



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 2017

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 2017	% of	4Q 2016	+/(-)%	2017	% of	2016	+/(-)%
	RMB'000	Revenue	RMB'000	Variance	RMB'000	Revenue	RMB'000	Variance
Revenue	6,354,612	100%	5,508,238	15%	19,205,596	100%	15,089,438	27%
Cost of sales	(5,410,409)	-85%	(4,073,745)	33%	(15,893,633)	-83%	(11,452,816)	39%
Gross profit	944,203	15%	1,434,493	-34%	3,311,963	17%	3,636,622	-9%
Other income	505,132	8%	306,366	65%	670,253	3%	903,681	-26%
Other (losses)/gains, net	(400,838)	-6%	(212,111)	89%	188,146	1%	338,603	-44%
Expenses								
- Administrative								
• Impairment loss	(235,938)	-4%	(429,736)	-45%	(295,783)	-2%	(1,255,396)	-76%
• Others	(49,140)	-1%	(49,820)	-1%	(314,084)	-2%	(348,148)	-10%
- Finance	(39,150)	-1%	(146,713)	-73%	(113,202)	-1%	(442,868)	-74%
Share of profit/(loss) of associated companies and a joint venture [#]	35,582	1%	106,036	-66%	40,069	0.2%	(59,728)	n.m.
Profit before income tax	759,851	12%	1,008,515	-25%	3,487,362	18%	2,772,766	26%
Income tax expense [2]	(33,973)	-1%	(371,165)	-91%	(395,440)	-2%	(926,808)	-57%
Net profit	725,878	11%	637,350	14%	3,091,922	16%	1,845,958	67%
Attributable to:								
Equity holders of the Company	677,916	11%	607,837	12%	2,931,498	15%	1,752,432	67%
Non-controlling interests	47,962	1%	29,513	63%	160,424	0.8%	93,526	72%
	725,878		637,350	14%	3,091,922		1,845,958	67%

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

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

	The Group		+ / (-) %
	FY2017	FY2016	Variance
	RMB'000	RMB'000	%
After charging:			
Depreciation and amortization	482,558	541,688	-10.9%
Finance costs - Interest on borrowings and net foreign currency translation on bank borrowings	113,202	442,868	-74%
Foreign exchange related losses/(gains), net	745,161	(362,179)	n.m.
Impairment loss of loans to non-related parties - microfinance	7,109	34,463	-79%
Impairment loss of financial assets, held-to-maturity	230,265	114,336	101%
Impairment loss of financial assets, available-for-sale	91,159	-	n.m.
Loss/(Gain) from disposal of associated companies	6,063	(6,841)	n.m.
Impairment loss of property, plant and equipment	-	1,012,819	n.m.
Loss from disposal of financial assets, available-for-sale	-	28,704	n.m.
Allowance for expected losses recognised on construction contracts	1,202,840	-	n.m.
After crediting:			
Reversal of impairment loss/(impairment loss) on other receivables from non-related parties	32,750	(32,750)	n.m.
Interest income	138,440	162,608	-15%
Fair value gain/(loss) on financial assets, at fair value through profit or loss	143,094	(298,677)	n.m.
Fair value gain on derivative financial instruments	223,209	176,980	26%
Gain/(loss) from disposal/dissolution of subsidiaries	228,303	(15,186)	n.m.
Gain from disposal of a joint venture	34,248	-	n.m.
Subsidy income	236,884	193,452	22%
Income from forfeiture of advances received	402,105	659,673	-39%
Gain/(loss) from disposal of property, plant and equipment	74,639	(10,335)	n.m.
Dividend income	71,516	28,465	151%

[2] Adjustment for over provision of tax in respect of prior years:

	The Group		+ / (-) %
	FY2017	FY2016	Variance
	RMB'000	RMB'000	%
Current income tax	80,768	-	n.m.

