfer <sup>(1)</sup>	-	-	350,827	(350,827)	-	-	-
Share buy back	-	(101,383)	-	-	(101,383)	-	(101,383)
Dividend relating to 2017 paid	-	-	-	(857,090)	(857,090)	(12,852)	(869,942)
Acquisition of subsidiaries	-	-	-	-	-	124,682	124,682
Capital injection by non-controlling interest	-	-	-	-	-	75,970	75,970
Acquisition of equity interest from non-controlling interest	-	-	(6,728)	-	(6,728)	(132,571)	(139,299)
<b>End of the financial year</b>	<b>7,361,990</b>	<b>(122,362)</b>	<b>938,173</b>	<b>20,923,786</b>	<b>29,101,587</b>	<b>716,812</b>	<b>29,818,399</b>

## THE COMPANY

	Attributable to equity holders of the Company				
	Share capital RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>2019</b> Beginning of financial year	7,326,773	(122,362)	(40,192)	5,262,478	12,426,697
Share buy back <sup>(2)</sup>	-	(127,759)	-	-	(127,759)
Dividend relating to 2018 paid <sup>(3)</sup>	-	-	-	(986,593)	(986,593)
Total comprehensive income	-	-	-	615,276	615,276
End of financial year	<b>7,326,773</b>	<b>(250,121)</b>	<b>(40,192)</b>	<b>4,891,161</b>	<b>11,927,621</b>
<b>2018</b> Beginning of financial year	7,326,773	(20,979)	(40,192)	6,069,852	13,335,454
Share buy back	-	(101,383)	-	-	(101,383)
Dividend relating to 2017 paid	-	-	-	(857,090)	(857,090)
Total comprehensive income	-	-	-	49,716	49,716
End of financial year	<b>7,326,773</b>	<b>(122,362)</b>	<b>(40,192)</b>	<b>5,262,478</b>	<b>12,426,697</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) In 2019, the Company bought back 27,000,000 shares of the Company by way of market acquisition, which are held as treasury shares.
- (3) This represents the final dividend of 5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2018. The Company paid the dividend on 7 June 2019. The RMB3.69 million represents dividend paid to non-controlling shareholders of Yangzijiang Taihua Shipping Pte. Ltd., a 49.48% owned subsidiary of the Group and Jiangsu New Yangzi Gas Co., Ltd, a 75%-owned subsidiary of the Group.
- (4) In FY2019, the Group acquired 51% equity interest in Shanghai Econovo Marine Engineering Co., Ltd. and 100% equity interest in the capital of Odfjell Terminals China Holding Pte. Ltd., which is now renamed as Yangzijiang Terminals China Holding Pte. Ltd. and its 55%-owned subsidiary, Odfjell Terminal (Jiangyin) Company Ltd, which is now also renamed as Jiangsu Yangzi Jiasheng Terminal Co. Ltd.
- (5) Please refer to paragraph 5 on page 10 for detailed explanations of prior year adjustment.

**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 December 2019 and 31 December 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 December 2019	%	As at 31 December 2018	%
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 31 December 2019 and 31 December 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 December 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	(55,312)	(28,312)
Issued shares excluding treasury shares	<u>3,918,765</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.**

	Number of Shares ('000)	RMB '000
Total number of treasury shares		
Balance as at 1 January 2019	28,312	122,362
Repurchased during 2019	27,000	127,759
Treasury shares re-issued	-	-
Balance as at 31 December 2019	<u>55,312</u>	<u>250,121</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:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 3 and 11 Previously held interest in a joint operation
- Amendments to SFRS(I) 1-12 Income tax consequences of payments on financial instruments classified as equity
- Amendments to SFRS(I) 1-23 Borrowing costs eligible for capitalization

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 except for the following:

**Adoption of SFRS(I) 16**

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

	01.01.2019
Group Balance Sheets	RMB'000
Increase in property, plant and equipment (right-of-use assets)	2,556
Increase in borrowings (lease liabilities)	<u>2,556</u>

**Prior year adjustments**

**(a) Recognition of income from forfeiture**

In previous financial years, the Group encountered several instances of default in payments by customers in relation to certain shipbuilding contracts and finance lease agreements (collectively, the "Contracts"). As a result, the Group exercised its right to terminate the Contracts and forfeited all advances and security guarantees received from customers on the Contracts.

