



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 2020

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

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

	The Group				The Group			
	4th Quarter		4th Quarter		January - December		January - December	
	4Q 2020	% of	4Q 2019	+ / (-)%	2020	% of	2019	+ / (-)%
	RMB'000	Revenue	RMB'000	Variance	RMB'000	Revenue	RMB'000	Variance
Revenue	2,992,619	100%	4,849,249	-38%	14,841,266	100%	23,597,175	-37%
Cost of sales	(2,018,803)	-67%	(3,945,500)	-49%	(10,619,119)	-72%	(19,268,621)	-45%
Gross profit	973,816	33%	903,749	8%	4,222,147	28%	4,328,554	-2%
Other income	211,421	7%	189,053	12%	478,850	3%	441,788	8%
Other gains/(losses), net	(45,860)	-2%	6,903	n.m.	(208,430)	-1%	125,948	n.m.
Expenses								
- Administrative								
- Impairment loss on financial assets - net	(97,114)	-3.2%	(3,980)	2340%	(598,745)	-4%	(183,465)	226%
- Others	(392,366)	-13%	(159,374)	146%	(739,794)	-5%	(456,363)	62%
- Finance	(8,012)	-0.3%	(52,421)	-85%	(75,264)	-1%	(187,094)	-60%
Share of profit of associated companies and joint ventures [#]	137,583	5%	89,948	53%	211,255	1.4%	117,121	80%
Profit before income tax	779,468	26%	973,878	-20%	3,290,019	22%	4,186,489	-21%
Income tax expense	18,797	1%	(214,302)	n.m.	(671,966)	-5%	(890,176)	-25%
Net profit	798,265	27%	759,576	5%	2,618,053	18%	3,296,313	-21%
Attributable to:								
Equity holders of the Company	753,462	25%	642,323	17%	2,516,404	17%	3,105,069	-19%
Non-controlling interests	44,803	1%	117,253	-62%	101,649	1%	191,244	-47%
	798,265		759,576	5%	2,618,053		3,296,313	-21%

[#] Share of profit 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		+ / (-) %
	FY2020 RMB'000	FY2019 RMB'000	Variance %
After charging:			
Depreciation and amortization	516,136	495,434	4.2%
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	75,264	187,094	-60%
Impairment loss on debt investment at amortised costs	539,549	128,118	321%
Impairment loss on property, plant and equipment	149,746	-	n.m.
Impairment loss on loans to non-related parties - microfinance	12,028	20,542	-41%
Loss/(gain) on disposal of financial assets, at fair value through profit or loss	16,566	(100)	n.m.
Foreign exchange related losses, net	750,001	80,972	826%
Loss from disposal of property, plant and equipment	6,092	4,958	23%
Impairment loss on advance to suppliers	52,350	-	n.m.
Bad debt written off - net of recovery	47,168	34,805	36%
Inventory write-down, net of reversal	31,860	54,005	-41%
Provision for customer claim	82,000	-	n.m.
After crediting:			
Fair value gain on financial assets, at fair value through profit or loss	342,727	18,699	1733%
Fair value gain/(loss) on derivative financial instruments	107,251	(7,162)	n.m.
Interest income	264,767	249,174	6%
Subsidy income	111,294	193,416	-42%
Income from forfeiture of advances received	89,947	-	n.m.
Dividend income	70,461	138,633	-49%
Reversal of allowance for losses recognised on onerous contracts, net of utilisation	113,715	511,470	-78%

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 2020 RMB'000	As at 31 Dec 2019 RMB'000	As at 31 Dec 2020 RMB'000	As at 31 Dec 2019 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	6,633,416	10,183,019	15,311	14,790
Restricted cash	15,624	17,049	-	-
Financial assets, at fair value through profit or loss	1,722,118	823,783	-	-
Debt investments at amortised cost	13,555,320	10,527,661	-	-
Trade and other receivables	3,633,463	4,680,344	7,162,954	8,492,430
Inventories	1,677,846	1,597,950	-	-
Contract assets	3,126,632	3,420,943	-	-
Derivative financial instruments	89,589	1,317	55,277	1,317
	30,454,008	31,252,066	7,233,542	8,508,537
Non-current assets				
Financial assets, at fair value through profit or loss	916,921	425,265	-	-
Debt investments at amortised cost	3,402,369	3,900,721	-	-
Trade and other receivables	1,294,310	1,061,537	2,531,216	2,742,736
Derivative financial instruments	10,500	-	-	-
Lease prepayments	952,487	973,518	-	-
Investment in subsidiaries	-	-	5,954,915	5,954,915
Investment in joint ventures	362,332	143,200	221,300	51,680
Investment in associated companies	1,181,393	1,389,518	134,062	134,062
Investment properties	119,741	-	-	-
Property, plant and equipment	5,226,004	5,678,063	1,052	1,800
Intangible assets	22,154	25,927	-	-
Goodwill	258,979	258,979	-	-
Deferred income tax assets	709,463	647,328	-	-
	14,456,653	14,504,056	8,842,545	8,885,193
Total assets	44,910,661	45,756,122	16,076,087	17,393,730
LIABILITIES				
Current liabilities				
Trade and other payables	2,698,570	3,514,329	3,401,683	4,941,689
Contract liabilities	1,232,479	1,626,157	-	-
Derivative financial instruments	-	8,479	-	8,479
Borrowings	2,120,550	2,782,310	870,165	505,222
Provisions	938,254	970,126	-	-
Current income tax liabilities	972,982	1,289,383	4,549	9,581
	7,962,835	10,190,784	4,276,397	5,464,971
Non-current liabilities				
Borrowings	2,123,503	2,250,622	325	1,138
Deferred income tax liabilities	1,447,808	1,260,191	-	-
	3,571,311	3,510,813	325	1,138
Total liabilities	11,534,146	13,701,597	4,276,722	5,466,109
NET ASSETS	33,376,515	32,054,525	11,799,365	11,927,621
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	(560,443)	(250,121)	(560,443)	(250,121)
Other reserves	1,494,732	1,347,796	(40,192)	(40,192)
Retained earnings	24,046,076	22,635,966	5,073,227	4,891,161
	32,342,355	31,095,631	11,799,365	11,927,621
Non-controlling interests	1,034,160	958,894	-	-
Total equity	33,376,515	32,054,525	11,799,365	11,927,621