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 2017 RMB'000	As at 31 Dec 2016 RMB'000	As at 31 Dec 2017 RMB'000	As at 31 Dec 2016 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	6,195,431	7,085,796	832,021	1,422,015
Restricted cash	29,405	1,219,695	-	-
Derivative financial instruments	-	36,371	-	36,371
Financial assets, at fair value through profit or loss	748,523	605,429	-	-
Financial assets, available-for-sale	1,027,293	648,843	-	-
Financial assets, held-to-maturity	7,573,617	5,296,709	-	-
Trade and other receivables	5,290,056	5,346,997	10,075,526	6,736,769
Inventories	2,628,201	2,032,459	-	-
Due from customers on construction contracts	5,960,320	3,929,478	-	-
	<u>29,452,846</u>	<u>26,201,777</u>	<u>10,907,547</u>	<u>8,195,155</u>
Non-current assets				
Financial assets, held-to-maturity	4,405,252	5,609,925	-	-
Trade and other receivables	1,238,174	1,258,379	2,345,870	2,347,406
Derivative financial instruments	-	23,002	-	23,002
Lease prepayments	990,795	1,080,656	-	-
Investment in subsidiaries	-	-	5,282,570	5,199,570
Investment in a joint venture	-	4,796	-	4,796
Investment in associated companies	1,394,702	882,622	134,062	134,062
Financial assets, available-for-sale	400,000	200,000	-	-
Property, plant and equipment	4,820,729	5,476,950	22	37
Intangible assets	9,864	7,906	-	-
Deferred income tax assets	660,291	488,170	-	-
	<u>13,919,807</u>	<u>15,032,406</u>	<u>7,762,524</u>	<u>7,708,873</u>
Total assets	<u>43,372,653</u>	<u>41,234,183</u>	<u>18,670,071</u>	<u>15,904,028</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,859,041	5,605,757	4,192,887	3,869,948
Derivative financial instruments	-	281,166	-	281,166
Due to customers on construction contracts	3,607,332	1,808,605	-	-
Advances received on construction contracts	1,919	457,021	-	-
Borrowings	2,531,973	2,579,435	1,141,730	1,387,400
Provisions	371,993	488,633	-	-
Current income tax liabilities	1,203,376	1,130,020	-	406,529
	<u>13,575,634</u>	<u>12,350,637</u>	<u>5,334,617</u>	<u>5,945,043</u>
Non-current liabilities				
Derivative financial instruments	-	1,416	-	1,416
Borrowings	2,358,773	4,645,022	-	1,387,400
Deferred income tax liabilities	921,549	1,037,999	-	224,784
	<u>3,280,322</u>	<u>5,684,437</u>	<u>-</u>	<u>1,613,600</u>
Total liabilities	<u>16,855,956</u>	<u>18,035,074</u>	<u>5,334,617</u>	<u>7,558,643</u>
NET ASSETS	<u>26,516,697</u>	<u>23,199,109</u>	<u>13,335,454</u>	<u>8,345,385</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	7,361,990	6,354,096	7,326,773	6,318,879
Treasury shares	(20,979)	(20,979)	(20,979)	(20,979)
Other reserves	568,680	324,938	(40,192)	(40,192)
Retained earnings	17,975,023	16,033,911	6,069,852	2,087,677
	<u>25,884,714</u>	<u>22,691,966</u>	<u>13,335,454</u>	<u>8,345,385</u>
Non-controlling interests	631,983	507,143	-	-
Total equity	<u>26,516,697</u>	<u>23,199,109</u>	<u>13,335,454</u>	<u>8,345,385</u>

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

Amount repayable in one year or less, or on demand

<u>As at 31 December 2017</u>		<u>As at 31 December 2016</u>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
100,243	2,431,730	507,185	2,072,250

Amount repayable after one year

<u>As at 31 December 2017</u>		<u>As at 31 December 2016</u>	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
560,002	1,798,771	898,243	3,746,779

Details of any collateral

The secured borrowings from the bank are secured by restricted cash or legal mortgages over the vessels of the Group.

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

	<u>The Group</u>	
	2017	2016
	RMB '000	RMB '000
Cash flows from operating activities		
Net profit	3,091,922	1,845,958
Adjustments for:		
- Income tax expenses	395,440	926,808
- Depreciation on property, plant and equipment	461,432	510,438
- Amortisation of lease prepayment	20,192	30,712
- Amortisation of intangible assets	934	538
- Finance expenses	113,202	262,967
- Loss/(gain) from disposal of associated companies	6,063	(6,841)
- Gain from disposal of a joint venture	(34,248)	-
- (Gain)/loss from disposal/dissolution of subsidiaries	(228,303)	15,186
- Loss on disposal of financial assets, available for sale	-	28,704
- (Gain)/loss from disposal of property, plant and equipment	(74,639)	10,335
- Fair value change on derivative financial instruments	(223,209)	(176,980)
- Fair value change on financial assets, at fair value through profit and loss	(143,094)	298,677
- Impairment loss of financial assets, available for sale	91,159	-
- Impairment loss on property, plant and equipment	-	1,012,819
- Reversal of impairment loss/(impairment loss) on other receivables from non-related parties	(32,750)	32,750
- Interest income	(138,440)	(162,608)
- Dividend income	(71,516)	(28,465)
- Share of (profit)/loss of associated companies and a joint venture	(40,069)	59,728
	3,194,076	4,660,726
Change in working capital, net of effects from acquisition and disposal of subsidiaries		
- Inventories	(627,206)	(419,584)
- Construction contract balances	(687,215)	(75,020)
- Trade and other receivables	(489,335)	279,711
- Trade and other payables	671,570	849,147
- Financial assets, held-to-maturity	(1,072,235)	43,944
- Provisions	(116,640)	(89,229)
- Restricted cash	1,190,291	(191,145)
Cash generated from operations	2,063,306	5,058,550
Interest paid	(173,352)	(262,967)
Interest received	138,440	162,608
Income tax paid	(583,523)	(670,125)
Net cash provided by operating activities	1,444,871	4,288,066
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	252,518	3,865
Proceeds from sales of investment in an associated company	-	29,500
Proceeds from sales of financial assets, available-for-sale	18,000	75,235
Dividend received	71,516	28,465
Acquisition of financial assets, at fair value through profit and loss	-	(904,106)
Purchase of property, plant and equipment	(48,333)	(338,146)
Proceeds from striking off of joint venture	36	-
Disposal of subsidiaries, net of cash disposed	88,761	(11,663)
Acquisition of financial assets, available-for-sale	(670,104)	(672,687)
Acquisition of intangible assets	(2,880)	(6,184)
Acquisition/additions of investment in associated companies	(544,700)	(150,000)
Return of capital by associated companies	58,574	286,211
Dividends received from a joint venture	-	340,738
Repayment of loan to non-related parties	131,000	-
Net cash used in investing activities	(645,612)	(1,318,772)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	1,012,017	-
Shares issuance cost	(4,123)	-
Proceeds from borrowings	2,548,991	2,001,860
Repayments of borrowings	(4,492,015)	(3,059,824)
Dividends paid to equity holders	(753,983)	(818,469)
Dividend paid to non-controlling interests	(511)	-
Net cash used in financing activities	(1,689,624)	(1,876,433)
Net (decrease)/increase in cash and cash equivalents	(890,365)	1,092,861
Cash and cash equivalents at the beginning of financial period	7,085,796	5,992,935
Cash and cash equivalents at the end of financial period	6,195,431	7,085,796