Pursuant to ACRA's final findings from the review of the financial statements for the year ended 31 December 2016 received on 10 December 2019, the Group revised its recognition of income from forfeiture of advances and security guarantees as follows:

The Group would de-recognise the liabilities for forfeited customer advances and forfeited security guarantees and

recognise forfeiture income in the period when the Group exercised its contractual right to terminate the Contracts due to customers' default in payment. At the same time, the Group would separately assess whether any provision for claims should be recognised depending on whether an outflow of resources is probable. The Group assessed the likelihood of customer succeeding in making claims by taking into consideration the specific facts and circumstances of each contract. This includes, but not limited to, historical experience in dealing with similar disputes, the success rate for their claims, and actual Contracts status (including delays and quality of work delivered by the Group).

Previously, the Group did not recognise forfeiture income upon termination of the Contracts on the basis that there was uncertainty whether the customers would succeed in claiming the advances and security guarantees paid to the Group on these Contracts. Therefore, the Group had established an internal policy to recognise the forfeiture income only when the Contracts were effectively terminated and the payments received from customer is non-refundable, taking into consideration that the probability of customers that would initiate for refund and succeed in claiming the payments would diminish through the passage of time.

The Group revised its forfeiture income policy retrospectively to present the Group's financial position and performance for the previous financial years and the effects are disclosed in Note (c) and as follows:

- Decrease in the Group's trade and other payables of RMB 317,523,000 as at 31 December 2018 (1 January 2018: decrease of RMB 761,950,000) arising from derecognition of advances and security guarantees for Contracts which terminated before the respective balance sheet date;
- Increase in the Group's deferred tax liabilities of RMB 79,381,000 as at 31 December 2018 (1 January 2018: increase of RMB 190,488,000) arising from associated tax impact from recognition of income from forfeiture; and
- Decrease in the Group's other income arising from forfeiture of advances and security guarantees recognised of RMB 444,427,000 and a decrease in income tax expense of RMB 111,107,000 for the financial year ended 31 December 2018 for Contracts which were terminated before 1 January 2018.

## **(b) Valuation of unlisted preference shares**

On 17 May 2016, the Group subscribed for unlisted preference shares which was classified as financial assets at fair value through profit or loss ("FVTPL").

Pursuant to ACRA's final findings from the review of the financial statements for the year ended 31 December 2016 received on 10 December 2019, the Group revised its valuation model of unlisted preference shares by utilising the Binomial-tree model, which takes into account some characteristics of the unlisted preference shares such as the possibility of the issuer exercising the redemption option and differences in terms and features of the unlisted preference shares as compared to other instruments issued by the issuer. The fair values are classified within Level 3 of the fair value hierarchy.

Previously, the Group determined the fair value of the preference shares using the Black Scholes model, which referred to the quoted prices of a similar financial instrument, which its fair values were classified within Level 2 of the fair value hierarchy.

The Group revised the valuation model retrospectively to present the Group's financial position and performance for the previous financial years and the effects are disclosed in Note (c) and as follows:

- Increase in fair value of financial assets at FVTPL of RMB 210,379,000 as of 1 January 2018; and
- Decrease in fair value gain and gain on disposal arising from financial assets at FVTPL of RMB 210,379,000 for the year ended 31 December 2018.

## **(c) Effect of prior year adjustments**

The consolidated statement of comprehensive income for the year ended 31 December 2018, balance sheet of the Group as at 31 December 2018 and 1 January 2018 have been adjusted to reflect the revision of forfeiture income policy of the Group and the change of valuation of unlisted preference shares.