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 December 2020		As at 31 December 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
98,185	2,022,365	103,113	2,679,197

Amount repayable after one year

As at 31 December 2020		As at 31 December 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
566,318	1,557,185	532,882	1,717,740

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>	
	2020	2019
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	2,618,053	3,296,313
Adjustments for:		
- Income tax expense	671,966	890,176
- Depreciation on property, plant and equipment	483,168	472,132
- Depreciation on investment properties	2,038	-
- Amortisation of lease prepayment	21,031	20,504
- Amortisation of intangible assets	9,899	2,798
- Impairment loss on property, plant and equipment	149,746	-
- Finance expenses	75,264	187,094
- Loss/(gain) on disposal of property, plant and equipment	6,092	4,598
- Loss/(gain) on disposal of financial assets, at fair value through profit and loss	16,566	(100)
- Fair value change on derivative financial instruments	(107,251)	7,162
- Fair value change on financial assets, at fair value through profit and loss	(342,727)	(18,699)
- Interest income	(264,767)	(249,174)
- Dividend income	(70,461)	(138,633)
- Share of profit of associated companies and joint ventures	(211,255)	(117,121)
	3,057,362	4,357,050
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	(141,716)	759,203
- Construction contract balances	(99,367)	(49,025)
- Trade and other receivables	767,970	791,825
- Trade and other payables	(856,914)	(657,761)
- Debt investments at amortised cost	(2,601,617)	381,994
- Provisions	(31,872)	(450,673)
- Restricted cash	1,425	191,707
Cash generated from operations	95,271	5,324,320
Interest paid	(108,695)	(183,319)
Interest received	264,767	249,174
Income tax paid	(862,885)	(781,499)
Net cash (used in)/provided by operating activities	(611,542)	4,608,676
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	69,206	1,349
Proceeds from sale of financial assets, at fair value through profit and loss	213,341	101,305
Proceeds from disposal of associated company	200,000	-
Dividend received	70,461	138,633
Purchase of property, plant and equipment	(288,097)	(528,881)
Additions to investment properties	(3,331)	-
Acquisition of financial assets, at fair value through profit and loss	(1,277,171)	(80,400)
Acquisition of intangible assets	(6,126)	(3,866)
Acquisition of subsidiaries, net of cash acquired	-	(312,971)
Additions to investments in associated companies	(20,000)	(10,000)
Additions of investment in joint ventures	(169,620)	(139,307)
Return of capital by associated companies	174,511	124,302
Return of capital by a joint venture	1,798	-
Net cash used in investing activities	(1,035,028)	(709,836)
Cash flows from financing activities		
Proceeds from borrowings	2,175,833	2,392,405
Repayments of borrowings	(2,872,178)	(1,583,605)
Principal payment of lease liabilities	(744)	(720)
Purchase of treasury shares	(310,322)	(127,759)
Dividends paid to equity holders	(884,844)	(986,593)
Dividend paid to non-controlling interests	(10,778)	(3,692)
Net cash used in financing activities	(1,903,033)	(309,964)
Net (decrease)/increase in cash and cash equivalents	(3,549,603)	3,588,876
Cash and cash equivalents at the beginning of financial year	10,183,019	6,594,143
Cash and cash equivalents at the end of financial year	6,633,416	10,183,019