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.

	4th Quarter		Full Year	
	4Q 2017	4Q 2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Net Profit	725,878	637,350	3,091,922	1,845,958
Other comprehensive income:				
Financial assets, available-for-sale				
- Fair value losses, net of tax	(18,844)	(29,292)	(49,856)	(20,284)
- Reclassification, net of tax	64,735	38,090	64,735	28,704
Share of other comprehensive income of associated companies and a joint venture				
- Currency translation (losses)/gains	(8,052)	23,603	(8,052)	23,603
- Reclassification, net of tax	(34,420)	-	(34,420)	-
Currency translation difference arising from consolidation				
- Gains/(Losses)	34,872	(75,559)	34,872	(75,559)
Total comprehensive income, net of tax	764,169	594,192	3,099,201	1,802,422
Total comprehensive income attributable to:				
Equity holders of the Company	716,207	564,679	2,938,777	1,708,896
Non-controlling interests	47,962	29,513	160,424	93,526
	764,169	594,192	3,099,201	1,802,422

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	Non-controlling	Total
	capital	shares	reserves	earnings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2017 Beginning of financial year	6,354,096	(20,979)	324,938	16,033,911	507,143	23,199,109
Transfer ⁽¹⁾	-	-	236,403	(236,403)	-	-
Share issue ⁽²⁾	1,007,894	-	-	-	-	1,007,894
Dividend relating to 2016 paid ⁽³⁾	-	-	-	(753,983)	(511)	(754,494)
Disposal of subsidiaries ⁽⁴⁾	-	-	60	-	(35,073)	(35,013)
Total comprehensive income for the year	-	-	7,279	2,931,498	160,424	3,099,201
End of the financial year	7,361,990	(20,979)	568,680	17,975,023	631,983	26,516,697
2016 Beginning of financial year	6,263,016	(20,979)	195,862	15,361,490	559,592	22,358,981
Transfer	-	-	261,542	(261,542)	-	-
Expiry of warrant	91,080	-	(91,080)	-	-	-
Dividend relating to 2015 paid	-	-	-	(818,469)	-	(818,469)
Disposal of subsidiaries	-	-	-	-	(143,825)	(143,825)
Acquisition of equity interest in existing subsidiaries from non-controlling interests	-	-	2,150	-	(2,150)	-
Total comprehensive income for the year	-	-	(43,536)	1,752,432	93,526	1,802,422
End of the financial year	6,354,096	(20,979)	324,938	16,033,911	507,143	23,199,109

THE COMPANY**Attributable to equity holders of the Company**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2017 Beginning of financial year	6,318,879	(20,979)	(40,192)	2,087,677	8,345,385
Share issue ⁽²⁾	1,007,894	-	-	-	1,007,894
Dividend relating to 2016 paid ⁽³⁾	-	-	-	(753,983)	(753,983)
Total comprehensive income	-	-	-	4,736,158	4,736,158
End of financial year	<u>7,326,773</u>	<u>(20,979)</u>	<u>(40,192)</u>	<u>6,069,852</u>	<u>13,335,454</u>
2016 Beginning of financial year	6,227,799	(20,979)	50,888	1,114,906	7,372,614
Expiry of warrant	91,080	-	(91,080)	-	-
Dividend relating to 2015 paid	-	-	-	(818,469)	(818,469)
Total comprehensive income	-	-	-	1,791,240	1,791,240
End of financial year	<u>6,318,879</u>	<u>(20,979)</u>	<u>(40,192)</u>	<u>2,087,677</u>	<u>8,345,385</u>