The effects of the prior year adjustments on the consolidated statement of comprehensive income for the year ended 31 December 2018 are as follows:

	As previously stated RMB'000	Prior year adjustments RMB'000	As restated RMB'000
<u>The Group</u>			
Other gains – net	501,325	(210,379)	290,946
Other income	840,455	(444,427)	396,028
Income tax expense	(941,206)	111,107	(830,099)
Profit attributable to:			
Equity holders of the Company	3,614,044	(543,699)	3,070,345
Non-controlling interests	9,752	-	9,752
	<u>3,623,796</u>	<u>(543,699)</u>	<u>3,080,097</u>
Earnings per share attributable to equity holders of the Company (expressed in RMB cents per share)			
- Basic and diluted	<u>91.34</u>		<u>77.60</u>

The effects of the prior year adjustments on the balance sheet of the Group as at 31 December 2018 and 1 January 2018 are as follows:

	As previously stated RMB'000	Prior year adjustments RMB'000	Effect of adoption of SFRS(I) 9 RMB'000	As restated RMB'000
<i>As at 31 December 2018</i>				
<u>Liabilities</u>				
Trade and other payables	4,512,924	(317,523)	-	4,195,401
Deferred income tax liabilities	1,086,372	79,381	-	1,165,753
<u>Equity</u>				
Reserves attributable to equity holders of the Company	20,701,800	221,986	-	20,923,786
Non-controlling interests	700,656	16,156	-	716,812
<i>As at 1 January 2018</i>				
<u>Assets</u>				
Financial assets, at fair value through profit or loss	748,523	210,379	-	958,902
<u>Liabilities</u>				
Trade and other payables	5,769,547	(761,950)	-	5,007,597
Deferred income tax liabilities	921,549	190,488	-	1,112,037
<u>Equity</u>				
Reserves attributable to equity holders of the Company	17,975,023	765,685	320,650	19,061,358
Non-controlling interests	631,983	16,156	-	648,139

**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	
	FY 2019	FY 2018(Restated)
(a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS	78.88	77.60
Weighted average number of Ordinary shares	3,936,518,625	3,956,781,752
(b) On fully diluted basis (RMB cents)	78.88	77.60

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

Diluted earnings per share is equal to basic earnings per share as at the years ended 31 December 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	
	31/12/19	31/12/18 (Restated)	31/12/19	31/12/18
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	793.51	737.54	304.37	314.94

The Group's and the Company's net assets value per ordinary share as at 31 December 2019 and 31 December 2018 have been computed based on the share capital of 3,918,765,200 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	4Q2019		4Q2018	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	3,291,735	100%	3,147,014	100%
Cost	(2,884,618)	-88%	(2,852,187)	-91%
Margin	<b>407,117</b>	12%	<b>294,827</b>	9%
Trading				
Turnover	872,498	100%	1,067,542	100%
Cost	(860,808)	-99%	(1,040,430)	-97%
Margin	<b>11,690</b>	1%	<b>27,112</b>	3%
Others				
Turnover	260,691	100%	211,342	100%
Cost	(182,410)	-70%	(129,374)	-61%
Margin	<b>78,281</b>	30%	<b>81,968</b>	39%

Investment Segment	4Q2019		4Q2018	
	RMB'000	%	RMB'000	%
Interest Income	424,325	100%	518,946	100%
Sale taxes and levies	(17,664)	-4%	(23,046)	-4%
Net interest income	<b>406,661</b>	96%	<b>495,900</b>	96%

#### Revenue

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

13 vessels were delivered in 4Q2019, higher than the 11 vessels delivered in 4Q2018. In line with higher ship deliveries, the Group recorded a higher shipbuilding revenue of RMB3,292 million in 4Q2019 than RMB3,147 of 4Q2018. Meanwhile, due to lower volume of trading activities in this quarter, trading business contributed towards a lower revenue of RMB872 million in 4Q2019 as compared to RMB1,068 million of 4Q2018. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was higher at RMB261 million in 4Q2019 when compared to RMB211 million of 4Q2018, mainly due to an expanded fleet size and higher charter rates this quarter.

In line with the decreased size of financial investments compared to same quarter last year, our interest income derived from investment segment recorded at RMB424 million, lower than same quarter last year.

#### Operating cost

In 4Q2019, our cost of sales of RMB2,885 million was higher than RMB2,852 million recorded in 4Q2018. In 4Q2019, a net reversal of RMB85 million loss provision for onerous contracts were recorded as a result of progressive construction of some of the contracts and reassessment of foreseeable losses on onerous contracts as at the end of year.