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		January - December	
	4Q 2020	4Q 2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Net Profit	798,265	759,576	2,618,053	3,296,313
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss:				
Share of other comprehensive income of associated companies and joint ventures	(13,559)	2,136	(13,559)	2,136
- Currency translation (losses)/gains				
Currency translation (losses)/gains arising from consolidation	(25,770)	(48,612)	(62,755)	1,191
Items that will not be reclassified subsequently to profit or loss:				
Currency translation (losses)/gains arising from consolidation	(2,667)	-	(4,355)	1,069
Total comprehensive income, net of tax	756,269	713,100	2,537,384	3,300,709
Total comprehensive income attributable to:				
Equity holders of the Company	714,133	592,959	2,440,090	3,108,396
Non-controlling interests	42,136	120,141	97,294	192,313
	756,269	713,100	2,537,384	3,300,709

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

THE GROUP

Attributable to equity holders of the Group

	Share	Treasury	Other	Retained	Total	Non-controlling	Total
	capital	shares	reserves	earnings		interests	equity
	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Balance as at 31 December 2019	7,361,990	(250,121)	1,347,796	22,635,966	31,095,631	958,894	32,054,525
Transfer ⁽¹⁾	-	-	221,450	(221,450)	-	-	-
Purchase of treasury shares ⁽²⁾	-	(310,322)	-	-	(310,322)	-	(310,322)
Dividend relating to 2019 paid ⁽³⁾	-	-	-	(884,844)	(884,844)	(10,778)	(895,622)
Dissolution of subsidiaries ⁽⁴⁾	-	-	1,800	-	1,800	(11,250)	(9,450)
Total comprehensive (loss)/income for the year	-	-	(76,314)	2,516,404	2,440,090	97,294	2,537,384
Balance as at 31 December 2020	7,361,990	(560,443)	1,494,732	24,046,076	32,342,355	1,034,160	33,376,515
Balance as at 1 January 2019	7,361,990	(122,362)	938,173	20,923,786	29,101,587	716,812	29,818,399
Transfer ⁽¹⁾	-	-	406,296	(406,296)	-	-	-
Purchase of treasury shares	-	(127,759)	-	-	(127,759)	-	(127,759)
Dividend relating to 2018 paid	-	-	-	(986,593)	(986,593)	(3,692)	(990,285)
Acquisition of subsidiaries	-	-	-	-	-	53,461	53,461
Total comprehensive income for the year	-	-	3,327	3,105,069	3,108,396	192,313	3,300,709
Balance as at 31 December 2019	7,361,990	(250,121)	1,347,796	22,635,966	31,095,631	958,894	32,054,525

THE COMPANY

	Attributable to equity holders of the Company				
	Share	Treasury	Other	Retained	Total
	capital	shares	reserves	earnings	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 31 December 2019	7,326,773	(250,121)	(40,192)	4,891,161	11,927,621
Purchase of treasury shares ⁽²⁾	-	(310,322)	-	-	(310,322)
Dividend relating to 2019 paid ⁽²⁾	-	-	-	(884,844)	(884,844)
Total comprehensive income	-	-	-	1,066,910	1,066,910
Balance as at 31 December 2020	7,326,773	(560,443)	(40,192)	5,073,227	11,799,365
Balance as at 1 January 2019	7,326,773	(122,362)	(40,192)	5,262,478	12,426,697
Purchase of treasury shares	-	(127,759)	-	-	(127,759)
Dividend relating to 2018 paid	-	-	-	(986,593)	(986,593)
Total comprehensive income	-	-	-	615,276	615,276
Balance as at 31 December 2019	7,326,773	(250,121)	(40,192)	4,891,161	11,927,621

- (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 2020, the Company bought back 66,249,200 shares of the Company by way of market acquisition, which are held as treasury shares.
- (3) The RMB884.8 million represents the final dividend of 4.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2019. The Company paid the dividend on 28 May 2020. The RMB10.8 million represents dividend paid to non-controlling shareholders of Yangzijiang Taihua Shipping Pte. Ltd., and Yangzijiang Express Shipping Pte. Ltd., both 49.48%-owned subsidiaries of the Group and Jiangsu New Yangzi Gas Co., Ltd, a 75%-owned subsidiary.
- (4) The Group had dissolved Jiangsu New Yangzi Gas Co., Ltd. and its 100%-held subsidiary Jiangsu Xinfu Gas Co., Ltd. in 2020. The RMB 11.25 million represent the share capital returned to the non-controlling shareholder after the dissolution.

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 2020 and 31 December 2019.

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

	Number of Shares ('000)			
	As at 31 December 2020	%	As at 31 December 2019	%
Shares held as treasury shares	121,561	3.06%	55,312	1.39%
Issued shares excluding treasury shares	3,852,516	96.94%	3,918,765	98.61%
Total number of shares	3,974,077	100%	3,974,077	100%

The Company did not have subsidiary holdings as at 31 December 2020 and 31 December 2019.