- (1) This represents amounts set aside for reserve fund and enterprise expansion fund in compliance with local laws in the PRC where subsidiaries of the Group operate. The reserve fund can only be used, upon approval by the relevant authority, to offset prior year's losses or to increase capital while the enterprise expansion fund can only be used to increase capital upon approval by the relevant authority.
- (2) On 31 August 2017, the Company issued 137,000,000 ordinary shares in the capital of the Company at the placement price of S\$1.53 per share by way of a private placement to institutional investors and other investors in accordance with Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore.
- (3) This represents the final dividend of 4 Singapore cents per ordinary share in respect of the financial year ended 31 December 2016. The Company paid the dividend on 7 June 2017. The RMB511,000 represents the dividend paid to non-controlling interest of Jiangsu New Yangzi Gas Co., Ltd, who holds 25% equity interest in the share capital of Jiangsu New Yangzi Gas Co., Ltd, a 75%-owned subsidiary of Jiangsu New Yangzi Shipbuilding Co., Ltd.
- (4) In 2Q2017, the Company had dissolved four shipping companies incorporated in Isle of Man under our shipping arm, namely MV TW Hamburg Shipping Company Ltd., MV TW Jiangsu Shipping Company Ltd., MV TW Manila Shipping Company Ltd., and MV TW Beijing Shipping Company Ltd. In 3Q2017, the Group had disposed of its entire 50% equity interest in the registered capital of Jiangsu Huayuan Metal Processing Co., Ltd. ("Huayuan"), 100% equity interest in the registered capital of Jiangsu Zhongzhou Vessel Component Manufacturing Co., Ltd. ("Zhongzhou Vessel") and 100% equity interest in the registered capital of Taixing Tongzhou Warehousing Co., Ltd.

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

There were no outstanding convertible securities as at 31 December 2017 and 31 December 2016.

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 2017	%	As at 31 December 2016	%
Shares held as treasury shares	5,239	0.13%	5,239	0.14%
Issued shares excluding treasury shares	3,968,838	99.87%	3,831,838	99.86%
Total number of shares	<u>3,974,077</u>	100%	<u>3,837,077</u>	100%

The Company did not have subsidiary holdings as at 31 December 2017 and 31 December 2016.

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 2017	As at 31 December 2016
Issued shares at the end of periods	3,974,077	3,837,077
Treasury shares at the end of periods	<u>(5,239)</u>	<u>(5,239)</u>
Issued shares excluding treasury shares	<u>3,968,838</u>	<u>3,831,838</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 2017	5,239	20,979
Repurchased during 2017	-	-
Treasury shares re-issued	-	-
Balance as at 31 December 2017	<u>5,239</u>	<u>20,979</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 FRS that are effective for annual periods beginning on or after 1 January 2017. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. The following are the new or amended FRS that are relevant to the Group:

- Improvements to Financial Reporting Standards (December 2016)
- Amendments to FRS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The adoption of the above amended FRS 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:-

		The Group	
		FY 2017	FY 2016
(a)	Based on weighted average number of ordinary shares in issue (RMB cents)	75.59	45.73
	Weighted average number of Ordinary shares	3,878,005,123	3,831,838,000
(b)	On fully diluted basis (RMB cents)	75.59	45.73

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

Diluted earnings per share is equal to basic earnings per share as at the years ended 31 December 2017 and 2016 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.**

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/17</u>	<u>31/12/16</u>	<u>31/12/17</u>	<u>31/12/16</u>
Net asset value per ordinary share based on issued share capital excluding treasury shares (RMB cents)	652.20	592.20	336.00	217.79

The Group's and the Company's net assets value per ordinary share as at 31 December 2017 and 31 December 2016 have been computed based on the share capital of 3,968,838,000 and 3,831,838,000 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	4Q2017		4Q2016	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	4,338,810	100%	3,982,446	100%
Cost	(3,760,798)	-87%	(2,931,994)	-74%
Margin	578,012	13%	1,050,452	26%
Trading				
Turnover	1,504,133	100%	1,048,822	100%
Cost	(1,490,080)	-99%	(1,040,683)	-99%
Margin	14,053	1%	8,139	1%
Others				
Turnover	195,100	100%	112,424	100%
Cost	(151,303)	-78%	(80,828)	-72%
Margin	43,797	22%	31,596	28%

Investment Segment	4Q2017		4Q2016	
	RMB'000	%	RMB'000	%
Held-to-Maturity Investment				
Interest Income	301,108	100%	331,618	100%
Sale taxes and levies	(7,808)	-3%	(19,859)	-6%
Net interest income	293,300	97%	311,759	94%
Micro Finance Business				
Interest Income	15,461	100%	32,928	100%
Sale taxes and levies	(420)	-3%	(381)	-1%
Net interest income	15,041	97%	32,547	99%

Revenue

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

6 vessels were delivered in 4Q2017, less than the 9 vessels delivered in 4Q2016. In spite of lesser vessels delivered in this quarter, the Group recorded a higher revenue of RMB4,339 million in 4Q2017 mainly due to progressive construction of more larger size containerships during the period. Meanwhile, due to higher volume of trading activities in this quarter, trading business also contributed towards a higher revenue of RMB1,504 million as compared to RMB1,049 million of 4Q2016. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering and ship design services was RMB195 million in 4Q2017, compared to RMB112 million of 4Q2016 due to higher charter income in this quarter.

Interest income derived from HTM financial assets under investment segment recorded at RMB301 million, slightly lower than same quarter last year.