In 4Q2019, total cost of RMB18 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 12% in 4Q2019, higher than that of 4Q2018, mainly due to a net reversal of RMB85 million loss provision for onerous contracts during the quarter as compared to a RMB100

million provision of allowance for losses on onerous contracts recognised in 4Q2018. Trading business contributed a gross profit of RMB12 million in 4Q2019 with the typical low gross profit margin of around 1.3%.

In line with the decreased size of investments, net interest income generated by investment segment decreased to RMB407 million in 4Q2019 from RMB496 million of the same quarter last year.

#### Other income

Due to higher dividend income than same quarter last year, other income increased from RMB155 million in 4Q2018 to RMB189 million in 4Q2019, mainly consists of a dividend income of RMB98 million from financial assets, at fair value through profit or loss, and interest income of RMB37.4 million from bank deposits and interest income for ship finance leases.

#### Other gains/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 derivative financial instruments and subsidy income etc. The Group recorded other gain of RMB7 million in 4Q2019 as compared to RMB276 million in 4Q2018, a lower other gain in this quarter was the result of lower foreign exchange related gains.

#### Expenses

In 4Q2019, total administrative expenses increased to RMB163 million from a negative expense figure of RMB17 million in 4Q2018.

The administrative expenses in 4Q2019 included an impairment of loss of RMB4 million, which include impairment loss on trade receivables from non-related parties of RMB35 million and impairment loss on loans to non-related parties of RMB7 million, net of a reversal of impairment loss on debt investment, at amortised cost of RMB38 million. The negative administrative expenses in 4Q2018 was mainly due to a reversal of impairment loss of RMB99 million on debt investment, at amortised costs and RMB91 million on loans to non-related parties - microfinance in 4Q2018. Other administrative expenses decreased to RMB159 million in 4Q2019 from RMB194 million in same quarter last year, the decrease was mainly due to higher amortisation of intangible assets in 4Q2018.

In 4Q2019, finance cost increased to RMB52 million as compared to RMB35 million in 4Q2018, mainly due to increased borrowings at group level during the quarter under review as compared to the previous corresponding period.

#### 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 RMB90 million mainly consists of the share of fair value gain of venture capital investments in 4Q2019.

#### Corporate Income Tax

Group's effective tax rate for 4Q2019 was 22.0%, lower than 27.1% of 4Q2018, lower tax rate than same quarter last year was due to higher share of profit recorded in 4Q2019 from associated companies which was net of tax.

## FY2019 vs. FY2018

Shipbuilding Related Segment	FY2019		FY2018	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	13,018,951	100%	14,023,336	100%
Cost	(11,073,106)	-85%	(11,552,136)	-82%
Margin	<b>1,945,845</b>	15%	<b>2,471,200</b>	18%
Trading				
Turnover	7,730,736	100%	7,021,366	100%
Cost	(7,581,078)	-98%	(6,919,360)	-99%
Margin	<b>149,658</b>	2%	<b>102,006</b>	1%
Others				
Turnover	748,525	100%	581,427	100%
Cost	(518,394)	-69%	(376,260)	-65%
Margin	<b>230,131</b>	31%	<b>205,167</b>	35%

Investment Segment	FY2019		FY2018	
	RMB'000	%	RMB'000	%
Interest Income	2,098,963	100%	1,612,160	100%
Sale taxes and levies	(96,043)	-5%	(67,677)	-4%
Net interest income	<b>2,002,920</b>	95%	<b>1,544,483</b>	96%

### Revenue

In 2019, 59 vessels were delivered according to schedule as compared to 46 vessels delivered in 2018. In spite of more vessels delivered this year, the Group recorded a lower shipbuilding revenue of RMB13,019 million in FY2019 mainly due to construction of less large size containerships during the period. Revenue contribution from trading business increased from last year as a result of higher volume of trading business in FY2019. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB749 million in FY2019, compared to RMB581 million in FY2018, mainly due to an expanded fleet size.

In line with increased size of investments in debt investment at amortised costs in 1H2019, our interest income derived from investment segment recorded at RMB2,099 million, higher than the RMB1,612 million recorded in last year.