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

	Number of Shares ('000)	
	As at 31 December 2020	As at 31 December 2019
Issued shares at the end of periods	3,974,077	3,974,077
Treasury shares at the end of periods	(121,561)	(55,312)
Issued shares excluding treasury shares	<u>3,852,516</u>	<u>3,918,765</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 2020	55,312	250,121
Repurchased during 2020	66,249	310,322
Treasury shares re-issued	-	-
Balance as at 31 December 2020	<u>121,561</u>	<u>560,443</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 modifications 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 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

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

- Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)*
- Amendments to Conceptual Framework for Financial Reporting

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

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

Earnings per share	The Group	
	FY 2020	FY 2019
(a) Based on weighted average number of ordinary shares in issue (RMB cents) – Basic EPS	64.39	78.88
Weighted average number of Ordinary shares	3,908,017,627	3,936,518,625
(b) On fully diluted basis (RMB cents)	64.39	78.88

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 2020 and 2019 as the Company has no potential dilutive ordinary shares.

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

	The Group		The Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	839.51	793.51	306.28	304.37

The Group's and the Company's net assets value per ordinary share as at 31 December 2020 and 31 December 2019 have been computed based on the share capital of 3,852,516,000 and 3,918,765,200 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

4Q2020 vs. 4Q2019

Shipbuilding Related Segment	4Q2020		4Q2019	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	2,123,148	100%	3,291,735	100%
Cost	(1,616,741)	-76%	(2,884,618)	-88%
Margin	506,407	24%	407,117	12%
Trading				
Turnover	235,928	100%	872,498	100%
Cost	(233,290)	-99%	(860,808)	-99%
Margin	2,638	1%	11,690	1%
Others				
Turnover	200,631	100%	260,691	100%
Cost	(144,288)	-72%	(182,410)	-70%
Margin	56,343	28%	78,281	30%

Investment Segment	4Q2020		4Q2019	
	RMB'000	%	RMB'000	%
Interest Income	432,912	100%	424,325	100%
Sale taxes and levies	(24,484)	-6%	(17,664)	-4%
Net interest income	408,428	94%	406,661	96%

Revenue

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

8 vessels were delivered in 4Q2020, lower than the 13 vessels delivered in 4Q2019. In line with lesser ship deliveries, the Group recorded a lower shipbuilding revenue of RMB2,123 million in 4Q2020 as compared to RMB3,292 million of 4Q2019. Meanwhile, due to lower volume of trading activities in this quarter, trading business contributed towards a lower revenue of RMB236 million in 4Q2020 as compared to RMB872 million in 4Q2019. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was also lower at RMB201 million in 4Q2020 when compared to RMB261 million of 4Q2019, mainly due to lower charter rates.

In line with the increased size of financial investments compared to same quarter last year, our interest income derived from investment segment recorded at RMB433 million, marginally higher than same quarter last year.

Operating cost

Due to lower shipbuilding volume in 4Q2020, cost of sales for shipbuilding business was also lower at RMB1,617 million as compared to RMB2,885 million recorded in 4Q2019. In 4Q2020, as additional RMB77 million of provision for onerous contracts was recorded, as a result of reassessment of foreseeable losses on onerous contracts as at the end of year.

In 4Q2020, total cost of RMB24 million was incurred for the Group's investment segment, which mainly consist of value added taxes and levies on interest income.

Gross Profit

The Group's shipbuilding business registered a gross profit margin of 24% in 4Q2020, higher than 12% of 4Q2019. The higher margin this quarter was mainly due to construction of more containerships with higher margin that started in 4Q2020.

In line with lower trading revenue, gross profit contributed by trading business is also lower at RMB2.6 million in 4Q2020 with the typical low gross profit margin of around 1%.

In line with the increased size of investments, net interest income generated by investment segment increased slightly to RMB408 million in 4Q2020 from RMB407 million of the same quarter last year.

Other shipbuilding related businesses such as shipping logistics & chartering and ship design services registered a gross profit margin of 28% in 4Q2020, lower than 30% of 4Q2019, mainly due to lower charter rates this year.

Other income

Other income in this quarter increased from RMB189 million in 4Q2019 to RMB211 million in 4Q2020, due to higher interest income of RMB48 million from bank deposits and interest income earned and a forfeiture income of RMB82 million from advances received for terminated shipbuilding contract in 4Q2020, which was offset by a lower dividend income of RMB28 million from financial assets at fair value through profit or loss as compared to 4Q2019.

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 losses of RMB46 million in 4Q2020 as compared to a RMB7 million gain in 4Q2019. The losses in 4Q2020 were mainly a result of higher foreign exchange related losses of RMB447 million, arising from translation losses on USD bank deposit and USD denominated shipbuilding construction contract assets, at USD/CNY closing rate on 31 December 2020, which was substantially lower than that of 30 September 2020. The losses were largely offset by a higher fair value gain of RMB347 million and RMB74 million on financial assets, at fair value through profit or loss and derivative financial instruments respectively.