Investment income derived from micro finance business in 4Q2017 decreased further to RMB15 million as compared to RMB33 million of 4Q2016. The decrease was mainly due to lower loan balance in 4Q2017 as compared to the same quarter last year.

Operating cost

In 4Q2017, our cost of sales of RMB3,761 million was higher than that of RMB2,932 million recorded in 4Q2016, the increase was mainly due to a provision of RMB1,203 million for expected losses recognised on construction contracts recorded in 4Q2017 as a result of the rising costs of raw materials and the weakening of USD against RMB.

In 4Q2017, total cost of RMB8 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 13% in 4Q2017, significantly lower than the corresponding period of last year, mainly due to the RMB1,203 million provision for expected losses on construction contracts recognised during the quarter.

Trading business contributed gross profit of RMB14 million in 4Q2017 with typically low gross profit margin of 1%.

As compared to the same quarter last year, net interest income generated by investment segment decreased slightly to RMB308 million in 4Q2017.

Other income

Other income, which generally includes interest income from bank deposits and interest income for ship finance leases, increased significantly from RMB306 million in 4Q2016 to RMB505 million in 4Q2017. This increase was mainly due to the recognition of RMB402 million advances payment from customers of terminated contracts in 4Q2017 as compared to RMB226 million in 4Q2016 according to the Group's accounting policy.

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 subsidy income etc. The Group recorded other losses of RMB401 million in 4Q2017 as compared to a loss of RMB212 million in 4Q2016. The loss mainly consists of a foreign exchange loss of RMB433 million and a fair value loss of RMB57 million on financial assets, at fair value through profit or loss, which was partially offset by a subsidy income of RMB79 million recorded in 4Q2017.

Expenses

In 4Q2017, administrative expenses decreased to RMB285 million from RMB480 million in 4Q2016, the significant drop was due to impairment loss in 4Q2017 was lower than the same quarter in FY2016. In 4Q2016, there was an impairment provision of RMB481 million on property, plant and equipment.

In 4Q2017, finance cost decreased to RMB39 million as compared to RMB147 million in 4Q2016, mainly due to reduced borrowings at group level during the quarter under review as compared to the previous corresponding period.

Share of results of associated companies

This represents the share of results from the Group's associated companies. Share of profit of associated companies of RMB36 million mainly consists of the share of fair value gain of venture capital investments in 4Q2017.

Corporate Income Tax

Group's effective tax rate for 4Q2017 was 4.5%, lower than the 36.8% tax rate recorded in 4Q2016. Lower tax rate in this quarter was mainly because the group was entitled to a 15% preferential income tax rate in FY2017 versus a 25% standard rate recorded in FY2016 for the earnings of Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd (the "Xinfu Yard") when Xinfu Yard had not obtained official approval of preferential enterprise income tax rate of 15% for a "High/New Technology Enterprise". There were also higher amount of non-taxable income recognised in 4Q2017 as compared to 4Q2016, which also contributed to a lower-effective tax rate for 4Q2017.

FY2017 vs. FY2016

Shipbuilding Related Segment	FY2017		FY2016	
	RMB'000	%	RMB'000	%
Shipbuilding				
Turnover	12,300,558	100%	10,514,972	100%
Cost	(10,200,562)	-83%	(7,921,404)	-75%
Margin	2,099,996	17%	2,593,568	25%
Trading				
Turnover	5,401,391	100%	3,236,760	100%
Cost	(5,334,096)	-99%	(3,190,606)	-99%
Margin	67,295	1%	46,154	1%
Others				
Turnover	392,749	100%	270,401	100%
Cost	(315,284)	-80%	(275,686)	-102%
Margin	77,465	20%	(5,285)	-2%
Investment Segment				
Held-to-Maturity Investment				
Interest Income	1,078,623	100%	1,003,814	100%
Sale taxes and levies	(43,129)	-4%	(63,611)	-6%
Net interest income	1,035,494	96%	940,203	94%
Micro Finance Business				
Interest Income	32,275	100%	63,491	100%
Sale taxes and levies	(562)	-2%	(1,509)	-2%
Net interest income	31,713	98%	61,982	98%

Revenue

In 2017, 33 vessels were delivered according to schedule as compared to 39 vessels delivered in 2016. Despite lesser vessels delivered this year, revenue contributed from shipbuilding business in FY2017 recorded a 17% increase as compared to FY2016, the increase was mainly due to higher value vessels constructed and delivered this year. Revenue contribution from trading business increased as compared to last year as a result of higher volume of trading business in FY2017. Revenue generated by other shipbuilding related businesses such as shipping logistics & chartering, ship design services and ship demolishing business was RMB393 million in FY2017, compared to RMB270 million in FY2016 due to higher charter rates achieved in this year.

At end of FY2017, Investment portfolio increased by RMB1,072 million as compared to end of last year, and the interest income derived from HTM financial assets under the investment segment also increased from RMB1,004 million in FY2016 to RMB1,079 million in FY2017.

Investment income derived from micro finance business in FY2017 decreased to RMB32 million as compared to RMB63 million of FY2016. The decrease was mainly due to lower loan balance in FY2017 as compared to the last year.