### Operating cost

In line with lower shipbuilding revenue this year, cost of sales of shipbuilding business of RMB11,073 million was also lower than RMB11,552 million recorded in FY2018. In FY2019, a net reversal of RMB511 million loss provision for onerous contracts were recorded as a result of progressive construction of some of the contracts and reassessment of foreseeable losses on onerous contracts as at the end of FY2019. A total of RMB119 million of reversal of allowance for losses recognised on onerous contracts was recognised in FY2018.

In FY2019, total cost of RMB96 million was incurred for the Group's investment segment, which mainly consists of value added taxes and levies on interest income.

### Gross Profit

In FY2019, gross profit margin of the Group's shipbuilding business was 15%, lower than 18% attained in FY2018, due to increased labour and raw material costs.

Trading business contributed about 36% of total revenue from shipbuilding related segment in FY2019 with typically low gross profit margin of 1.9%.

A higher gross profit of RMB230 million was recorded in FY2019 for other shipbuilding related business compared to RMB205 million in FY2018. A lower gross profit margin of 31% was recorded in FY2019, which was lower than 35% of FY2018, was mainly due to higher maintenance costs of the fleet as a result of the Ballast Water Management Convention which came into force in 2017, and gradually began to apply to our fleet from 2019.

In line with higher interest income from investment segment, net interest income contributed by this segment in FY2019 was also higher than last financial year.



### Other income

Other income, which generally includes interest income from bank deposits, interest income for ship finance leases and dividend income, increased from RMB396 million in FY2018 to RMB442 million in FY2019. This increase was mainly due to higher interest income of RMB249 million as compared to RMB185 million in FY2018.

### Other gains/losses - net

Other gains/losses mainly comprise foreign exchange related gains/losses, fair value change on financial assets, at fair value through profit or loss and subsidy income etc. Other gains of RMB126 million in FY2019 was significantly lower than RMB291 million of FY2018, the decrease was mainly due to there was RMB81 million foreign exchange related losses recorded in FY2019, while FY2018 recorded a RMB425 million of foreign exchange related gains.

### Expenses

In FY2019, total administrative expenses decreased to RMB640 million from RMB669 million in FY2018. These expenses had included a net impairment loss on financial assets of RMB183 million, mainly made on our debt investment at amortised costs.

In FY2019, finance cost increased to RMB187 million from RMB134 million in FY2018, mainly due to total borrowings increased as compared to the previous corresponding period.

### 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 RMB117 million mainly consists of the share of fair value gain of venture capital investments in FY2019 and share of profits of around RMB3.9 million from Yangzi-Mitsui Shipbuilding Co., Ltd. (YAMIC), the Group's joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd, which started operation in August 2019.

### Corporate Income Tax

The taxation charge of RMB890 million was arrived after accounting for an average of 6% withholding tax on Chinese subsidiaries' distributable profits and an average corporate tax rate of 15% in year 2019. Group's effective tax rate for FY2019 was 21%, same as FY2018.

## **Statements of Financial Position Review**

### Assets

As at 31 December 2019, cash and cash equivalents increased to RMB10,183 million from RMB6,594 million as at the end of FY2018, mainly due to the net cash provided by operating activities in FY2019. Restricted cash, which was held in designated bank accounts as deposits of performance guarantees and letter of credits, decreased from RMB209 million at the end of FY2018 to RMB17 million in FY2019, being net release of guarantees and letter of credits during the year.

As at 31 December 2019, investment in financial assets, at fair value through profit or loss had decreased slightly to RMB1,249 million from RMB1,251 million recorded at the end of last year, the movement was mainly a result of disposal during the year of RMB101 million, which is largely offset by the additional investment of RMB80.4 million in financial assets, at fair value through profit or loss during the year and fair value movement of RMB19 million during the year.

As at the end of FY2019, current trade and other receivables decreased to RMB4,680 million from RMB5,051 million at the end of FY2018, mainly due to the decrease of the value added tax ("VAT") receivable after Chinese tax reform to adjust the value added tax rate from 16% to 13% with effect from 1 April 2019.

As at 31 December 2019, debt investment at amortised costs had decreased slightly to RMB14.43 billion from RMB14.81 billion at the end of FY2018. The impairment provision for debt investment at amortised costs decreased from RMB1,546 million at the end of last year to RMB1,466 million as at the end of FY2019, the movement being utilisation and net release of impairment provision in this year.