Expenses

In 4Q2020, total administrative expenses increased to RMB489 million from RMB163 million in 4Q2019, the increase was mainly due to higher impairment losses on financial assets and property, plant and equipment in this quarter. In 4Q2020, additional RMB97 million impairment loss was made on debt investment, at amortised cost and loans to non-related parties - microfinance, as compared to a reversal of RMB38 million in 4Q2019; meanwhile, the Group had also provided an impairment provision of RMB150 million on property, plant and equipment of the Group's 55%-owned subsidiary, Jiangsu Yangzi Jiasheng Terminal Co. Ltd to reflect the decrease in value of its existing chemical storage tanks and terminal facilities after its planed conversion to an LNG terminal. The Group has also made a provision of RMB82 million for the customer claim in relation to the abovementioned forfeiture income from terminated shipbuilding contract which is still in an ongoing arbitration process.

Due to lower borrowing costs and borrowings level, finance costs in 4Q2020 decreased to RMB8 million as compared to RMB52 million in 4Q2019. Furthermore, as a result of depreciation of SGD against RMB at the end of 4Q2020, a revaluation gain of RMB8 million on the Group's SGD denominated loan was also recorded in this quarter.

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 RMB138 million mainly consists of the share of fair value gain of venture capital investments in 4Q2020.

Corporate Income Tax

Group's effective tax rate for 4Q2020 was negative 2%, lower than 22% of 4Q2019. Net tax credit in this quarter was due to a one-time reversal of 10% tax difference on earnings of Jiangsu New Yangzi Shipbuilding Co., Ltd ("**New Yard**") for the first three quarters of 2020 in 4Q2020 after all the requirements are met to be entitled to the 15% preferential tax policy as a New High Technology Enterprise at the end of FY2020. The Group adopted the 25% standard income tax rate instead of 15% preferential tax rate over the earnings of New Yard in 9M2020 before all relevant conditions are met.

FY2020 vs. FY2019

Shipbuilding Related Segment	FY2020		FY2019	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	9,970,281	100%	13,018,951	100%
Cost	(7,909,512)	-79%	(11,073,106)	-85%
Margin	2,060,769	21%	1,945,845	15%
Trading				
Turnover	2,108,719	100%	7,730,736	100%
Cost	(2,079,868)	-99%	(7,581,078)	-98%
Margin	28,851	1%	149,658	2%
Others				
Turnover	719,292	100%	748,525	100%
Cost	(532,119)	-74%	(518,394)	-69%
Margin	187,173	26%	230,131	31%
Investment Segment				
Interest Income	2,042,974	100%	2,098,963	100%
Sale taxes and levies	(97,620)	-5%	(96,043)	-5%
Net interest income	1,945,354	95%	2,002,920	95%

Revenue

In 2020, 45 vessels were delivered according to schedule as compared to 59 vessels delivered in 2019. As a result, the Group recorded a lower shipbuilding revenue of RMB9,970 million in FY2020 as compared to RMB13,019 million of FY2019. Revenue contribution from trading business decreased from last year as a result of lower volume of trading business in FY2020. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services decreased slightly from RMB749 million in FY2019 to RMB719 million, mainly due to lower charter rates this year.

Due to lower average interest rates for new investments made in 2020, interest income derived from investment segment recorded at RMB2,043 million, slightly lower than RMB2,099 million recorded in FY2019.

Operating cost

In line with lower shipbuilding revenue this year, cost of sales of shipbuilding business of RMB7,910 million was also lower than RMB11,073 million recorded in FY2019. In FY2020, a net reversal of RMB114 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 FY2020. A total of RMB511 million of reversal of allowance for losses recognised on onerous contracts was recognised in FY2019.

In FY2020, total cost of RMB98 million was incurred for the Group's investment segment, which mainly consists of value added taxes and levies on interest income.

Gross Profit

In FY2020, gross profit margin of the Group's shipbuilding business was 21%, higher than 15% attained in FY2019, mainly due to construction of more containerships with higher margins and a unit of 157,000DWT oil tanker resold which registered a higher gross profit margin in this year.

Trading business contributed revenue of RMB2,109 million, which accounted for about 16% of total revenue from shipbuilding related segment in FY2020, with typically low gross profit margin of around 1%.

Compared to RMB230 million in FY2019, other shipbuilding related business contributed a lower gross profit of RMB187 million in FY2020. Due to lower charter rates this year, a lower gross profit margin of 26% was recorded in FY2020, which was also lower than 31% of FY2019.

In line with lower interest income from investment segment, net interest income contributed by this segment in FY2020 was also lower than that of FY2019.

Other income

Other income, which generally includes interest income from bank deposits, interest income for ship finance leases and dividend income, increased from RMB442 million in FY2019 to RMB479 million in FY2020. This increase was mainly due to a forfeiture income of RMB90 million from advances received for terminated shipbuilding contract, and higher interest income of RMB265 million from bank deposits and interest income for ship finance leases in FY2020 compared to RMB249 million in FY2019, which was largely offset by lower dividend income of RMB70 million from financial assets, at fair value through profit or loss as compared to RMB139 million in FY2019.