Operating cost

Cost of sales of shipbuilding business for FY2017 is RMB10,201 million, this represents a 29% increase as compared to RMB7,921 million in FY2016. This was mainly due to a provision of RMB1,203 million for expected losses recognised on construction contracts recorded in FY2017 as a result of the rising costs of raw materials and the weakening of USD against RMB.

In FY2017, total cost of RMB44 million was incurred for the Group's investment segment, which mainly consist of value added taxes and levies on interest income.

Gross Profit

In FY2017, gross profit margin of the Group's shipbuilding business was 17%, lower than the 25% achieved in FY2016. Lower margin was mainly due to the allowance of RMB1,203 million for expected losses recognised for construction contracts recorded in FY2017.

Trading business contributed about 30% of total revenue from shipbuilding related segment in FY2017 with typically low gross profit margin of 1%.

A higher gross profit of RMB77 million recorded in FY2017 for other shipbuilding related business compared to a gross loss of RMB5 million in FY2016. This was mainly due to improved charter rates of our shipping logistics & chartering business in FY2017.

In line with higher interest income from investment segment, net interest income contributed by this segment in FY2017 was also higher than last financial year.

Other income

Other income, which generally includes interest income from bank deposits and interest income for ship finance lease, decreased from RMB904 million in FY2016 to RMB670 million in FY2017. This decrease was mainly due to lower recognition of RMB402 million advances payment from customers of terminated contracts in FY2017 according to the Group's accounting policy as compared to RMB660 million in FY2016.

Other gains/losses - net

Other gains/losses mainly comprise foreign exchange related gains/losses, fair value change on derivative financial instrument and financial assets, at fair value through profit or loss and subsidy income etc. The Group recorded other gains of RMB188 million in FY2017, which was mainly related to a subsidy income of RMB237 million, fair value gain of RMB223 million on derivative financial instruments, fair value gain of RMB143 million on the financial assets, at fair value through profit or loss and a gain of RMB228 million from disposal/dissolution of subsidiaries. These gains were largely offset by a foreign exchange related loss of RMB745 million.

Expenses

Administrative expenses decreased to RMB610 million in FY2017 as compared to RMB1,604 million in FY2016. This was a result of lower impairment loss in FY2017 compared to FY2016. In FY2016, there was a total of RMB1,255 million impairment provision recognised mainly on HTM investment and property, plant and equipment. However in FY2017, a lower total impairment provision of RMB296 million was recognised mainly on HTM investment and financial assets, available-for-sale.

Finance cost decreased significantly as compared to last year. This was mainly due to a reduced size of borrowing at group level during the year under review as compared to the previous financial year.

Share of results of associated companies

This represents the share of results from the Group's associated companies. Share of profit of associated companies of RMB40 million mainly consists of the share of fair value gain of venture capital investments in FY2017.

Corporate Income Tax

Group's effective tax rate for FY2017 was 11%, lower than 33% of FY2016. Lower tax rate in FY2017 was mainly because the group was entitled to a 15% preferential income tax rate in FY2017 versus a 25% standard rate recorded in FY2016 for the earnings of Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd (the "Xinfu Yard") when Xinfu Yard had not obtained official approval of preferential enterprise income tax rate of 15% for a "High/New Technology Enterprise". A tax credit of RMB78 million received by Xinfu Yard for its FY2016 earnings and a higher amount of non-taxable income recognised in FY2017 as compared to FY2016, has also contributed to a lower-effective tax rate for FY2017.

Statements of Financial Position Review

Assets

With commencement of construction contracts with less favourable payment terms, due from customers for construction contracts at the end of FY2017 had further increased to RMB5,960 million from RMB3,929 million as at the end of last year.

As a result of terminations of shipbuilding contracts during the year including the group's construction contract of the jack up drilling rig, out of which several terminated vessels which had started construction were transferred to inventory, inventory at the end of FY2017 increased to RMB2,628 million from RMB2,032 million at end of last year. The group had found new buyers for all of the terminated commercial vessels except for the jack up drilling rig, and is actively seeking for potential buyers for the jack up rig.

As at 31 December 2017, investment in financial assets, at fair value through profit or loss had increased to RMB749 million from RMB605 million recorded at the end of last year as a result of fair value change over the year. Investment in financial assets, available-for-sale had also increased to RMB1,427 million from RMB849 million recorded at the end of last year as a result of additional investment during the year. Investments in HTM financial assets had also increased to RMB11.98 billion from RMB10.91 billion at end of 2016. As at 31 December 2017, impairment provision for HTM investments stood at RMB1,223 million.

Investment in a joint venture represents the Company's 45% interests in PPL Holdings Pte Ltd, had decreased to zero following the striking off of PPL Holdings Pte Ltd in FY2017.

The increase of investment in associated companies from RMB883 million as at the end of last year to RMB1,395 million was mainly due to acquisition of associated companies of RMB274 million and capital injection of RMB271 million to existing associated companies and share of results of associated companies during the year. This was partly offset by return of capital of RMB59 million received from our associated companies.

Liabilities

Warranty provisions for completed and delivered vessels decreased by RMB117 million to RMB372 million as compared to 31 December 2016, 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.