Inventory reduced to RMB1,598 million from RMB2,606 million at the end of FY2018, as there was 3 units of 82,000DWT bulk carriers delivered to our shipping group during FY2019, which was then reclassified from inventory to property, plant and equipment, and the decrease of RMB516 million of trading goods inventory during the year.

With progressive delivery of shipbuilding contracts, contract assets at the end of FY2019 had decreased to RMB3,421 million from RMB4,669 million as at the end of last year.

Investment in joint ventures represents the investment in United Wave Shipping S.A. ("UWS") of RMB52 million, a joint

venture with Mitsui & Co., Ltd, and the investment of RMB91 million in Yangzi-Mitsui Shipbuilding Co., Ltd. (YAMIC), Group's joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd, which was incorporated and started operation in 3Q2019.

Property, plant and equipment as at 31 December 2019 increased by RMB515 million to RM5,678 million from RMB5,163 million as at the end of FY2018, the increase was mainly due to the consolidation of Odfjell Terminal (Jiangyin) Company Ltd., the self-built floating dock for ship launching at our Taicang Yard and three units of 82,000DWT bulk carrier built and delivered to our shipping group in FY2019.

As at the end of FY2019, non-current trade and other receivables decreased to RMB1,062 million from RMB1,405 million at the end of FY2018, the decrease was mainly due to due to early termination of finance lease agreements and return of the vessels back to the group during the year.

The decrease of investment in associated companies from RMB1,454 million as at the end of last year to RMB1,390 million, the movement being return of capital of RMB124 million, disposal of investment of RMB65.6 million during the year, which was largely offset by the share of profit of RMB113 million and additional investment of RMB10 million during the period.

Goodwill of RMB259 million mainly represents the excess of the consideration paid for the acquisition of 100% equity shares in Odfjell Terminals China Holding Pte. Ltd., which is now renamed as Yangzijiang Terminals China Holding Pte. Ltd. and its 55%-owned subsidiary, Odfjell Terminal (Jiangyin) Company Ltd. over the fair value of the identifiable net assets acquired at the acquisition date.

As at the end of FY2019, intangible assets of RMB26 million, increased from RMB18 million as at the end of last year, the increase was mainly due to the new acquisition of intangible assets and acquisition of subsidiaries during the year.

#### Liabilities

Provisions include warranty provisions for delivered vessels and provisions for onerous contracts. Warranty provisions for completed and delivered vessels decreased by RMB60 million to RMB382 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. Provisions for onerous contract stood at RMB588 million as at the end of FY2019, there was a net utilisation of RMB511 million of allowance for losses recognised on onerous contracts in FY2019.

Borrowings represented the Group's secured and unsecured borrowings of RMB5,033 million, this represents an increase of RMB989 million from RMB4,044 million as of the end of last year, which was the result of the Group's effort to optimize our financing structure.

With more contracts started construction, contract liabilities as at the end of FY2019 had decreased to RMB1,626 million from RMB2,924 million at the end of last year.

Current trade and other payable decreased from RMB4,195 million as at the end of FY2018 to RMB3,514 million this year, the decrease was mainly related to the decrease in trade payable as a result of net settlement of trade payable to suppliers.

#### Equity

The change of "Total equity attributable to equity holders" to RMB31,096 million as at 31 December 2019 from RMB29,102 million as at 31 December 2018 was mainly a result of profits earned during the reporting period, which was partly offset by a dividend payment for FY2018 and share purchase during the reporting period.

#### **Statements of cash flows review**

The increase of cash and cash equivalents from RMB6,594 million to RMB10,183 million was mainly attributable to net cash provided by operating activities of RMB4,609 million during the financial year.

Decrease in net working capital requirements (including restricted cash) of RMB270 million was primarily attributable to the decrease of inventory and trade and other receivable of RMB759 million and RMB792 million respectively, which was largely offset by the decrease of trade and other payable and provision of RMB640 million and RMB451 million respectively.

The net cash used in investing activities of RMB712 million mainly consists of purchase of property, plant and equipment of RMB576 million and acquisition of subsidiaries of RMB313 million.