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 losses of RMB208 million were recorded in FY2020 as compared to a gain of RMB126 million in FY2019. The variance was mainly due to a RMB750 million foreign exchange related losses recorded in FY2020, as compared to RMB81 million foreign exchange related loss recorded in FY2019. Subsidy income for FY2020 was also lower at RMB111 million as compared to RMB193 million in same period last year due to certain local incentive programmes that had lapsed in 2020. The losses were largely offset by higher fair value gain of RMB343 million on financial assets, at fair value through profit or loss as compared to RMB19 million gain recorded in FY2019.

Expenses

In FY2020, total administrative expenses increased to RMB1,339 million from RMB640 million in FY2019, the increase was mainly due to higher impairment loss this year, which mainly include a net impairment loss of RMB540 million on debt investment at amortised costs and impairment loss of RMB150 million on property, plant and equipment of the Group's 55%-owned subsidiary, Jiangsu Yangzi Jiasheng Terminal Co. Ltd to reflect the decrease in value of its existing chemical storage tanks and terminal facilities after its planned conversion to a LNG terminal. The Group had also provided a provision of RMB82 million for the customer claim in relation to the abovementioned forfeiture income from terminated shipbuilding contract which is still in an ongoing arbitration process. The group had also provided provision of RMB100 million on advances to supplier and trade receivable which mainly related to its trading business in 1Q2020.

In FY2020, finance cost decreased to RMB75 million from RMB187 million in FY2019, mainly due to lower borrowing costs compared to last year and higher revaluation gain of RMB33 million on SGD borrowings as a result of depreciation of SGD against RMB in 2020.

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 profits of associated companies and joint ventures of RMB211 million mainly consists of the share of fair value gain of venture capital investments in FY2020 and share of profit of around RMB55 million from YAMIC, the Group's joint venture with Mitsui E&S Shipbuilding Co., Ltd. and Mitsui & Co., Ltd.

Corporate Income Tax

The taxation charge in FY2020 was RMB672 million, representing an effective tax rate of 20.4%, a similar level as compared to 21.3% of FY2019.

Statements of Financial Position Review

Assets

As at 31 December 2020, cash and cash equivalents decreased to RMB6,633 million from RMB10,183 million as at the end of FY2019, mainly due to the net cash used in investing and financing activities in FY2020. Restricted cash, which was held in designated bank accounts as deposits of performance guarantees and letter of credits, decreased from RMB17 million at the end of FY2019 to RMB16 million at the end of FY2020, being net release of guarantees and letter of credits during the year.

Derivative financial instruments of RMB100 million as at 31 December 2020 relate to the fair value of the outstanding USD/SGD cross currency swaps which were entered by the Company to mitigate its borrowing costs of its one-year SGD term loan and USD/CNY forward contracts acquired to manage the Group's currency exposure to its future USD denominated income from shipbuilding business. Derivative financial instruments as at 31 December 2019 relate to the fair value of derivative financial instruments which were acquired to mitigate the currency exposure risks of the Group's future USD denominated income from shipbuilding business, and all of those instruments had expired in 1H2020.

As at 31 December 2020, investment in financial assets, at fair value through profit or loss had increased to RMB2,639 million from RMB1,249 million as at 31 December 2019, the increase was mainly a result of new acquisition of RMB1,277 million of financial assets, at fair value through profit or loss and fair value gain of RMB343 million in FY2020.

As at 31 December 2020, debt investment at amortised costs had increased to RMB17.0 billion from RMB14.4 billion at the end of FY2019 as a result of additional investments made in 2020. The impairment provision for debt investment at amortised costs increased from RMB1,466 million at the end of last year to RMB2,006 million as at the end of FY2020, the movement being net addition of impairment provision made in FY2020.

Current trade and other receivables as at 31 December 2020 reduced significantly from RMB4,680 million at the end of last year to RMB3,633 million, mainly due to lower prepayment and trade receivable pertaining to trading businesses, which is in line with lower volume of trading business.

With progressive delivery of shipbuilding contracts, contract assets at the end of FY2020 had decreased to RMB3,127 million from RMB3,421 million as at the end of last year.

Investment in joint ventures represents the investments in United Wave Shipping S.A. ("UWS") and Yangzi-Mitsui Shipbuilding Co., Ltd. (YAMIC), the change from the end of last year mainly being the share of profit of RMB55 million from YAMIC for the period, additional investment of RMB125 million in YAMIC and net additional investment in UWS of RMB43 million made during FY2020.

The decrease of investment in associated companies from RMB1,390 million as at the end of last year to RMB1,181 million, the movement being return of capital of RMB175 million and sale of an associated company of RMB200 million, which was partly offset by a share of fair value gain of venture capital investments of RMB155 million during the period.