Borrowings represented the Group's secured and unsecured borrowings of RMB4,891 million, this represents a decrease of RMB2,333 million from RMB7,224 million as of end of last year.

Due to the provision of RMB1,203 million for expected losses recognised on construction contracts recorded in FY2017, due to customers on construction contracts and advances received on construction contracts at the end of FY2017 had increased to RMB3,609 million as compared to RMB2,266 million at the end of last year.

Derivative financial instruments

Following the maturity of USD/RMB derivative financial instruments during the year, the group's derivative financial instruments related assets and liabilities had reduced to zero at the end of FY2017.

Equity

The change of "Total equity attributable to equity holders" to RMB25,885 million as at 31 December 2017 from RMB22,692 million as at 31 December 2016 was mainly a result of profits earned during the reporting period and the issuance of 137,000,000 new shares at a cash consideration of S\$1.53 per share on 31 August 2017. This was partly offset by a dividend payment for FY2016.

Statements of cash flows review

Cash and cash equivalents decreased from RMB7,086 million to RMB6,195 million due mainly to net cash used in investing and financing activities of RMB646 million and RMB1,690 million respectively during the financial year.

Increase in net working capital requirements (including restricted cash) of RMB1,749 million was primarily attributable to the increase in financial assets, held-to-maturity of RMB1,072 million, increase in construction contract balances of RMB687 million and inventories of RMB627 million, which was partly offset by decrease in restricted cash of RMB1,190 million.

The net cash used in investing activities of RMB646 million mainly consist of acquisition of financial assets, available-for-sale of RMB670 million and additional investment in associated companies of RMB545 million, which were partly offset by proceeds of RMB253 million from disposal of vessels by our shipping arm.

Net cash used in financing activities of RMB1,690 million during FY2017 was mainly related to FY2016 dividend payment to equity holders of RMB754 million and net repayment of borrowings of RMB1,943 million, which was largely offset by net proceed of RMB1,008 million from issuance of ordinary shares in 3Q2017. Overall liquidity remains at a healthy level as evidenced by the current ratio of 2.17 as of 31 December 2017.

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.

With the Baltic Dry Index recovering to a 3-year high, the market conditions for shipbuilding industry have improved in 2017, especially for dry bulkers. This was supported by the economic recovery in China and other major economies in the world, higher demand for commodities and higher volume of international trade. According to Clarksons, global shipbuilding orders increased by 78.3% from 2016 to 23.2 million CGT in 2017, and Chinese shipbuilders received the most new orders in the world¹.

In addition to 59 new shipbuilding orders secured year to date on 9 November 2017 as disclosed in our 3Q results announcement, the Group secured another 15 effective orders before the end of year 2017, which include: 4 units of 82,000DWT bulk carriers, 7 units of 208,000DWT bulk carriers and 4 units of 2,400TEU containerships, with an aggregate value of USD523 million. In 2017, the Group secured new orders for 74 vessels with total contract value of USD 2.1 billion. This is more than double of the total contract value for the new orders received in 2016. According to Clarksons, New Yangzi Yard, a major shipyard of the Group, ranked No. 2 in the world in terms of new orders received in 2017 (by CGT)².

As at 31 December 2017, with an outstanding order book of USD 4.7 billion for 123 vessels, Yangzijiang was ranked no.1 in China and no. 3 in the world³. This is the confirmed order book after excluding the occasional order terminations during the year. There were 9 vessels terminated in 2017, includes 1 unit of 10,000TEU containership, 4 units of 36,500DWT bulk carriers, 1 unit of 82,000DWT bulk carrier, 2 units of 84,000VLGC and the Group's jack-up rig construction contract was also terminated in the year. The Group will recognise the down payments from those terminated contracts according to its accounting policy. Out of the 9 terminated contracts, 6 of them had been constructed, the Group had secured new buyers for the 5 commercial vessels, and is actively seeking the best resale price for the jack-up rig.

In 2018, as the global economic growth remains promising⁴, the shipping and shipbuilding market is expected to continue to recover. Seaborne trade will remain a dominant part in international trade in the foreseeable future. Growth of e-commerce, China's Belt and Road initiative, and International Maritime Organization rules and regulations on vessel emission standards are all expected to support the long-term demand for containerships and dry bulkers. With a stable shipping demand, global fleet being renewed and excess shipping capacity being removed, the market for new shipbuilding orders is expected to remain strong. In China, the supply-side reform will further propel the consolidation in the shipbuilding industry, and strong shipyards, including Yangzijiang, will benefit. On a prudent note, the appreciation of RMB against USD and the increase in steel prices could affect the Group's revenue and profit margin for the contracts in the current order book. While the probability for further substantial strengthening of the RMB against USD or significant increase in steel price is limited, the Group will monitor the situation closely, actively manage other production costs, and improve production efficiency to mitigate the impact. The Group will also take into account the prevailing situation in exchange rate and steel price in the negotiation of the contract price for new orders.