Net cash used in financing activities of RMB307 million during FY2019 was mainly related to FY2018 dividend payment to equity holders of RMB987 million and net proceeds of borrowings of RMB811 million. Overall liquidity remains at a healthy level as evidenced by the current ratio of 3.07 as of 31 December 2019.

**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 shipbuilding market remained challenging in 2019. With the weak economic outlook, the trade tension and the IMO rule on sulphur emission, most of the shipowners cut or postponed their investment in new vessels. Global new shipbuilding orders declined by 31% in DWT terms in 2019 compared to 2018, while global shipbuilding delivery increased by 22%. As a result, global outstanding order book continued to decline and at the beginning of 2020, reached the lowest level since 2004.

In 2019, the Group secured new orders for 21 vessels with total contract value of USD 0.8 billion. These new orders include 7 units of 82,000DWT bulk carrier, 4 units of 31,800DWT Great Lakes bulk carriers and 4 units of 325,000DWT bulk carriers, 1 unit of 29,800DWT self-loading vessel, 2 units of 83,500DWT combination carrier, 1 unit of 157,000DWT oil tanker and 2 units of 13,000DWT dual fuel chemical tankers. As at 31 December 2019, the Group had an outstanding order book of USD 2.9 billion for 75 vessels. 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 1.5 years.

YTD2020, the Group has further secured shipbuilding contracts for 2 units of 40,000DWT bulk carriers and 2 units of 82,000DWT bulk carriers with an aggregate contract value of USD104 million.

Since Yangzi-Mitsui Shipbuilding Co., Ltd. (YAMIC) commenced operations in 2019, it has made good progress on ramping up the construction of certain bulk carriers and building up the equipment and capabilities for LNG-Carriers related business. The Group remains positive on the long-term growth potential of high-tech, clean-energy vessels.

In 2020, competition in the shipbuilding market will remain intense as the industry continues to consolidate among heavyweight shipbuilders. On the demand side, the coronavirus situation in China and many other countries has caused substantial disruption in several industries and weighed on consumer confidence and economic outlook. The impact on global trade, while difficult to estimate for now, could be significant in the worst-case scenario, causing great uncertainties in shipping and shipbuilding demand. The dynamics in the relative cost of different fuels and the execution of the trade agreements will also impact on the shipbuilding market.

The Group has put in place stringent measures and procedures to prevent the coronavirus from affecting the yard and the production. It will also optimize production resources, as situation allows, to minimize any disruption on its delivery schedule. Over the past few years, as operations became increasingly efficient, the Group has become more resilient and ready in dealing with unforeseen situations. The Board remains confident of the Group's resilience and resources in weathering through the current situation, and remains confident of the Group's ability to continue to deliver high-quality vessels to customers and create value for shareholders.

**11. Dividend**

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

Name of Dividend	Ordinary Share Final Dividend (Proposed)
Dividend Type	Cash
Dividend Rate	4.5 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	to be announced in due course
Payment Date	to be announced in due course

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

Name of Dividend	Ordinary Share Final Dividend
Dividend Type	Cash
Dividend Rate	5 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	23/05/2019
Payment Date	07/06/2019

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

Tax exempt (One-tier).

**(d) Date payable**

The payment of the recommended final tax exempt (one-tier) dividend of SGD4.5 cents per share will be subjected to shareholders' approval to be obtained at the coming Annual General Meeting. The payment date will be announced in due course.

**(e) Books closure date**

To be announced in due course.

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

Not applicable.

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**(a) Segment information**

**The segment information for the reportable segments is as follows:**

<b>For the financial year ended 31 December 2019</b>	<b>Shipbuilding</b>	<b>Investments</b>	<b>Trading</b>	<b>Others</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	13,018,951	2,098,963	8,604,227	748,525	24,470,666
Inter-segment revenue	-	-	(873,491)	-	(873,491)
Revenue from third parties	13,018,951	2,098,963	7,730,736	748,525	23,597,175
<b>Segment result</b>	<b>2,009,917</b>	<b>2,128,974</b>	<b>78,546</b>	<b>266,719</b>	<b>4,484,155</b>
<b>Segment assets</b>	<b>21,987,664</b>	<b>18,219,760</b>	<b>676,029</b>	<b>4,225,342</b>	<b>45,108,795</b>
<b>Segment liabilities</b>	<b>7,491,803</b>	<b>13,697</b>	<b>1,557,924</b>	<b>2,088,599</b>	<b>11,152,023</b>