Investment properties of RMB120 million largely relate to a property located in Jiangyin city, which was awarded to the Group in accordance to court judgement, following a borrower's default on an over-due debt investment at amortised cost.

Intangible assets decreased by RMB3.8 million since the end of last year, mainly due to amortisation during the year and an impairment loss of RMB6.9 million of Jiangsu Yangzi Jiasheng Terminal Co. Ltd's intangible assets, the decrease was partly offset by the acquisition of software of RMB6.1 million by the Group during the period.

Liabilities

Trade and other payable decreased to RMB2,699 million as compared to RMB3,514 million as at 31 December 2019, the decrease was mainly due to lower trading related trade payables as a result of lower trading volume in 2020.

The derivative financial instruments as the 31 December 2019 related to the fair value of the outstanding derivative financial instruments which were acquired to mitigate the currency exposure of the group's future USD denominated income from shipbuilding business, and all of those instruments had expired in 1H2020.

As more shipbuilding contracts commenced construction, contract liabilities as at the end of FY2020 had further decreased to RMB1,232 million from RMB1,626 million at the end of last year.

Borrowings represented the Group's secured and unsecured borrowings of RMB4,244 million, lower than RMB5,033 million at the end of last year, the movement being net repayment of borrowing during the period.

Provisions mainly include warranty provisions for delivered vessels and provisions for onerous contracts. Warranty provisions for completed and delivered vessels recorded at RMB382 million, same as 31 December 2019. Provisions for onerous contracts stood at RMB474 million as at the end of FY2020, and a net utilisation of RMB114 million of allowance for losses was recognised on onerous contracts in FY2020. Provisions also included RMB82 million provision for the customer claim in relation to forfeiture income from terminated shipbuilding contract in an ongoing arbitration process.

At the end of FY2020, current income tax liabilities decreased to RMB973 million from RMB1,289 million recorded as at 31 December 2019, the movement being the net repayment of tax liability during the period.

The increase in deferred income tax liabilities is mainly due to withholding tax provided for the distributable profits of our subsidiaries in China during the period.

Equity

The change of "Total equity attributable to equity holders" to RMB32,342 million as at 31 December 2020 from RMB31,096 million as at 31 December 2019 was mainly a result of profits earned during the reporting period, which was partly offset by a dividend payment for FY2019 in 2Q2020.

Statements of cash flows review

The decrease of cash and cash equivalents from RMB10,183 million to RMB6,633 million was mainly attributable to net cash used in investing and financing activities of RMB1,035 million and RMB1,903 million respectively during the financial year.

Decrease in net working capital (including restricted cash) of RMB2,962 million was primarily attributable to the increase in debt investments at amortised cost of RMB2,602 million during the year.

The net cash used in investing activities of RMB1,035 million mainly consists of acquisition of financial assets, at fair value through profit of RMB1,277 million.

Net cash used in financing activities of RMB1,903 million during FY2020 mainly consists of FY2019 dividend payment to equity holders of RMB885 million and net repayment of borrowings of RMB696 million and purchase of treasury shares of RMB310 million. Overall liquidity remained at a healthy level, with an improvement in the current ratio from 3.07 as at 31 December 2019 to 3.82 as at 31 December 2020.

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

Not applicable.

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

The COVID-19 pandemic caused major uncertainties for the shipping industry in 2020, weighing on shipowners' sentiments and leading to a depressed shipbuilding market. According to Clarksons Research, orders for 738 vessels were placed in 2020, a decline of 40.7% compared to 1,245 vessel orders placed a year ago. In DWT terms, the volume of newbuilding orders declined 29% in 2020 (53.9 million DWT), compared to 79 million DWT in 2019. This is weaker comparison to 2016 when the shipbuilding market bottomed-out and recorded newbuilding orders of 30.07 million DWT for 768 vessels.

Despite the decline of new shipbuilding orders in 2020, market demand and sentiment improved towards the end of 2020. According to Clarksons Research, a large number of orders were placed in Q4 2020, making it the highest quarterly orders recorded since Q1 2018 in DWT terms. In Q4 2020, the Group's new order wins of USD1.0 billion was more than half of total orders clinched in 2020 (USD1.8 billion). These new orders consisted of one (1) 82,000DWT bulk carrier, two (2) 59,000DWT dry bulkers, one (1) 180,000DWT bulk carrier, two (2) 690FEU deck carriers, two (2) 24,000TEU containerships, five (5) 3,500TEU containerships, one (1) 2,700TEU containerships, six (6) 2,600TEU containerships, four (4) 2,400TEU containerships and two (2) 1,800TEU containerships.