Yangzijiang remained profitable during the market volatilities in the past few years and maintained a stable level of dividend and return to shareholders. With a healthy new order inflow and a stable outstanding order book, the Group will have a stable revenue stream for at least the next 2.5 years. As the operating environment improves, the Group will further build up its order book, capturing opportunities in both the dry bulker and containership segments. In addition, it will continue to push forward the R&D in the LNG related vessels space, and gradually build up the capabilities in this field. In view of the Group's robust financial position, stringent risk management, strong delivery track record and reputation as a leading shipbuilder in the world, Yangzijiang commands a favourable position in a recovering market. The Board remains confident of the Group's stable operation and performance for financial year 2018.

¹ http://www.eworldship.com/html/2018/ship_market_observation_0113/135578.html

² <http://mp.weixin.qq.com/s/nJdzoRw3XXVWpjPywMO8Cg>

³ As above

⁴ <http://www.straitstimes.com/business/economy/stronger-growth-expected-for-global-economy-in-2018>
https://www.oecd.org/dev/SAEO2018_Preliminary_version.pdf ;

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 Singapore cents per ordinary share
Tax rate	Tax exempt (One-tier)
Book Closure date	23/05/2017
Payment Date	07/06/2017

(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:

For the financial year ended 31 December 2017	Shipbuilding	Investments	Trading	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	12,300,558	1,110,898	7,181,601	392,749	20,985,806
Inter-segment revenue	-	-	(1,780,210)	-	(1,780,210)
Revenue from third parties	12,300,558	1,110,898	5,401,391	392,749	19,205,596
Segment result	2,168,021	921,626	45,785	778,314	3,913,746
Segment assets	22,990,031	14,632,134	1,458,521	3,631,676	42,712,362
Segment liabilities	11,065,225	4,915	1,559,741	2,101,150	14,731,031
For the financial year ended 31 December 2016	Shipbuilding	Investments	Trading	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	10,514,972	1,067,305	4,578,089	270,401	16,430,767
Inter-segment revenue	-	-	(1,341,329)	-	(1,341,329)
Revenue from third parties	10,514,972	1,067,305	3,236,760	270,401	15,089,438
Segment result	2,875,824	526,006	407	(836,581)	2,565,656
Segment assets	21,711,173	13,061,017	1,437,296	4,536,527	40,746,013
Segment liabilities	9,165,233	300,228	1,797,912	1,828,882	13,092,255

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

	2017	2016
	RMB'000	RMB'000
Segment results for reportable segments	3,135,432	3,402,235
Other segment results	778,314	(836,581)
Other income	194,192	178,396
Other gains - net	(286,075)	684,109
Administrative expenses	(321,192)	(380,898)
Finance expense, net	(13,309)	(274,495)
Profit before tax	3,487,362	2,772,766

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

	2017	2016
	RMB'000	RMB'000
Segment assets for reportable segments	39,080,686	36,209,486
Others	3,631,676	4,536,527
Unallocated:		
Deferred income tax assets	660,291	488,170
	<u>43,372,653</u>	<u>41,234,183</u>
	2017	2016
	RMB'000	RMB'000
Segment liabilities for reportable segments	12,629,881	11,263,373
Others	2,101,150	1,828,882
Unallocated:		
Income tax liabilities	1,203,376	1,130,020
Deferred income tax liabilities	921,549	1,037,999
Borrowings	-	2,774,800
	<u>16,855,956</u>	<u>18,035,074</u>

(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	
	2017	2016
	RMB'000	RMB'000
PRC & Taiwan	3,327,219	1,935,074
Germany	1,362,512	853,359
Other European countries	2,860,310	5,542,582
Other Asian countries	11,242,124	6,261,770
Canada and USA	413,431	166,925
Bahamas	-	329,728
	<u>19,205,596</u>	<u>15,089,438</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**

	2017 RMB'000	2016 RMB'000	Change %
(a) Sales reported for first half year	8,472,819	5,700,836	49%
(b) Operating profit/loss after tax before deducting non-controlling interests reported for first half year	1,446,718	895,225	62%
(c) Sales reported for second half year	10,732,777	9,388,602	14%
(d) Operating profit/loss after tax before deducting non-controlling interests reported for second half year	1,645,204	950,733	73%

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	178,598	153,274
Total	178,598	153,274

The Directors proposed a final exempt (one-tier) ordinary dividend of SGD4.5 cents per ordinary share amounting to a total of SGD178,598,000 based on current 3,968,838,000 net issued shares as of 31 December 2017 for the shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ended 31 December 2017.

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 2017:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Xu Wen Jiong West Gold International Pte Ltd Procurement of marine equipment	RMB 60,995,000 *	Nil [^]
Ren Yuanlin Sale of a subsidiary	RMB 1,000,000 *	Nil [^]

*Aggregate value less than 3% of Group's NTA as at 31 December 2017, shareholder mandate not applicable.

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

18. Use of Proceeds Update

Net proceeds of S\$208.8 million raised from the issuance of 137,000,000 ordinary shares on 31 August 2017 has yet to be utilised:

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

The Company will make announcement via SGX-NET when the proceeds are materially disbursed.

19. 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	36	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, in charge of the daily operations of the Group. He was appointed as Company's CEO on 1 st May 2015 and General Manager of the Group on 19 th September 2016.	N.A.

20. 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 Yuanlin
Executive Chairman