<b>For the financial year ended 31 December 2018 (Restated)</b>	Shipbuilding	Investments	Trading	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	14,023,336	1,612,160	7,903,176	581,427	24,120,099
Inter-segment revenue	-	-	(881,810)	-	(881,810)
Revenue from third parties	14,023,336	1,612,160	7,021,366	581,427	23,238,289
<b>Segment result</b>	<b>2,059,061</b>	<b>1,603,526</b>	<b>47,067</b>	<b>262,131</b>	<b>3,971,785</b>
<b>Segment assets</b>	<b>20,109,805</b>	<b>18,010,604</b>	<b>1,935,529</b>	<b>4,144,645</b>	<b>44,200,583</b>
<b>Segment liabilities</b>	<b>8,816,246</b>	<b>8,483</b>	<b>1,842,819</b>	<b>1,916,340</b>	<b>12,583,888</b>

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

	2019	2018 (Restated)
	RMB'000	RMB'000
Segment results for reportable segments	4,217,435	3,709,654
Other segment results	266,719	262,131
Other income	230,149	142,100
Other gains - net	101,100	374,002
Administrative expenses	(603,621)	(556,528)
Finance expense, net	(25,293)	(21,163)
Profit before tax	4,186,489	3,910,196

**Reportable segment's assets and liabilities are reconciled to total assets and liabilities as follows:**

	2019	2018
	RMB'000	RMB'000
Segment assets for reportable segments	40,883,452	40,055,938
Others	4,225,342	4,144,645
Unallocated:		
Deferred income tax assets	647,328	710,901
	45,756,122	44,911,484

	2019	2018 (Restated)
	RMB'000	RMB'000
Segment liabilities for reportable segments	9,063,424	10,667,548
Others	2,088,599	1,916,340
Unallocated:		
Income tax liabilities	1,289,383	1,343,444
Deferred income tax liabilities	1,260,191	1,165,753
	13,701,597	15,093,085

**(b) Segment information**

The Group's sales, based on the customers' location, are mainly in countries such as Germany, Canada, China, USA and other European countries.

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
PRC & Taiwan	13,340,227	14,128,345
Germany	523,960	94,079
Greece	2,242,247	2,326,538
Other European countries	4,757,562	2,330,443
Other Asian countries	1,232,848	3,581,192
Canada and USA	68,396	101,434
Norway	895,860	594,798
Korea	404,811	-
Others	131,264	81,460
	<u>23,597,175</u>	<u>23,238,289</u>

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

See Paragraph 8 above.

**15. A breakdown of sales**

	2019	2018	Change
	RMB'000	RMB'000	%
(a) Sales reported for first half year	13,324,050	12,926,760	3%
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	1,816,857	1,767,131	3%
(c) Sales reported for second half year	10,273,125	10,311,529	0%
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	1,479,456	1,312,966	13%

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

	Latest Full Year	Previous Full Year
	SGD'000	SGD'000
Ordinary	176,344	197,288
Total	176,344	197,288

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD4.5 cents per ordinary share amounting to a total of SGD176,344,434 based on current 3,918,765,200 net issued shares as of 31 December 2019 for the shareholders' approval at the forthcoming Annual General Meeting.

**17. Interested Person Transactions**

The following table sets out the current total of all transactions with the interested person for the year ended 31 December 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)
<b>Xu Wen Jiong</b> West Gold International Pte Ltd Procurement of marine equipment	RMB 100,264,000 *	Nil <sup>^</sup>

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

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

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ren Letian	38	Mr. Ren Letian is the son of Mr. Ren Yuanlin, the Executive Chairman and Director of the Company. Mr. Ren Yuanlin is also a substantial shareholder of the Company.	CEO of the Company & General Manager of the Group, alternate director to Mr Ren Yuanlin, in charge of the daily operations of the Group,	He was appointed as alternate director to Mr Ren Yuanlin on 12 <sup>th</sup> March 2019.

**19. 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  
Alternate Director to Mr Ren Yuanlin