The Group closed the year with total order wins for 54 vessels worth approximately USD1.8 billion. These order wins in a tumultuous year are a testament to the Group's track record in building innovative, high-quality vessels and its commitment for timely deliveries. Meanwhile, there was a termination of one shipbuilding order for one (1) unit of 2,700TEU containership, and prepayment from shipowner had been recognised as forfeiture income according to the Group's accounting policies, construction of this vessel had not commenced. After taking into account of the abovementioned termination, as at 31 December 2020, the Group has an outstanding order book of USD3.09 billion for 83 vessels. These orders will provide the Group with a stable revenue stream till the end of 2022.

The Group has maintained its order win momentum since the beginning of 2021, securing shipbuilding contracts for 29 vessels worth USD1.3 billion. As the demand and orders placed for containerships surged on the back of a global container shortage and multi-year high spot container freight rates, the majority of orders were placed for containerships (22 vessels with a total value of USD1.13 billion). Since December 2020, the Group has clinched six (6) orders for its ultra-large, 24,000 TEU containerships, the largest containership in the world currently in use and in the Group's shipbuilding history.

The Group will continue to solidify its competitiveness in containership building market, as well as leverage on its strong financial position to innovate and introduce more cutting-edge vessels to the shipbuilding market. Cognisant of the risk of a periodic resurgence of COVID-19 infections globally and potential disruptions, the Group will remain resilient and stay focused on mitigating any potential issues.

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	4.5 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	15/05/2020
Payment Date	28/05/2020

(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 and the reason(s) for the decision.**

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:

For the financial year ended 31 December 2020	Shipbuilding	Investments	Trading	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	9,970,281	2,042,974	2,108,719	719,292	14,841,266
Segment result	2,188,691	1,951,042	(109,431)	124,027	4,154,329
Segment assets	17,628,314	22,366,637	100,695	4,105,552	44,201,198
Segment liabilities	7,264,782	22,120	82,935	1,743,519	9,113,356
For the financial year ended 31 December 2019	Shipbuilding	Investments	Trading	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	13,018,951	2,098,963	7,730,736	748,525	23,597,175
Segment result	2,011,277	1,995,487	78,546	265,774	4,351,084
Segment assets	21,987,664	18,219,760	676,029	4,225,341	45,108,794
Segment liabilities	7,491,803	13,697	1,557,924	2,088,599	11,152,023

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

	2020	2019
	RMB'000	RMB'000
Segment results for reportable segments	4,030,302	4,085,310
Other segment results	124,027	265,774
Other income	201,658	196,289
Other gains - net	(635,750)	118,909
Administrative expenses	(455,698)	(454,501)
Finance expense, net	25,480	(25,292)
Profit before tax	<u>3,290,019</u>	<u>4,186,489</u>

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

	2020	2019
	RMB'000	RMB'000
Segment assets for reportable segments	40,095,646	40,883,452
Others	4,105,552	4,225,342
Unallocated:		
Deferred income tax assets	709,463	647,328
	44,910,661	45,756,122
	2020	2019
	RMB'000	RMB'000
Segment liabilities for reportable segments	7,369,837	9,063,424
Others	1,743,519	2,088,599
Unallocated:		
Income tax liabilities	972,982	1,289,383
Deferred income tax liabilities	1,447,808	1,260,191
	11,534,146	13,701,597

(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	
	2020	2019
	RMB'000	RMB'000
PRC & Taiwan	9,362,074	13,340,227
Germany	264,300	523,960
Greece	1,524,814	2,242,247
Other European countries	2,235,001	4,757,562
Other Asian countries	411,272	1,232,848
Canada and USA	-	68,396
Norway	841,145	895,860
Korea	4,321	404,811
Others	198,339	131,264
	14,841,266	23,597,175

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

	2020 RMB'000	2019 RMB'000	Change %
(a) Sales reported for first half year	8,265,321	13,324,050	-38%
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	1,206,781	1,816,857	-34%
(c) Sales reported for second half year	6,575,945	10,273,125	-36%
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	1,411,272	1,479,456	-5%

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 SGD'000	Previous Full Year SGD'000
Ordinary	173,363	176,344
Total	173,363	176,344

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD4.5 cents per ordinary share amounting to a total of SGD173,363,220 based on current 3,852,516,000 net issued shares as of 31 December 2020 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 2020:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<u>Xu Wen Jiong</u> West Gold International Pte Ltd Procurement of marine equipment	RMB 67,356,000 *	Nil [^]
<u>Ren Yuanlin</u> Jiangsu Qinli Thermoelectricity Co Ltd. - Provision of guarantee Jiangsu Suyang Property Management Co. Ltd. - Provision of service	RMB 80,000,000 * RMB 480,000 *	Nil [^]

*Aggregate value less than 3% of Group's NTA as at 31 December 2020, shareholder mandate not applicable.

[^]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	39	Mr. Ren Letian is the son of Mr. Ren Yuanlin, the Honorary Chairman and a substantial shareholder of the Company.	Executive Chairman & Chief Executive Officer of the Group, in charge of the daily operations of the Group.	He was appointed as Executive Chairman on 30 th April 2020.

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
 Executive Chairman & Chief Executive Officer